

**HARROW COLLEGE FURTHER EDUCATION CORPORATION  
MINUTES OF THE MEETING OF THE  
AUDIT COMMITTEE  
TUESDAY 6 MAY 2008**

**1 MEETINGS & MINUTES**

**1.1 Private Meeting with the Principal**

On behalf of the Committee, the Chair formally welcomed the new Principal to his first meeting of the Audit Committee.

Members were advised that the Principal had no issues to report or any matters to raise with the Committee.

The matter of succession planning was discussed with forthcoming retirement of the Director of Finance, and Vice Principal and confirmation was welcomed that the new Principal was already giving the matter consideration in anticipation of the two senior post-holder's planned departure date of Easter 2009.

**1.2 Private Meeting with the Auditors**

The Internal Audit Service (IAS) advised that they had no further issues to raise following on from the only matter of note highlighted at the last meeting regarding succession planning with the departure of the principal and the forthcoming retirement of the Director of Finance, and Vice Principal.

The Chair advised that the Committee had welcomed confirmation from the new Principal that the matter was already being given consideration in anticipation of the two senior post-holder's planned departure date of Easter 2009.

**1.3 Attendance, Apologies For Absence & Agenda Order**

<b>Membership:</b>	Philip Harding	(Chair)	
	Therese Lorphevre		
<b>In Attendance:</b>	Jayne Chaplin	(Clerk)	
	Rena Prindiville		(from item 1.3)
	Remi Ibikunle	(Tenon)	(from item 1.2)
<b>Apologies:</b>	John Cowan		
	Marie Harrison		
	Adrian Rutter	(Tenon)	

**1.4 Declarations of Interest**

There were no declarations of interest declared.

**1.5 Timing of the Agenda & Items of Other Business**

There were no issues raised regarding the timing of the agenda.

The Chair summarised the outcome of the meeting private meeting with the auditors.

## **1.6 Minutes of Previous Meeting**

The Minutes of the Meeting held on 22 January 2008 were confirmed as a correct record, and were signed by the Chair.

## **1.7 Matters Arising**

There were no matters arising.

## **2 INTERNAL AUDIT**

### **2.1 Internal Audit Assignment Report**

The Internal Audit Assignment Report was received for:

- 2.1.1 Key financial controls
- 2.1.2 Learner number systems
- 2.1.3 Capital project planning, management and evaluation
- 2.1.4 Follow up of prior years' outstanding recommendations

It was noted that these areas had been included in the 2007/08 internal audit plan, approved by the Audit Committee on 8 May 2007, and that the review had been carried out in March 2008.

It was reported that of the planned audit visits:

- 2.1.5 The purpose of each review was to give independent assurance to management and the Audit Committee on whether the risk management and internal control arrangements in place to help the achievement of the systems' objectives were effectively and efficiently designed and operated.
- 2.1.6 The overall assessments of the design and operation of the risk management and internal control frameworks established to achieve the objectives set had been assessed as good for the key financial controls and capital project planning, management and evaluation.

With regard to the key financial controls opinion, there was a discussion of the publication of the Bacs procedures on the College intranet and the merits of restricting access to such procedures for security reasons.

After discussion, it was agreed that restricted access via publication on a shared drive with limited access would be the more appropriate solution.

- 2.1.7 For the learner number systems, the overall assessments of the design and operation of the risk management and internal control frameworks established to achieve the objectives set had been assessed as adequate.

Members were advised that findings indicated that although the controls in place were effectively designed to mitigate the risks to the achievement of the system's objective, some of the key controls did not always operate in practice. It was noted however, that this had not given rise to any significant risk overall to the achievement of the system's objective.

It was noted that the issues raised had concerned:

- Missing contact logs for students not on the electronic register system
- Missing student forms and learning agreements

Whilst some disappointment was expressed that the audit opinion had failed to move from adequate to good, it was recognised that it this could be attributed to

criteria that was constantly changing and that systems and processes had been and continued to be reviewed to respond to these changes.

The outcome of the follow up on previous audits was noted. Members observed that some of the recommendations that had remained for some period past the original implementation dates and it was noted that this was being followed up by management to ensure that any remaining outstanding actions were implemented without further delay.

Members were advised that two additional reviews had also been undertaken:

2.1.8 Into the effectiveness of the College for business Unit. It was reported that the scope of the review had been to review the College's arrangements for ensuring the viability of the College for Business Unit.

It was noted that it had been concluded that there were internal controls in place to provide a reasonable assurance that:

- Activity was planned and monitored on an ongoing basis.
- Actual income and expenditure was monitored against budget
- Management information reports were produced to facilitate the monitoring process and that these were timely.

Members were advised, however, recommendations had been made to address areas those where that there was a need to ensure that there was:

- A process for managing associated risks, which was linked to the College's overall risk management framework; and
- Items/processes already identified by management for further improvement were actively progressed to ensure implementation on a timely basis.

2.1.9 Of the controls over the Protocol national Contract, it was reported that the scope of the review had been to assess the College's controls for ensuring that staff were effectively utilised and that Protocol National were only recruited in line with planned expenditure and to cover genuine staff shortages.

It was noted that it had been concluded that there were internal controls in place to provide a reasonable assurance that:

- Curriculum Managers authorised all bookings for Associates Payment to PN is made only after the manager's review and acceptance of their provisional/final PN bill.
- Course viability was addressed at management level and reports were available via the MIS platform

It was reported, however, that it had been difficult to confirm that Associates were only taken on to cover genuine staff shortages/vacancies as there was no College wide framework for monitoring actual on-site time and that recommendations had been made accordingly intended to enhance existing controls.

There was a discussion of the nature of the Protocol National contract, the need to a formal contract, albeit in the form of a service level agreement, and how activity was planned and monitored.

The Committee was advised that the Internal Audit service had considered the management's responses to all the reviews undertaken and were satisfied that the responses adequately addressed the recommendations made.

After discussion it was **RESOLVED** to:

2.1.10 **NOTE** the report

2.1.11 **RECOMMEND** to the Corporation the **APPROVAL** of the Internal Audit Report.

## **2.2 Internal Audit Strategic Plan**

A report was received on the Internal Audit Strategic Plan for 2008/09.

The audit coverage for 2008/09 and 2009/10, planned when the audit strategy was last updated in May 2007, was noted.

Members were advised that in view of the recent appointment of the new Principal, it was planned to update the strategy early in the next Academic Year to take account of changes in the College's risk profile and emerging issues in the sector and to bring forward suggestions for operational reviews.

The likelihood of personnel and payroll being incorporated into the Plan for 2008/09 was discussed and after consideration it was **RESOLVED** to:

2.2. **NOTE** the report.

## **3 EXTERNAL AUDIT**

### **3.1 External Audit Report**

A verbal report was received advising the Committee of the External Audit Service's proposed plans for the College's external audit.

It was reported that the Auditors would be in College in June and August, with the year-end annual financial statements field work to take place in September.

After discussion it was **RESOLVED** to:

3.1.1 **NOTE** the verbal update report.

## **4 ANY OTHER BUSINESS & MEETING EVALUATION**

### **4.1 Any other business**

There was none.

### **4.2 Date of Next Meeting**

To be confirmed by the Clerk

### **4.3 Meeting Evaluation**

Members completed the meeting evaluation forms and the meeting closed.