

**MINUTES OF THE HADLOW GROUP AUDIT COMMITTEE  
05 JULY 2016**

Present: Mr B McNicoll (Chair)  
Ms S Hart  
Mr H Guntrip

In attendance: Mr M Lumsdon-Taylor-Group Director of Finance  
Mr J Allen - Group Clerk  
Ms S Knight - Macintyre Hudson

The meeting commenced at 09.45.

**WELCOMES, APOLOGIES & DECLARATIONS OF INTEREST**

74. The Chair welcomed everyone to the meeting of the Hadlow Group Audit Committee. Apologies were received from Ms L Curri, Mr P Greenwood, and Ms P Powditch. The Clerk confirmed the meeting was quorate.

75. The Clerk advised that the membership of the Hadlow Corporation and the Hadlow Group Board would be a standing declared interest at each meeting for Mr H Guntrip, Mr B McNicoll, Ms S Hart. Mr H Guntrip declared an additional interest in being a member of the Board of the Hadlow Rural Community Free School.

76. The Clerk provided an update on Committee membership and the update was noted.

**MINUTES**

77. **RESOLVED** - subject to the amendment of the number of audit field days to be recorded at 50 (and not 70 as in the minutes), it was **RESOLVED** to approve the minutes of the meeting held 03 March 2016.

78. **RESOLVED** - It was **RESOLVED** to approve the minutes of the meeting held 26 November 2015.

**SUMMARY ACTION LIST & MATTERS ARISING**

79. The 'Summary Action List' was received. Updates were made available against each outstanding action point. The following updates were made available:

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	ACTION UPDATE TO BE PROVIDED AT MEETING ON 05/07/2016
7	Reported Fraud Incident: Updates to be reported to the Audit Committee until the matter has been concluded	Still on-going. As the matter has been on-going for 2 years, the Committee agreed with the assessment provided by the Group

		Director for this matter to be settled one way or another by the time of the Committee's next meeting.
45	To defer the signing of the minutes of the meeting held 26 November 2015 to the June meeting.	Agenda item 2(i)
52	Roll Forward Action Plan: To amend the report by adding an appendix to list those recommendations that have been implemented but are 'on-going' in terms of their review.	Agenda item 3
58	Auditors to look into the area of pension returns over the last 2 years to see if errors have occurred in the returns.	In the Internal Audit Plan 2016-17 – Agenda item 6
Strategy Meeting 14/6/16	It was <b>AGREED</b> for the final draft of the Succession Plan to be presented to the Hadlow Group Audit Committee meeting scheduled for 05 July.	Due to an oversight, the interim draft was not made available in the papers circulated to Committee members. The draft was circulated at the meeting and members of the Audit Committee were invited to feedback any comments on the draft via the Clerk. The draft will also be agenda items at both Colleges' July Board meetings and at the Hadlow Group Board meeting scheduled for 21 July 2016.

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

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

81. The Audit Committee received the '*Group Audit Roll-Forward Action Plan*' listing progress against all outstanding audit recommendations. Overall, of the nineteen audit recommendations for the whole Hadlow Group, eight have been completed with eleven outstanding. Of the eleven outstanding, six were classified as a 'Medium' recommendation and the remaining five were all 'Low' recommendations.

82. Following review, the Committee were assured with the progress being made in the implementation of the outstanding audit recommendations with no issues of concern.

83. The internal auditor confirmed that at the next visit the auditors would verify if the eight recommendations have been completed as stated in the report and they would also sample some of the 'in-progress' actions to confirm the progress being made. The Committee welcomed this approach.

84. It was **RESOLVED** to note the '*Audit Roll Forward Action Plan*'.

## INTERNAL AUDIT ANNUAL REPORTS

85. A total of six internal audit reports were received and reviewed and each of the reports were presented by the representative from MacIntyre Hudson.

86. The following summary was noted following review of the five reports:

<b>Audit</b>	<b>Recommendations</b>	<b>Audit Opinion</b>
Curriculum Quality Review – Recruitment & Effectiveness of offer (Hadlow College)	3 Recommendations (1 high, 1 medium and 1 low)	<b>Substantial Assurance</b>
Recruitment, Applications & Marketing (WKAC)	3 Recommendations (2 medium, 1 low)	<b>Substantial Assurance</b>
Marketing, Communication and Image (HRCS)	2 Recommendations (1 medium, 1 low)	<b>Substantial Assurance</b>
Communication & Image (WKAC)	7 Recommendations (4 medium, 3 low)	<b>Satisfactory Assurance</b>
Service Standards and Departmental Operating Procedures (Hadlow Pre-School)	2 Recommendations (1 high, 1 low)	<b>Satisfactory Assurance</b>
Service Standards and Departmental Operating Procedures (Produced in Kent)	2 Recommendations (2 high)	<b>Limited Assurance</b>
<b>TOTAL</b>	19 Recommendations (4 high, 8 medium, 7 low)	

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 **AGREED** to carry these two into the 2016/17 audit plan and to receive the audit reports at the November meeting of the Audit Committee.

88. The 'high' recommendation on the curriculum quality review at Hadlow College related to the need to ensure there is an effective link between marketing and curriculum functions to evaluate the success of marketing campaigns. With a total marketing budget of £800k per year for the Group there needs to be a way to measure the effectiveness of recruitment campaigns. Management responded to confirm there would be closer working between marketing and faculties through representation at key college meetings.

89. The 'high' recommendation for the Hadlow Pre School was because there is not a Departmental Operating Procedure and a set of Service Standards in place that adhere to the College Group guidelines. The same 'high' recommendation was also made on the audit of Produced in Kent. In addition, the audit on Produced in Kent was unable to identify written policies and procedures for the various business processes. On the basis of these two recommendations the overall assurance opinion on the audit of Produced in Kent was classified as 'limited assurance'

90. Management responses against each recommendation made were subject to detail review from the Committee. It was agreed management responses were timely and appropriate. It was further confirmed all nineteen recommendations would be incorporated in the '*Audit Roll Forward Action Plan*' and therefore subject to regular review from the Committee.

91. It was **RESOLVED** to note the reports.

#### **INTERNAL AUDIT STRATEGY & AUDIT PLAN 2016-17**

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 **AGREED** to receive the proposed Audit Strategy & Audit Plan 2016-17 at the November meeting for review. It was also **AGREED** to continue with the good practice of inviting the Chair of the Audit Committee to attend the meeting with the Group Director and Head of Internal Audit Service when the 2016-17 plan is discussed.

#### **FINANCIAL STATEMENT & REGULARITY AUDIT PLAN FOR YEAR-END ACCOUNTS 31 JULY 2016**

93. The '*Financial Statement & Regularity Audit Plan for Year-end Accounts 31 July 2016*' for Hadlow College, Hadlow Rural Community School, and West Kent & Ashford College were received for review. The College's external auditors issued the plans and it was confirmed the Plan follows the guidelines issued by the funding bodies.

94. It was **RESOLVED** to recommend the Hadlow Corporation to approve the '*Financial Statement & Regularity Audit Plan for Year-end Accounts 31 July 2016*' for Hadlow College and the Hadlow Rural Community School.

95. It was **RESOLVED** to recommend the WKAC Corporation to approve the '*Financial Statement & Regularity Audit Plan for Year-end Accounts 31 July 2016*' for West Kent & Ashford College.

96. A new Statement of Recommended Practice (SORP) has been issued for Further and Higher Education institutions. Colleges are required to adopt the new SORP for its financial statements for the year ending 31 July 2016. Colleges have a choice over the accounting treatment of certain items under the new SORP. Where choice is available, the report proposed the treatment that both colleges should adopt and provided the rationale for the proposal.

97. It was **RESOLVED** to:

- (i) WKAC and Hadlow College to adopt the revalued amount of the fixed assets as the deemed value. As a result of doing this, the Colleges will not be required to update the valuation on an on-going basis;
- (ii) The Colleges to continue to defer capital grants from Government sources. Other capital grants will be credited to income in the year of receipt; and
- (iii) The Colleges will account for the cost of annual leave carried forward as at 01 August.

## **RISK MANAGEMENT & RISK REGISTER**

98. The Committee received the following for review:
- (i) Global Trend Summary Report confirming key movements of risk scores since the last meeting
  - (ii) Hadlow College Risk Register;
  - (iii) WKAC Risk Register  
Minutes of the Hadlow College Risk Management Team meeting held 19 May 2015;
  - (iv) Minutes of the WKAC Risk Management Team meeting held 10 June 2016;
  - (v) Minutes of the Hadlow College Critical Incident Team meeting held on 25 May 2016; and
  - (vi) KCC letter confirming the outcomes of the Critical Incident Exercise held at Hadlow College 22 March 2016
99. It was **RESOLVED** to note the reports under this agenda item.

## **BOARD & AUDIT ASSURANCE FRAMEWORK**

100. The Hadlow Group has implemented a Board Assurance Framework to give satisfactory statements of control and compliance to the Hadlow Group Audit Committee. The Board Assurance Framework is structured as follows

- Quality
- Teaching, Learning & Assessment
- Financial & Governance
- Risk
- External Funding & Value
- Structure & Legal
- Safeguarding

101. Each system to be subject to annual review through a system report. Scheduled for review at this meeting were Quality, Teaching, Learning & Assessment, and Safeguarding.

102. In discussions, it was **AGREED** to add an additional element to the Board Assurance Framework covering 'Capital Projects'.

103. Following review, the following assessments were **AGREED**:

**Quality:** '**GREEN**' for Hadlow College, HRCS and Pre-School; and '**AMBER**' for WKAC

**Quality of Teaching, Learning & Assessment:** '**GREEN**' for Hadlow College, HRCS and Pre-School; and '**AMBER**' for WKAC

**Safeguarding:** There is a high level of assurance – **GREEN**

104. It was **RESOLVED** to note the reports

## HEFCE REVIEW OF KEY INFORMATION SET 2015/16

105. The letter from HEFCE confirming the outcomes of their review of the College's Key Information Set was received and noted.

*(The representative from the Internal Audit Service left the meeting at this point).*

## ANNUAL REVIEW OF THE INTERNAL AUDIT SERVICE & RE-APPOINTMENT RECOMMENDATION

106. The Clerk proposed a different approach in carrying out the annual review of the internal Audit Service. Instead of completing the assessment matrix, the suggestion is to use the matrix as an aide memior and to record in the minutes the Committee's overall evaluation. Should there be any issues of concern arising from the review then these would be brought to the attention of the Head of the Internal Audit Service through a letter from the Chair of the Audit Committee.

107. The Committee **AGREED** to this new approach.

108. Overall, the assessment from the Committee was that a good level of service was provided during 2015/16. In terms of added value, the Committee agreed the audit approach could be more forensic by digging a bit deeper in their audits and to be more forensic in their recommendations. It was **AGREED** for the Chair to feedback this assessment when he meets with the Head of the Internal Audit Service to discuss the audit strategy and plan for 2016-7.

109. It was **RESOLVED** to recommend that the Boards of West Kent & Ashford College and Hadlow College agree to re-appoint MacIntyre Hudson to provide an internal audit service to both Colleges for the period 01 August 2016 to 31 July 2017.

## ANY OTHER BUSINESS

110. Sue Hart raised a concern on how the Audit Committee is kept informed on 'risks' associated with disciplinary maters relating to any member of the Executive, with the issue being more around 'communication' rather than compliance with procedures. It was **AGREED** for the Clerk to give this further consideration, and if necessary, 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 which is currently just the post of Principal).

## DATE OF NEXT MEETING

111. Thursday 24 November 2016 @ 09.30 @ **Ashford**

The meeting closed at 12.00.

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

### CURRENT AUDIT COMMITTEE SUMMARY ACTION LIST

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	Review
7	Reported Fraud Incident: Updates to be reported to the Audit Committee until the matter has been concluded	24/11/16
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.	24/11/16
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. It was also <b>AGREED</b> to continue with the good practice of inviting the Chair of the Audit Committee to attend the meeting with the Group Director and Head of Internal Audit Service when the 2016-17 plan is discussed.	24/11/16
102	To add an additional element to the Board Assurance Framework covering 'Capital Projects'.	24/11/16
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.	24/11/16
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).	24/11/16