



MINUTES
of the Audit Committee
held on Monday 23 March 2015

Present: - Mr Norman Moon (Chair)
Mr Simon Bennett
Cllr Sebastian Bowen
Mrs Magda Prail

In attendance: - Mr Edward Rehm (Director of Finance)
Mr Nick Harrison (Finance Manager)
Mrs Linda Watkins (Clerk to the Corporation)
Mr Patrick Green (Baker Tilly)

The meeting was quorate as four members were present.

	Action
<p>5. Apologies for Absence Mrs Isobel Rollitt-James</p>	
<p>6. Declarations of Interest There were no declarations.</p>	
<p>7. I. Approval of the Minutes of the Meeting The Chair signed the minutes of the meeting held on 24 November 2015 as a true and accurate record.</p> <p>II. Matters Arising No matters.</p>	
<p>8. Internal Audit Reports Patrick Green presented the reports:</p> <p>I. Progress Report: Progress was on target to complete the audit plan 2014/15. A briefing about changes in UK GAAP and the move to the new F&HE SORP was provided.</p> <p>II. Curriculum Planning/Course Viability: This focused on apprenticeships and gave substantial assurance with green opinion. There was one low level recommendation. The College was reliant on student enrolments to inform curriculum planning and ensure viability of courses.</p> <p>III. Long term – Strategic Planning: This gave substantial assurance with a green opinion. There were no recommendations. There was discussion</p>	

about future external influences which would have an impact on the College; including significant funding cuts, student loans, student numbers and the outcome of the general election. Members asked if further actions would be required to ensure the College's financial viability. There had been a major reduction in non-teaching staff last year to ensure pay costs remain within 63% of income. Financial viability of courses would be reviewed in the budget setting process. Overall pressures were likely to continue which could potentially force college mergers and shared services. The potential to share back office services with neighbouring colleges was raised. A Member asked what the impact of the pension liability would be in a merger; these would transfer to the new college. Members asked what potential opportunities existed for merger noting that these were only realistically possible in the Marches area, but would be dependent on mutual agreement from each party. A Member asked if the New University would pose a threat or opportunity. It would deliver STEM subjects which would not affect HE learners at HLC. Governors would continue to monitor the College's sustainability and strategic options.

IV. Benchmarking Report: This showed that HLC has effective internal control mechanisms and embedded good practice when compared with similar colleges.

Common risks in the sector were reiterated as funding, finance and long term viability. The Internal Auditors work closely with management to focus audits on areas with issues so that it can add value. The Committee could consider developing self-assurance frameworks in future as an alternative or complement to internal audit.

The Committee agreed: -

- To note the internal auditor's reports

9. Risk Management Register

Members noted the risk register with specific discussion on the risks categorised as red.

A2: FE and WBL funding not achieved. The College would not achieve its agreement following receipt of £200,000 additional funding from SFA in January and £150,000 under-achievement of the funding agreement. Alternative options would be discussed by the F&GP Committee who would make a recommendation to the Board.

B2 - Operating costs at Ludlow not reduced. In December the Board had agreed a level of discount for rent of premises at Ludlow College. Subsequently the legal form to charge leases has not been agreed. The College had suggested the Foundation draw up four new leases in the name of HLC to

match current arrangements.

A Member enquired if there were any potential property liabilities at Ludlow College. Maintenance contracts were in place managed by the Head of IT and Estates. Maintenance was addressed in a priority order using applicable grants where possible.

Following the appointment of a Head of Holme Lacy Campus the applicant decided not to take the post the week before the agreed start date. This vacancy had already been advertised twice with management agreeing to advertise to existing Assistant Principals resulting in the Assistant Principal Community Studies being appointed.

The Committee agreed: -

- To note the risk register

10. Any Other Business

There were no items.

11. Date and time of next meeting

The next meeting of the Audit Committee was arranged for Monday 15 June 2015 commencing at 3.15 pm.

Signed as a true record of proceedings

Chair: **Date:**