

# MINUTES

**Directorate:** Governance

**Minutes of:** Audit Committee

**Date:** 6 March 2019      **Time:** 09.30

**Venue:** Executive Meeting Room, Uxbridge Campus

**Present:** Nasim Khan (NK)      Governor (Acting Chair)  
Tracey Critchley (TC)      Governor

**Apologies:** Mike Cox (MC)      Governor (Chair)  
Ketan Sheth (KS)      Governor

**In attendance:** Abbas Alimohamed (AA)      Internal Audit Manager, MacIntyre Hudson LLP  
Jayesh Patel (JP)      Head of Finance  
Tracy Reeve (TR)      Clerk to the Corporation  
Laraine Smith (LS)      CEO/ Group Principal  
Shane Woodhatch (SW)      Group Director Finance & Resource Planning

## 1. Chair's Agenda Item

There was no Chair's agenda item.

## 2. Apologies for absence

Apologies had been received from Mike Cox and Ketan Sheth.

## 3. Notification of any urgent items members may wish to raise under Any Other Business

There was none.

## 4. Notification of Interests Members may wish to declare relating to any item

No interests were declared.

## 5. Minutes of the meeting held on 28 November 2018

TC highlighted an error in the narrative in minute 2 'apologies'. The absence of herself and Ketan Sheth was not reflected in the narrative (but was shown in the attendance list). Subject to this amendment the minutes were approved and signed by the Acting Chair. The Clerk confirmed that the draft minutes had already been cleared in draft format by Audit Committee Chair Mike Cox.

## 6. Matters arising from the minutes of the meeting held on 28 November 2018 not already on agenda

There were no matters arising that were not already covered by the agenda.

## 7. Internal Audit Report from MacIntyre Hudson LLP: Key Financial Controls

AA presented the report from MacIntyre Hudson which had been written after the recent internal audit review of key financial controls, undertaken in February 2019. Audit Committee members were reminded that this audit had been commissioned by the College as part of the annual internal audit strategy 2018/19. The remit had been to carry out an independent review of HCUC's key financial controls and activities; to consider potential gaps in the control framework, weaknesses in the application of established controls, ensuring compliance with established policies & procedures and best practice. The meeting noted that the audit had covered the following areas: • Sources and completeness of income • Central nominal ledger • Bank and cash • Fixed assets (including security

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of assets) • Payroll • Procurement and supplier management. The scope of the review included ensuring compliance with HCUC's policies and procedures; particularly those pertinent to financial management and financial controls, including the financial regulations and scheme of delegation.

The meeting noted that the overall assurance assessment was 'Satisfactory' assurance and that 17 recommendations had been made two of which were 'high' priority, 6 were 'medium', 8 were 'low' and 1 was deemed as 'advisory'. The meeting sought, and was given, confirmation on the definition of 'satisfactory' assurance compared against 'substantial'; this was clearly defined on page 6 of the audit report. The very detailed findings were considered by the meeting along with the associated recommendations. Group Director Finance and Resource Planning (GDFRP) confirmed that HCUC management had accepted all the recommendations; many of them had already been identified by the new HCUC Finance Team. Audit Committee members were assured that an action plan to implement the recommendations had already been put in place; the proposed actions were noted by the meeting. Audit Committee members were assured that 14 of the 17 recommendations would be implemented before the end of the 2018/19 academic year; the other 3 (2 'low' priority and 1 'medium') would be fully implemented by December 2019. The Acting Chair commended the very detailed Key Financial Controls audit report which provided full assurance to the Governors that detailed testing had been undertaken by the auditors. SW highlighted that the number of recommendations had been a disappointment but were partly due to the merger and complications around the merging of finance systems. He was pleased to have an action plan in place which would enable HCUC to return to the previous high level of assurance given to Uxbridge College. The Chair asked AA whether this number of recommendations would be within sector benchmarks. AA confirmed that the scope of the audit review had included 6 auditable areas and it would be expected to have 1 or 2 recommendations per area so the result was not outside the sector 'norm'. The key issue were the 2 high priority recommendations – both in relation to signatories on BACS/ payroll payments – which would be remedied by July 2019. SW offered the meeting additional assurance around the detailed process for BACS and payroll in advance of the final sign-off. The meeting sought confirmation that the dates for completion of the remedial action were realistic; JP confirmed that they were fully accurate as he had set them. The only area where a recommendation had been made outside of Finance was in relation to I.T. (replication of server data) and the Head of IT had been consulted about the action and the timeline for implementation. The acting chair sought confirmation on whether the recommendation (number 12) on the payroll system 'iTrent' would have any GDPR implications. SW confirmed that a health-check was currently underway to verify that 'iTrent' was fully GDPR compliant. The meeting was reminded that Human Resources was included in the internal audit strategy for 2019/20 and the meeting would receive an internal update on progress at the June 2019 Audit Committee meeting. TC commended the format of the RSM audit report which she had found very easy to digest.

***The internal audit report on Key Financial Controls was RECEIVED and APPROVED.***

***The recommendations would be added to the Register of Outstanding Audit Actions which was monitored at each Audit Committee meeting.***

## 8. Progress Report on Internal Audit Strategy 2018/19

The meeting noted an update on progress against the Internal Audit Plan 2018/19 which had been provided by GDFRP. The report confirmed that there had been no changes to the plan for the current year as originally approved by the Audit Committee at the start of the year and by the Corporation in December 2018. The meeting was reminded of the agreed action at the previous meeting that the Key Financial Controls audit for 2019/20 onward would be tendered on the basis of a three-year contract. This would hopefully ensure that more companies tendered for the provision. The meeting noted the current committed spend of circa £32,000 and sought confirmation on that the full year budget 2018/19 for Internal Audit would be spent. It was suggested that one area which could be added was 'inspection-readiness'; SLT to consider this.

***The Internal Audit Strategy update report was NOTED.***

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## 9. Review of previous audit recommendations

The meeting noted the detailed Register of Outstanding Audit Recommendations. This lengthy register contained recommendations from the: Funding Audit of Harrow (HC) and Uxbridge Colleges (UC) in autumn 2017; Safeguarding audit undertaken in March 2018; and from the Health & Safety Audit (July 2018). Action against the higher priority recommendations not yet completed was considered by the meeting. These included recommendations in relation to: funding rules around apprentices and also student loans; Fixed Asset verification; and central HR contracts/ letters on iTrent. The meeting was assured that these were all on track for completion by July 2019.

SW highlighted that many of the recommendations were now complete and suggested that they should be removed from the Register when complete to aid clarity. The Acting Chair sought the view of the Clerk on this suggestion and TR supported the proposal; it would enable Governors to focus on key actions not yet completed.

**The report was NOTED.**

**The Register of Outstanding Audit Recommendations would be amended to remove any recommendations after they had been reported to the Audit Committee as completed.**

## 10. To receive report on any fraud/corruption issues and additional work required by auditors 2018/19

- **Fraud**

There had been no attempted fraud or corruption issues to report.

- **Additional work undertaken by auditors**

No additional audit work had been commissioned by HCUC during 2018/19.

**Noted**

## 11. Risk Register Update

Governors considered the Risk Register that detailed the risks mapped to the Strategic Aims and Corporate Goals of the College. The GDFRP (SW) highlighted the additional column which he had added to the Risk Register which showed any change in score, and whether positive or negative, since last presented to the Audit Committee. The meeting considered the following risks which had been changed in grading since November 2018.

- 1.01 Inconsistent attendance and punctuality across HCUC. (Risk score raised from 8 'green' to 9 'amber'). SW informed the meeting that this had been raised due to some inconsistent attendance across HCUC.
- 1.12 College courses and activities do not adequately prepare students for the world of work. (Risk score raised to 8 'green' from 6 in September 2018). This was due to some issues which had arisen around the accurate tracking of all work placement activities.
- 3.04 Inadequate budgetary controls. (Risk score reduced from 12 'red' to 10 'amber'. SW confirmed that this was to reflect the fact that the new Finance Team was now in place, the Mid-Year Review had been completed and the KFC audit had now been done. SW informed the meeting that this risk might be moved to a 'green' risk score in advance of the June 2019 Audit Committee meeting.

The meeting commended the addition of the column to demonstrate movement in risk score; SW confirmed that this would be changed for presentation to all Committees. **The Acting Chair asked SW to make sure the titles of Governors' Committees were fully consistent throughout this report (in the twelfth column).**

**The Risk Register was NOTED and RECEIVED.**

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**12. To confirm and agree the dates and times for the Audit Committee meetings in 2018/19**

The dates and times of the meetings were agreed as follows: Wednesday 26 June 2019 at 9.30am.

**13. Any Other business**

There was no other business.

The Audit Committee meeting closed at 10.45am

Signed .....

Date.....

DRAFT