

**MINUTES OF THE PART I MEETING OF THE HADLOW GROUP AUDIT
COMMITTEE HELD 13 MARCH 2017**

Present:	Mr B McNicoll	-Chair
	Mr H Guntrip	
	Ms S Hart	
In attendance:	Mr J Allen	- Clerk
	Mr M Lumsdon-Taylor	- Deputy Group CEO/Deputy Group Principal
	Ms P Powditch	- Assistant Director of Finance, MIS & ICT

The meeting commenced at 08.30.

WELCOMES, APOLOGIES & DECLARATIONS OF INTEREST

45. The Chair welcomed everyone to the meeting. The Chair thanked Members for making themselves available for this meeting as the planned meeting scheduled for last week had to be re-arranged due to the Ofsted inspection at West Kent & Ashford College. As a result of having to move the meeting to a new date and time, apologies had been received from Ms J-A Delaney, Mr P Greenwood, and Mr N Coffin. The Clerk confirmed that with three Members in attendance the meeting was quorate. The Clerk advised that the membership of the Hadlow Corporation, West Kent & Ashford Board, and the Hadlow Group Board would be a standing declared interest at each meeting for Mr H Guntrip, Mr B McNicoll, and Ms S Hart. Mr H Guntrip declared an additional interest in being a member of the Board of the Hadlow Rural Community Free School.

MINUTES

46. **RESOLVED** - that the minutes of the meeting of the Hadlow Group Audit Committee held 24 November 2016 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

47. The '*Summary Action List*' was received that provided a detailed progress update against each action point. The following progress updates were noted:

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	ACTION UPDATE PROVIDED AT THE MEETING
7	Roll Forward Action Plan:	It was confirmed that these points are dealt

	To include on the front summary sheet a breakdown on the number of outstanding risks that are classified as either 'High', 'Medium' and 'Low'; For dates to be inserted for the date when the recommendation is to be completed by, and to avoid in this column the use of 'on-going' or 'in-progress'	with under agenda item 4 – <i>Group Audit Roll-Forward Action Plan</i>
38	Risk Registers: (i) Following each meeting of the Audit Committee, to make available to the Hadlow Group Board the Group Summary Risk Register containing all high risks; (ii) Following each meeting of the Audit Committee, to make available to the Hadlow Corporation, the Hadlow College High Risk Register; (iii) Following each meeting of the Audit Committee, to make available to the Board of West Kent & Ashford College, the WKAC High Risk Register; (iv) To receive at each meeting of the Audit Committee the above Risk Registers; (v) To receive annually at the summer term meeting the Global Risk Registers for both Hadlow College and West Kent & Ashford College; and (vi) To add a new risk to the High Risk Register a risk around English & Maths	This to be made available at the next Group Board meeting Was made available at the Hadlow December Corporation meeting Was made available at the WKAC December Board meeting Agenda item Summer term agenda item Agenda item

48. It was **RESOLVED** to note the '*Summary Action List*'.

GROUP AUDIT ROLL FORWARD ACTION PLAN

49. The Audit Committee received the '*Group Audit Roll-Forward Action Plan*' listing progress against all outstanding audit recommendations.

50. Of the 23 audit recommendations for the Hadlow Group (Hadlow College, West Kent & Ashford College, Hadlow Rural Community School, Betteshanger, Hadlow Pre-School, and Produced in Kent) as at February 2017, management confirmed that 3 had been completed with 20 outstanding. There were two high priority recommendations outstanding with both relating to the need of having in place Service Standards and Departmental Operational Procedures for the Hadlow Pre-School and Produced in Kent. It was confirmed that the due date for full implementation of these two high risks was July 2017, so the expectation is for these to be reported as completed at the November meeting of the Committee.

51. The Committee noted the upward trend on the number of outstanding audit recommendations being reported to the Committee, from 8 in November 2015, to 11

in both February and July 2016, to 16 in November 2016 and now 20. In response this was explained due to the complexities of the Hadlow Group and the wider coverage of audits now being conducted.

52. The Committee was given an update on the reasons behind the delay in the opening of the Visitors Centre at Betteshanger. The delay was caused by the need for a significant number of additional pilings over and above those identified in the initial survey. The Deputy CEO/Deputy Principal confirmed an assessment was being conducted to see if there were any avenues open to seek financial compensation on the initial advice received, as this advice was not correct leading to both a significant time delay and additional project costs. The Committee noted this development but warned against entering into a legal dispute that could be costly both in terms of management time and legal fees. The contract entered into with the surveyor needs to be subject to a thorough review to ensure that any possible liabilities are clearly stated in the contract. It was **AGREED** to keep the Committee updated on this.

53. At the last meeting, it was agreed to add to the Board Assurance Framework the review of Capital Projects. Following discussions at this meeting, it was **AGREED** that the assurances required need to cover project mechanisms, including whether the necessary contracts are in place and appropriate staff are employed/engaged to oversee the projects.

54. Attached to the report was a summary of audit recommendations arising from quality assurance External Verification visits from various Awarding Bodies. It was reported that in the previous academic year there were some 25 sanctions in place on courses being delivered at West Kent & Ashford College. It was explained to the Committee that when an External Verifier imposes sanctions on a programme of study, the College is not able to recruit to that programme of study or submit any claims for student certificates, until the sanctions have been removed. As this represents a significant risk to the College, as well as raising quality concerns on assessment and verification practices, it was confirmed any quality assurance audit recommendations would now be reported to the Audit Committee. It was welcomed and noted that there are currently no sanctions in place for any programme of study at West Kent & Ashford College.

INTERNAL AUDIT REPORTS

55. The schedule of the planned audit visits for the summer term was received.

56. The Committee noted that for two of the planned audits, a range of external assurances have been received and therefore these two audits are no longer required (Group Harmonisation as this was covered through the recent Area Review process and will be subject to further review from the FE Commissioner's visit scheduled for 03 April; and the student experience which was just validated through the recent Ofsted inspection).

57. The audit on Group marketing and promotion should be deferred to another date to allow for the new marketing team to embed.

58. It was therefore **AGREED** to authorise the Deputy CEO/Deputy Principal to hold discussions with MacIntyre Hudson to reduce the scope of the planned audit and number of audit days, with remaining audits for this year focusing on key financial controls and data management.

RISK MANAGEMENT AND RISK REGISTER

59. The following reports were received:

- Group High Risk Register
- Hadlow College Risk Register
- WKAC Risk Register
- Minutes of the last Hadlow & WKAC Risk Management Meeting
- Minutes of the last Hadlow & WKAC Critical Incident Meeting

60. Following review of the various reports, it was **RESOLVED** to note the agenda items on Risk Management and Risk Registers.

BOARD ASSURANCE FRAMEWORK

61. The agreed Board Assurance Framework was received for information purposes. The College Group has implemented a Board Assurance Framework to give satisfactory statements of control and compliance to the Hadlow Group Audit Committee.

62. Following review, it was **AGREED** to amend the reporting timetable as follows:

Term 1:

- Risk
- Safeguarding

Term 2:

- Financial & Governance
- Structure & Legal

Term 3:

- Quality
- Teaching, Learning & Assessment
- External Funding & Value
- Capital Projects

63. Following review of the assurances made available against each component of the Board Assurance Framework that were scheduled to be reviewed at this meeting, the Committee **AGREED** the following RAG assessments:

Board Assurance Framework - Component	Assessment Agreed at last review – November 2016	Assessment Agreed at this review – March 2017
Finance	GREEN	AMBER
Governance	GREEN	GREEN
External Funding & MIS	GREEN	GREEN
Structure & Legal	GREEN	GREEN
Risk Framework	AMBER	GREEN

64. The movement from an 'Amber' assessment to a 'Green' assessment for Risk Framework was due to the outcomes of the recent Ofsted inspection at West Kent & Ashford College. The previous 'Amber' assessment was due to the quality risks associated with West Kent & Ashford College, and in particular, with the then 'K'

College having failed the last inspection with an 'Inadequate' grade awarded for overall effectiveness. The Ofsted Inspection conducted last week improved all grade profiles and this external validation of the progress made by the College has resulted in the 'Green' assessment. The 'Amber' assessment for finance was due to the financial forecasts. Additional assurances will be sought from the newly established task and finish group but until the outcomes of the work of the group is known, it was agreed to an 'Amber' assessment.

65. It was **RESOLVED** to note the report.

ANY OTHER BUSINESS

66. There was no other business.

INTERNAL CONTROLS AND FRAMEWORKS

67. It was **AGREED** to defer this agenda item to the next meeting as one of the independent members of the Committee has raised a question on the financial data presented in the report. It was **AGREED** for the Deputy CEO/Deputy Principal to respond to the points raised.

DATE OF NEXT MEETING

68. Thursday 04 July 2017 @ 09.30 @ **TONBRIDGE**

The meeting closed at 10.40.

Signed: _____ Date: _____

CURRENT AUDIT COMMITTEE SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	Review
52	Visitor Centre Betteshanger: An assessment was being conducted to see if there were any avenues open to seek financial compensation on the initial advice received, as this advice was not correct leading to both a significant time delay and additional project costs	4/7/17
53	The assurances required for Capital Projects in the Board Assurance Framework need to cover project mechanisms, such as are the necessary contracts in place and are appropriate staff employed/engaged to oversee the projects	
58	The Deputy CEO/Deputy Principal to hold discussions with MacIntyre Hudson to reduce the scope of the planned audit and number of audit days, with remaining audits for this year focusing on key financial controls and data management.	4/7/17
62	To amend the reporting timetable for the Board Assurance Framework as follows: Term 1: <ul style="list-style-type: none"> • Risk • Safeguarding 	4/7/17

	<p>Term 2:</p> <ul style="list-style-type: none"> • Financial & Governance • Structure & Legal <p>Term 3:</p> <ul style="list-style-type: none"> • Quality • Teaching, Learning & Assessment • External Funding & Value • Capital Projects 	
67	<p>Internal Control & Frameworks: To defer this agenda item to the next meeting as one of the independent members of the Committee has raised a question on the financial data presented in the report. It was AGREED for the Deputy CEO/Deputy Principal to respond to the points raised.</p>	4/7/17