

**The Corporation of the College of Haringey, Enfield and North
East London**

COMMITTEE	AUDIT
Time and Date of meeting	7.00pm Tuesday 11 May 2010
MINUTES	Enfield Centre

MEMBERS

Ms A. Rudkin (Chair); **Mr J. Johnstone*** (Vice Chairman); Mr H. Patel; Mr R. Pickford.

In attendance

Mr C. McCutcheon (Vice Principal Finance and Resources)
 Mr. W. Pitumpe (Director of Finance)
 Mr. D. Mathieson (Secretary to the Corporation)
 Mr C. Harris (Bentley Jennison)
 Ms H. Wilson

A1/0510 Apologies for Absence

Apologies for absence were received from Mr R Shaunak (MacIntyre Hudson), Mr G. Clifford (Bentley Jennison) and Mr J. Johnstone (Vice Chairman)

A2/0510 Declaration of Relevant Interests

There were no Declarations of Interest

A3/0510 Urgent Business

3.1 The Committee AGREED to accept 3 items of urgent business to be taken at item 11:

- Letter from SFA Audit Service
- Risk Management Register
- Retirement of Secretary to the Corporation

A4/0510 Minutes

A031

4.1 The Minutes of the meeting of the Audit Committee held on 15 March 2010 were **APPROVED** and signed by the Chair as a correct record.

A5/0510

Matters Arising

5.1 A/10/0310 Fraud Policy

Mr McCutcheon advised on progress with the Fraud Policy which has been amended and will go to the Corporation for approval. In response to questions Mr Harris clarified issues relating to the levels at which occurrences of fraud are reported and the requirements of the SFA.

A6/0510

A033

Audit Progress Grid

6.1 Mr McCutcheon drew attention to issues relating to HPLs and agency teaching staff. Regarding the completion of timesheets by agency teaching staff the deadline has been deferred to May. The Chair stated that agencies should be advised that in future any contract progressed without an authorised signature would not be paid by the college. It was also requested that the Director of HR be asked to attend the next meeting of the Audit Committee if there were any outstanding issues.

6.2 It was noted that the IT Back up policy had now been approved by SMG.

6.3 The Chair expressed disappointment that an issue raised in the in the audit of subsidiaries October 2009 regarding KIST was still unresolved. Mr McCutcheon advised that this issue was on the Board's agenda for its meeting 12 May. He reported on the issues affecting the performance of the company and options for the future of KIST to be considered at its board meeting.

RESOLUTION

The Committee AGREED to Note the Report

A7/0510

A034

Internal Audit Reports

Budget Setting and Planning

7.1 Two 'merits attention' items were reported.

General Ledger

7.2 1 'merits attention' issue was identified. In response to question regarding the additional feedback (1.5 p3), Mr Harris advised that the process had provided a substantial level of assurance and accuracy of balances. An update and note of confirmation will provided at the next meeting.

Learner Numbers (Enfield)

7.3 One 'significant and one 'merits attention' issues were identified.

7.4 In response to questions justified the size of the sample used and that a 'hard view' had been taken to reflect that of the LSC.

Learner Numbers (CONEL)

- 7.5 One ‘merits attention’ issue was identified relating an incidence where the system did not accurately reflect an enrolment form.
- 7.6 Mr McCutcheon clarified the routines used to identify and highlight erroneous learner data.

Risk Management

- 7.7 Three ‘merits attention’ issues were reported.
- 7.8 Mr Pickford raised an issue regarding a lack of clarity in the final paragraph on page 3. Mr Harris agreed that this was unclear and clarified the issue which related to departmental risk registers not linking to college objectives. Mr McCutcheon described how the risk management process was being embedded at departmental/service level.
- 7.9 In response to a question Mr Pitumpe implementation date associated with recommendation 1.3, he clarified how the date ties in with the business planning process through which individual risk registers are submitted.
- 7.10 Mr Harris clarified the second paragraph on page 3 ‘Limitations to the scope of the report’ in response to a comment that the wording was confusing.

New Funding Streams

- 7.11 Two ‘merits attention’ issues were reported.
- 7.12 The Chair expressed concern regarding the issue of partners struggling to achieve their targets and wondered whether the college was dealing with the right partners, and whether other organisations were experiencing similar problems. Mr McCutcheon responded saying that most organisations were struggling with NEETs provision and that a cautious view is being taken on non core recurrent funding activities. He confirmed that partners who failed to deliver on targets or quality were seeing their provision reduced or terminated by the college.

<p>RESOLUTION</p> <p>The Committee AGREED to Note the Report</p>
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A8/0510
A035

Committee Work Plan

<p>RESOLUTION</p> <p>The Committee AGREED to Note the Report</p>
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A9/0510
A036

Revised Audit Code of Practice

9.1 It was noted that part two of the revised ACOP would be published in the near future. Mr Pickford suggested that training be set up for the committee once code has been issued.

RESOLUTION

The Committee NOTED the report.

A10/0510
A037

Legal Advice on College Subsidiaries – Compliance with Charity Law.

10.1 The report from the college solicitors clarified issues raised by the committee regarding gift aid payment from KIST to the college, and the provision of a loan back to the company. It is acceptable to provide a loan to KIST provided that the company is viable and likely to make a profit. Mr McCutcheon advised that the KIST budget paper for the year indicates a break even budget based on confirmed contracts. The viability of KIST will be discussed at its board meeting 12th May 2010 the outcomes of which will be reported to the Finance, Policy and Resources Committee. Mr McCutcheon felt that the potential for KIST to be a sound business was still there but it must become more effective in delivering on contracts. Two options are being considered for the future. If the college decides that long term viability of the company is sound then it could continue as a separate entity. The second option would be for KIST to become a virtual organisation with delivery of provision undertaken by the college however the college would continue to be liable for the rental of the company's premises until the end of the lease.

10.2 Responding to questions Mr McCutcheon advised that financial year for KIST had not yet been changed in line with that of the college due to issues with the earn out clause. The change will be effected for the next financial year.

10.3 Mr McCutcheon agreed to look into the corporation tax position to ensure that any losses in the last year be used to offset any tax liability for the previous year

10.4 The Chair asked that Audit Committee receive the annual accounts for all subsidiaries and that this be noted in the annual schedule of business.

10.5 Regarding the issue of governors serving as directors of companies and the as members of the FPR, the committee was advised that the matter would be raised with FPR at its next meeting.

10.6 The Chair noted the tighter controls over college subsidiaries now in place and thanked Messrs McCutcheon and Pitumpe for effecting this.

RESOLUTION

The Committee NOTED the report.

A11/0510
A038

Internal Auditors Progress Report

11.1 The Committee requested that all audits be completed in time for the next meeting.

RESOLUTION

The Committee NOTED the report.

A12/0510

Date of next Meeting

7.00pm Monday 28 June 2010 at the Tottenham Centre.

A13/0510

Urgent Business

- 13.1 Risk Register: The committee commented favourably on the first edition of the new format. It was suggested that those area coded amber should have actions/next steps against them.
- 13.2 Letter from SFA Audit Service: The Secretary advised that the College's self assessed grade of 'Outstanding' for financial management and control had been confirmed.
- 13.3 Retirement of the Secretary: The Secretary advised that he would be retiring next term and that the vacancy would be advertised shortly.

Signed.....
(Chair)

Date: 28 June 2010