

EALING, HAMMERSMITH AND WEST LONDON COLLEGE FE CORPORATION

Meeting	AUDIT COMMITTEE		
Date	03 April 2019	Time	18.00
Venue	Hammersmith and Fulham College, Room LT3, Gliddon Road, London W14 9BL		
Chair	Callum Anderson		
Present: Callum Anderson; Maria Vetrone; Sundeep Sangha ¹ .			
In attendance: David Round (Clerk to the Corporation); Anil Nagpal (Executive Director, Finance & Resources); Daniel Canham (Mazars) & Graeme Clark (Mazars) ²			
<i>Attendance at meeting = 75%</i>			

Prior to the meeting, RSM UK delivered a development workshop for members of the Audit Committee on the work of the Audit Committee in the further education sector.

A confidential meeting of the members of the Committee and representatives of the audit firms only took place prior to the commencement of the meeting.

ITEM	
1.	APOLOGIES FOR ABSENCE Apologies were received from Cllr Binda Rai. The Clerk confirmed that the meeting was quorate. In the absence of Cllr Binda Rai, Callum Anderson took the chair.
2.	DECLARATIONS OF INTEREST None.
3.	MINUTES Minutes of previous meetings held on 30 January 2019 were approved as a correct record and duly signed by the acting chair on behalf of the Committee.
4.	MATTERS ARISING

¹ By video conference.

² Internal auditors to the College.

1. The Clerk reported that the draft annual report and financial statements received at the 30 January meeting had been presented and approved at the Board held on 13 February. A number of adjustments to the accounts had been made which were noted.
2. It was noted that the control issues identified in the external audit findings report and management letter are the subject of a report at today's meeting.
3. It was also noted that the finalised annual report of the Committee to the Corporation was presented at the Board meeting on 13 February 2019.
4. An update was provided about the status of the investigations into the fraud incident reported at the previous meeting of the Committee.

5. RISK MANAGEMENT

5.1 STRATEGIC RISK REGISTER

The risk register was presented to the Committee recognising that it was focused mostly on financial risks linked to the recovery plan rather than being a whole-college approach and including curriculum and other risks. As such the risk approach represented work in progress. The College had recognised the need to develop a more holistic and robust approach to risk management and the senior leadership team had spent time in recent days to consider the risks across the College as a whole. It was emphasised that the register needed to be owned by managers across the College and be embedded in the work of College teams.

The Committee made a number of recommendations to the College: -

1. It was recommended that risks be aligned to the strategic priorities of the College. It was noted that a new strategic plan was in development for approval by the Corporation by the end of the academic year which would allow the development of a more strategic and whole College risk management approach (**ACTION: AN**).
2. The Committee also recommended that a separate operational risk register be developed feeding into the strategic risk register presented to the Committee at the next meeting (**ACTION: AN**).
3. That there be discussion of the high risk (red flagged) items in the covering paper including the actions being taken to mitigate the risks (**ACTION: AN**).

RESOLVED: that the risk register report be noted.

5.2 RISK ASSURANCE

The College noted that best risk management practice included the development of a risk assurance map describing the levels of assurance provided against the principal risks facing the College. The College had yet to develop a risk assurance framework but noted that it was part of the cycle of business for the Audit Committee and would be developed in due course.

6.	<p>EXTERNAL AUDIT UPDATE REPORT</p> <p>The Committee noted that the audit findings report of the College’s external financial statement and reporting auditor presented at the January meeting of the Committee had highlighted a significant number of control issues and other areas for action. These were accepted by the College and the College had committed to taking the necessary improvement actions. The Executive Director (Finance and Resources) was meeting with the auditors to discuss further. A progress tracking document was in preparation which identified priorities for action and would be made available to the Committee at the next meeting (ACTION: AN).</p> <p>Members of the Committee enquired whether additional resources were required. In response it was noted that it was too early to say; the finance team was small and included a number of interims in post.</p> <p>RESOLVED: that the external audit progress report be noted.</p>
7.	<p>HEALTH AND SAFETY UPDATE REPORT</p> <p>The Committee was advised about the status and effectiveness of health & safety measures and controls at the College to ensure compliance with the Health and Safety at Work Act 1974. Details of relevant trends and actions being taken to address issues were outlined. The Committee noted that: -</p> <ul style="list-style-type: none"> • The College complied with relevant legislative requirements. • There had been a decline in the number of reported accidents at the College from 116 to 77 in the relevant reporting period since last year. The high level of incidents relating to fights in the previous year had fallen significant in the current year, • The reasons for the changes could not be confirmed i.e. whether this was because of a lower level of reporting, updated training or improved practice. • The number of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) incidents in the period 2018 to 2019 to date was 2. • It was requested that future reports include a short summary of the most serious incidents i.e. RIDDOR (ACTION: AN). <p>RESOLVED: that the Health and Safety report be noted</p>
8.	<p>FRAUD REPORT</p> <p>It was confirmed that there were no further incidents of fraud at the College.</p>
9.	<p>INTERNAL AUDIT REPORTS</p> <p>9.1 Internal Audit Plan 2018/19</p>

The draft internal audit plan for the current year (2018/19) was presented by the College's internal auditors. It was acknowledged that the plan was being considered 6 months into the year which would have a number of potential impacts. The plan had also to take into account the position of the College being in administered status and the requirement to undertake an independent business review (IBR). The College and the audit team were concerned not to duplicate the work of the IBR; there was also a concern to manage the impact of the workload on College teams arising from the scrutiny and assurance work of the ESFA and FE Commissioner's office.

The proposed audit assignments would focus on the following areas: -

- Core financial processes/regulations
- Learner numbers systems
- Subcontracting Controls
- Follow-up

A total of 43 audit days had been allocated. The view of the internal auditors that because the plan for 2018/19 would not cover governance, risk management and internal control it would not be possible to issue an end of year opinion of the internal auditors.

The Audit Committee considered that the number of allocated audit days should permit an audit opinion to be given by the internal auditors. The Clerk added that although he had only taken up post in the past week, he was content to include governance within the scope of the audit work. Further details of the timing and scope of the IBR would be available in the coming weeks as there was a meeting scheduled with the ESFA in the following week.

RESOLVED: that the audit plan be approved subject to the review of the scope of work including governance (to be confirmed at the next meeting of the Committee) to provide the Committee with the annual audit opinion (**ACTION: Mazars**).

9.2 Internal audit recommendations: follow-up report

The Committee noted that the internal audit service was tendered in January 2019 and the contract was awarded to Mazars as part of the tender procurement exercise. The previous internal auditors resigned in June 2018 and submitted their internal audit annual summary report and their internal audit update report (follow up review) to the Audit Committee in January 2019.

The Committee was advised that the current status of previous internal audit recommendations was as follows: -

2 High priority recommendation (amendments to bank supplier bank details to be independently verified; tracking and recording of IT equipment)

	<p>16 Medium priority recommendations 4 Low priority recommendations</p> <p>2 recommendations (HE market research and aspects of the purchasing system) were confirmed as complete by the internal auditors. Subsequently the College confirmed that the recommendation in respect of governance had also been completed. A total of 19 audit recommendations remained to be actioned.</p> <p>The College noted the actions required to progress the implementation of the audit recommendations; a tracking document had been prepared to monitor progress.</p> <p>The Committee requested that an up-to-date tracking report be presented to the Committee at the next meeting (ACTION: AN). It was also recommended that the executive report include narrative details of progress in relation to the high priority recommendations (ACTION: AN).</p> <p>RESOLVED: that the audit recommendations progress report be noted.</p>
10.	<p>Any other Business</p> <p>There was no further business and the meeting closed at 19.35</p>
11.	<p>Date of Next meeting</p> <p>The next meeting would take place on 26 June 2019 at 18.00.</p>

Chair's signature 

Date 26/6/19

Author	David Round
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