

**MINUTES OF THE HADLOW GROUP AUDIT COMMITTEE  
24 NOVEMBER 2016**

Present: Mr B McNicoll (Chair & Governor)  
Ms S Hart (Governor)  
Mr H Guntrip (Governor)  
Ms J-A Delaney (Governor)  
Mr P Greenwood (Non-Governor Co-Opted Member)  
Mr N Coffin (Non-Governor Co-Opted Member)

In attendance: Mr M Lumsdon-Taylor-Deputy Group CEO & Deputy  
Principal  
Mr J Allen - Clerk  
Ms P Powditch - Director of Finance,  
Mr R Shaunak - Macintyre Hudson  
Mr D Blythe - RSM

The meeting commenced at 09.30.

**WELCOMES, APOLOGIES & DECLARATIONS OF INTEREST**

1. The Chair welcomed everyone to the meeting and introductions were made. Jo-Ann Delaney was welcomed to her first meeting and Nick Coffin was welcomed back in the capacity as a non-governor member of the Committee. There were no apologies. 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**

2 **RESOLVED** - that the minutes of the meeting of the Hadlow Group Audit Committee held 05 July 2016 be approved as a correct record and signed by the Chair.

**SUMMARY ACTION LIST & MATTERS ARISING**

3. 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
7	Reported Fraud Incident: Updates to be reported to the Audit Committee until the matter has been concluded	On the advice received from Counsel, it was

		<b>AGREED</b> to no longer pursue any claim against the bank
87	The curriculum quality review and effectiveness of offer at WKAC is still in progress due to the College's Comprehensive Spending Review process (CRS3). In addition the audit report on Betteshanger has been completed but not yet issued to the Committee. It was <b>AGREED</b> to carry these two into the 2016/17 audit plan and to receive the audit reports at the November meeting of the Audit Committee.	Agenda item
92	As there was a need to hold a de-briefing meeting with the Internal Audit Service on the 2015-16 audit plan, it was <b>AGREED</b> to receive the proposed Audit Strategy & Audit Plan 2016-17 at the November meeting for review.	Agenda item
102	To add an additional element to the Board Assurance Framework covering 'Capital Projects'.	Agenda item
108	Chair to feedback the Audit Committee's assessment following the review of the internal audit service for 2015-16 when he meets with the Head of the Internal Audit Service to discuss the audit strategy and plan for 2016-7.	To receive an update from the Chair.
110	Reporting of disciplinary matters relating to members of the Executive:  Clerk to give consideration to revise the policy in the Governance Handbook to increase the scope of the policy to include members of the Executive (the current policy has the requirement to inform the Audit Committee but the policy applies to just senior post holders only which currently is just the post of Principal).	Revised Policy was attached to the SAL and it was <b>AGREED</b> to adopt the revised policy.

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

#### **GROUP AUDIT ROLL FORWARD ACTION PLAN**

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

6. Of the 47 audit recommendations for the Hadlow Group (Hadlow College, West Kent & Ashford College, Hadlow Rural Community School, Betteshanger, Hadlow Pre-School, and Produced in Kent) at November 2016, management confirmed that 30 had been completed with 17 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

7. Following review, it was **RESOLVED**:

- (i) To include on the front summary sheet a breakdown on the number of outstanding risks that are classified as either 'High', 'Medium' and 'Low';
- (ii) 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' and
- (iii) To note the '*Audit Roll Forward Action Plan*'.

### INTERNAL AUDIT REPORTS

8. The following Internal Audit Reports were received:

- Betteshanger Sustainable Parks
- Group Partnership and Commercial Income
- Hadlow College and West Kent & Ashford College Safeguarding & Prevent
- Budget Performance, Viability and Monitoring
- Hadlow Rural Community School Safeguarding & Prevent
- Hadlow Group Internal Audit Annual Report
- Internal Audit Plan 2016-17

9. The representative from MacIntyre Hudson provided a brief overview on each of the reports presented to the Audit Committee. The following overviews were noted:

Audit Report	Audit Opinion	Recommendations
Betteshanger Sustainable Parks	Full Assurance	1 Low
Group Partnership and Commercial Income	Satisfactory	1 High 2 Medium
Hadlow College and West Kent & Ashford College Safeguarding & Prevent	Substantial Assurance	2 Medium
Budget Performance, Viability and Monitoring	Satisfactory	1 High 7 Medium 3 Low
Hadlow Rural Community School Safeguarding & Prevent	Substantial Assurance	1 Medium

11. The '*Internal Annual Report 2015-16*' confirmed the following annual opinion from the Internal Audit Service that applies to both Hadlow College and West Kent & Ashford College

*It is the opinion of the Internal Audit Service that Hadlow Group has adequate and effective management, control and governance processes to manage its achievement of the Group's objectives.*

12. The Committee received the proposed '*Hadlow Group Internal Audit Strategy & Audit Plan for 2016/17*'. It was confirmed a detailed planning meeting took place involving representatives from Macintyre Hudson, the Chair of the Audit Committee, and the Deputy Group CEO /Deputy Principal. The outcome of the planning meeting was the proposed audit plan for 2016/17.

13. In keeping with the strategy to be creative and flexible in the delivery of the internal audit plan, and keeping the learner at the centre of all activity, the proposal is to deliver fewer but more focused audits reflecting the more integrated nature of the Hadlow Group. The scope of the audit will cover the following themes:

- Group harmonisation and convergence
- Group marketing and promotion
- Compliance – data management, study programmes, quality assurance framework
- Compliance – Key financial controls
- The student experience and value for money (student perspective)

14. Following review of the Audit Plan 2016/17, it was **RESOLVED** to approve the Hadlow Group Internal Audit Plan 2016-17

## **FINANCIAL STATEMENT AND AUDIT FINDINGS REPORTS**

15. A copy of the draft Financial Statements for both Colleges for the year ended 31 July 2016 were received as the Joint Audit Code of Practice requires the Audit Committee to have a copy of the financial statements before reviewing the Audit Findings Report.

16. Financial Statement Auditors (FSAs) are required to issue two audit opinions:

- An opinion on the financial statements
- An opinion on the regularity of financial transactions

17. The financial statements opinion is addressed to the College. The regularity opinion is addressed to the College and the Skills Funding Agency (SFA).

## **WEST KENT & ASHFORD COLLEGE FINANCIAL STATEMENT AND AUDIT FINDINGS REPORT**

18. The Committee received a copy of the '*Audit Findings Report*' from the representative from RSM.

19. The financial statement auditor issued an unqualified report (satisfactory) on the 2015/16 accounts.

20. The financial statement auditor issued an unqualified report (satisfactory) on regularity audit.

21. Both audit opinions are confirmed in the Financial Statements and Annual report for the year-ended 31 July 2016.

22. Following review, it was **RESOLVED** for the '*Audit Findings Report*' be included within the Annual Report on West Kent & Ashford College from the Hadlow Group Audit Committee and be recommended for the approval by the West Kent & Ashford College Board at its meeting of 07 December 2016.

## **HADLOW COLLEGE FINANCIAL STATEMENT AND AUDIT MANAGEMENT REPORT**

23. The Committee received a copy of the '*Audit Findings Report*' from the representative from RSM.

24. The financial statement auditor issued an unqualified report (satisfactory) on the 2015/16 accounts.

25. The Audit Findings Report raised one internal control issue relating to regularity audit. An unqualified regularity audit opinion was confirmed for 2015/16

26. Both audit opinions are confirmed in the Financial Statements and Annual report for the year-ended 31 July 2016.

27. Following review, it was **RESOLVED** for the '*Audit Management Report*' be included within the Annual Report on Hadlow College from the Hadlow Group Audit Committee and be recommended for the approval by the Hadlow Corporation at its meeting of 08 December 2016.

28. The auditor and Group Deputy CEO/Deputy Principal confirmed the audits went well at both Colleges and particular thanks was given to Paula Powditch and the Finance Teams at both colleges in their preparation work prior to the audit and of their support given to RSM during and after the audit.

## **CONFIDENTIAL SESSION**

29. It was agreed by all in attendance that there was no need to go into a confidential meeting with auditors without college management being present.

## **ANNUAL REPORTS FROM THE HADLOW GROUP AUDIT COMMITTEE**

30. There is a requirement in the Joint Audit Code of Practice that states that the annual report of the Audit Committee is to be written for both the governing body and the Principal as the accounting officer of the College. The Hadlow Group Audit Committee has made available annual reports for both West Kent & Ashford College and Hadlow College.

31. To help manage the business of the governing body, it is suggested that the annual report becomes the summary document explaining the work of the Committee during the course of the year. The annual report should be prepared as early as possible after the year end, after the internal audit annual report has been received, so that it is available to the governing body for consideration at the time the annual

financial statements are signed. The report should be signed and dated by the Chair of the Audit Committee.

32. The Joint Audit Code of Practice sets out a model text and format of the annual report that has been used for the Annual Reports 2015/16.

**West Kent & Ashford College:**

33. The Annual Report for West Kent & Ashford College confirmed the following opinion from the Hadlow Group Audit Committee for 2014/15:

There are no matters that the Committee wishes to bring specifically to the attention of the Board. Overall, based on the information provided to them by the College; the work, reports and audit opinions of the College's Internal and Financial Statement & Regularity Auditors; and the opinions and assurances received from the reviews conducted under the Board Assurance Framework, the Hadlow Group Audit Committee's opinion is that that West Kent & Ashford College's risk management, control and governance systems and its internal processes for securing economy, efficiency and effectiveness at the College are adequate and effective and that the Governing Body should have confidence in relying upon them. The Committee is satisfied that where weaknesses are identified they have been responded to in an appropriate and timely manner.

The Committee is satisfied with the financial reporting of West Kent & Ashford College and the performance of the internal and financial statement & regularity auditors.

The Hadlow Group Audit Committee considers that the Board's responsibilities have been satisfactorily discharged and recommends this report to the Board of West Kent & Ashford College.

34. It was **RESOLVED** to recommend to the Board of West Kent & Ashford College at its meeting on 07 December 2016 to approve the '*Annual Report from the Hadlow Group Audit Committee 2015/16*'.

**Hadlow College:**

35. The Annual Report for Hadlow College confirmed the following opinion from the Hadlow Group Audit Committee for 2015/16:

*There are no matters that the Committee wishes to bring specifically to the attention of the Corporation. Overall, based on the information provided to them by the College; the work, reports and audit opinions of the College's Internal and Financial Statement & Regularity Auditors; and the opinions and assurances received from the reviews conducted under the Board Assurance Framework the Hadlow Group Audit Committee's opinion is that that Hadlow College's risk management, control and governance systems and its internal processes for securing economy, efficiency and effectiveness at the College are adequate and effective and that the Governing Body should have confidence in relying upon them. The Committee is satisfied that where weaknesses are identified they have been responded to in an appropriate and timely manner.*

*The Committee is satisfied with the financial reporting of Hadlow College and the performance of the internal and financial statement & regularity auditors.*

*The Hadlow Group Audit Committee considers that the Corporation's responsibilities have been satisfactorily discharged and recommends this report to the Corporation of Hadlow College.*

36. It was **RESOLVED** to recommend to the Corporation of Hadlow College at its meeting on 08 December 2016 to approve the 'Annual Report from the Hadlow Group Audit Committee 2015/16'.

## **RISK MANAGEMENT AND RISK REGISTER**

37. 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

38. Following review of the various reports, it was **RESOLVED**

- (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 Register 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

## **BOARD ASSURANCE FRAMEWORK**

39. 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.

40. The following reporting timetable was **AGREED** for 2016/17:

Spring:

- Financial & Governance
- Risk

- External Funding & value
- Structure & Legal

Summer:

- Safeguarding
- Quality
- Teaching, Learning & Assessment
- Capital Projects

*(Auditors left the meeting at this point)*

### **ANNUAL REAPPOINTMENT OF THE FINANCIAL STATEMENT AUDITOR**

41. The College report '*Annual re-appointment of the Financial Statement Auditor*' was received. A broad discussion took place using the following headings to guide discussions:

- Personnel and planning
- Business impact
- Financial impact
- Student impact

42. It was **RESOLVED** to re-appoint RSM to be the Colleges Financial Statement Auditor for 2016-17.

### **ANY OTHER BUSINESS**

43. There was no other business.

### **DATE OF NEXT MEETING**

44. Thursday 02 March 2017 @ 09.30 @ **TONBRIDGE**

The meeting closed at 12.30.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

### **CURRENT AUDIT COMMITTEE SUMMARY ACTION LIST**

<b>MIN REF</b>	<b>DETAILS OF RESOLUTION/ACTION POINT</b>	<b>Review</b>
7	<p>Roll Forward Action Plan:</p> <p>To include on the front summary sheet a breakdown on the number of outstanding risks that are classified as either 'High', 'Medium' and 'Low';</p> <p>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'</p>	2/3/17
38	<p>Risk Registers:</p> <p>(i) Following each meeting of the Audit Committee, to make available to the Hadlow Group Board the Group Summary</p>	2/3/17

	<p>Risk Register containing all high risks;</p> <ul style="list-style-type: none"><li>(ii) Following each meeting of the Audit Committee, to make available to the Hadlow Corporation, the Hadlow College High Risk Register;</li><li>(iii) Following each meeting of the Audit Committee, to make available to the Board of West Kent &amp; Ashford College, the WKAC High Risk Register;</li><li>(iv) To receive at each meeting of the Audit Committee the above Risk Registers;</li><li>(v) To receive annually at the summer term meeting the Global Risk Registers for both Hadlow College and West Kent &amp; Ashford College; and</li><li>(vi) To add a new risk to the High Risk Register a risk around English &amp; Maths</li></ul>	
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