



HADLOW
COLLEGE

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MINUTES OF THE AUDIT COMMITTEE HELD ON 16 MARCH 2011

Present: Mr N Coffin
Mr J Boxall
Mr B McNicoll

In attendance: Mr M Lumsdon-Taylor Director of Finance
Mr D Morris MacIntyre Hudson
Mr J Allen Clerk

The meeting commenced at 09.30.

WELCOMES, APOLOGIES & DECLARATIONS OF INTEREST

51. Apologies were received from Ms L Monteiro. There were no declared interests against any of the agenda items.

MINUTES

- 52 **RESOLVED** that subject to the amendment to minute reference 2, the minutes of the meeting of the Audit Committee held 25 November 2010 be approved as a correct record and signed by the Chair.

SUMMARY ACTION LIST & MATTERS ARISING

53. The College report '*Summary Action List*' was received (copy attached to the signed minutes).

Minute 8: Update report on Broadview flowers was received and reviewed by the Audit Committee (copy attached to the signed minutes).

Minute 50: Tendering for audit services is an agenda item.

54. It was **RESOLVED** to note the Summary Action List and the supplementary report on Floristry.

AUDIT ROLL FORWARD ACTION PLAN

55. The Audit Committee received the '*Audit Roll-Forward Action Plan*' listing progress against all outstanding audit recommendations (copy attached to the signed minutes).

56. Of the 4 audit recommendations as at February 2011, all are currently on progress for completion against the agreed target date. There is one high risk relating to Commercial Floristry which was subject to a supplementary report that was reviewed by the Committee under the agenda item 'Summary Action List'. The expectation of a break even position by the financial year-

end cannot be confirmed until final position is reported in July 2011.

57. It was **RESOLVED** to note the Audit Roll Forward Action Plan.
58. The '*Internal Audit 1st Visit Report*' was received (copy attached to the signed minutes). The report was presented by Mr R Shaunk (MacIntyre Hudson). The visit summary confirmed the following outcomes:

Area Reviewed	Audit Opinion	High recommendations	Medium	Low	Total
Key Financial Controls	Grade 2 - Good	0	0	2	2
Corporate Governance	Grade 1 - Outstanding	0	0	0	0
Risk Management	Grade 1 – Outstanding	0	0	0	0
Viability of educational programmes	Grade 1 – Outstanding	0	0	0	0
Examination fees	Grade 1 – Outstanding	0	0	0	0
Total		0	0	2	2

59. The two low recommendations in key financial controls related to elements of good practice for tendering and issuing of purchase supplier reports to budget holders. Management agreed recommendations proposed by the IAS and the Committee, following a review of management responses, deemed them to be appropriate and timely.
60. It was **RESOLVED** to note the report.

FINANCE DIRECTORATE INTERNAL CONTROL SYSTEMS FRAMEWORK

61. The report from the Finance Directorate on '*Internal Control Systems Framework*' was received (copy attached to the signed minutes). To support the monitoring of College performance at an audit review level, an internal control and systems framework is used as a monitoring tool to keep the Committee informed in underlying control adherence in line with the Financial Regulations and audit best practice. The report is presented quarterly and reports on headline fiscal data covering the College's financial position and cashflow, with operational monitoring in the three areas of income, expenditure and global.
62. The Committee **RESOLVED** to welcome and note the opinion offered in the report that the College systems control framework is in operation and working within agreed norms and that there were no issues to report to the Audit Committee.

TERMLY REPORT ON RISK MANAGEMENT

63. The Committee received the minutes of the Risk Management Meeting held 23rd February 2011 and the College's 'Global Risk Register' that incorporates the risk management scoring system, use of a traffic light system for each identified risk, an executive summary with a headline summary provided of all high risks identified. Any risk over a score of 10 is confirmed as a high risk and the risk, along with the actions proposed to mitigate the risk, are summarised in the headline summary table of all high risks identified (Copy attached to the signed minutes).
64. The Headline Summary of Key Risks confirmed the following high risks:
- Retention & Achievement
 - Reduction in student numbers
 - Strategic relationship with University of Greenwich
 - Inadequate management information (To be reclassified as 'Inadequate reporting from management information systems)
 - Changes in funding
 - Profitability and loss of other sources of income
 - Inclusion and management of outcentres
 - College sustainability – Green Strategy
 - Management of progression
65. The Committee reviewed in detail each of the identified high risks and the actions being taken to mitigate the risks.
66. It was **RESOLVED** to note the termly report on Risk Management.

CONFIDENTIAL SESSION

67. 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.

MONITORING OF COLLEGE PERFORMANCE & ASSESSMENT OF RISK

68. The College report '*Monitoring of College Performance & Assessment of Risk*' was received (copy attached to the signed minutes). The Audit Committee is responsible for making assessments in the area of audit. Assessments are to be carried out at each meeting of the Committee through a standing agenda item '*Monitoring of College Performance & Assessment of Risk*' with an overall assessment for audit being made available to the Board.
69. The Committee noted and welcomed the assessment of 'no concern/no risk' made against each of the 9 audit performance indicators.

70. It was **RESOLVED** to inform the Board of the following overall assessments:

Audit	No Risk/No Concerns
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(Mr Shaunak left the meeting at this point)

TENDERING FOR AUDIT SERVICES

71. The report from the Clerk ‘*Tendering for Audit Services*’ was received (copy attached to the signed minutes). The process and timetable to follow for the tendering of audit services for both internal audit and financial statement & regularity audit require appointment recommendations to be put to the July 2011 Board meeting for approval with appointments to commence from 1 August 2011.
72. As agreed at the last meeting, seven firms were invited to tender and responses were received from six of the firms. Received tenders had been circulated to Members (copies attached to the signed minutes).
73. A summary assessment against agreed criteria undertaken by the Clerk had been circulated to Members (copy attached to the signed minutes). The Committee completed the assessments by scoring responses received against the agreed criteria.
74. It was **RESOLVED** to invite the following to attend a presentation/interview with the Audit Committee:

INTERNAL AUDIT	FINANCIAL STATEMENT
MacIntyre Hudson	Baker Tilly
RSM Tenon	MacIntyre Hudson
	RSM Tenon

DATE OF NEXT MEETING

75. Wednesday 22nd June 2011 @ .09.30

The meeting closed at 12.10.

Signed: _____ Date: _____