

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

COMMITTEE	AUDIT
Time and Date of Meeting	Tuesday 21 June 2011
MINUTES	Enfield Centre

MEMBERS

Ms A. Rudkin (Chair); Mr H. Patel; Mr R. Pickford. Ms H. Wilson

In attendance

Mr C. McCutcheon (Vice Principal Finance and Resources)
Ms. J. Grant (Director of Finance)
Ms. N. Shoffman (Secretary to the Corporation)
Mr. G. Clarke (Mazars)

- A1/0611 Apologies for Absence**
Apologies for absence were received from Mr R Shaunak (McIntyre Hudson).
- A2/0611 Declaration of Relevant Interests**
There were no declarations of interest
- A3/0611 Urgent Business**
An item of urgent business was taken under confidential cover
- A4/0611 Minutes**
The Minutes of the meeting of the Audit Committee held on 29 March 2011 were **APPROVED** as a correct record, subject to the correction of a typographical error in minute 11.1.
- A5/0611 Matters Arising**
- 5.1 **Minute A10/0311 A065 10.3** – The Committee considered the report on the recovery rate and age of debtors and asked whether management would expect this year end to look the same; Ms Grant said there is an ongoing process of chasing debts which are only notified once the College has exhausted all efforts to recover them. Mr McCutcheon explained there is a cyclical element to this, as at the point when students re-enrol the College will try to ensure they settle their debt and so there should be a bit of uplift in the summer.
 - 5.2 With respect to the aged debtors list Mr McCutcheon said he believed the CIS debts are possibly recoverable and the CTL

- debts will be recovered as part of agreement when the College shares are transferred to MPower.
- 5.3 There followed a discussion around the background of the Refugee Women's Association debt and it was agreed that measures should be put in place to avoid this type of situation arising in the future.
- 5.4 The Committee then asked about lead times for the recovery of debts and at what point they are referred to TNC. Ms Grant advised that this can take nearly 15 months and agreed there is a need to review the whole process of payment by instalments and the recovering fees; the Committee recognised that it is difficult to force the issue with some students as there may be other factors involved. There may also be an impact with the changes in fee remission for next year but at present it is difficult to predict the extent of this.
- 5.5 Ms Grant confirmed there is a more robust process in place for collecting commercial debts. The Committee asked for a reconciliation of the ongoing debts to be circulated.
- 5.6 The Chair advised the Committee that it had been agreed that in future all the Subsidiary companies year end accounts will be considered by the Committee as part of the College annual financial report and accounts item.
- 5.7 **Minute A11/0311 A066 11.3** – The Secretary reported that in future reports to Corporation and Committees will include a grid detailing the financial and other risk implications of any proposals. The Committee agreed that the broader area of strategic risk management needs to be addressed at Committee and Corporation level in a more robust way and this would be discussed later on in the meeting.

A6/0611

Audit Progress Grid

- 6.1 The Committee consider the progress grid. Ms Grant confirmed that the AFL first draft should be completed in time.
- 6.2 The Committee were satisfied with progress made.

RESOLUTION
The Committee AGREED to:
Note the Report

**A7/0611
A073**

Internal Audit Service (IAS) - Mazars

a. Internal Audit Reports

i) Risk Management

- 7.1 The Committee received the audit report on **Risk Management**. The audit findings gave **substantial assurance** on the effectiveness of internal controls and made one priority 3 recommendation - that the College should review and update some of the wording in its risk management strategy (see minute 9).
- 7.2 Mr Clarke said that the outcome of the audit is positive and the College is doing well in this area. The IAS will review how well Risk Management is embedded as they look at other areas in the

College as part of their IA work. It was acknowledged that the flow and changes to risk need to be reported more robustly at Corporation level as not all Governors had been aware how much we were at risk at last inspection.

ii) Corporate Governance

7.3 The Committee received the audit report on **Corporate Governance**. The audit findings gave **substantial assurance** on the effectiveness of internal controls and made one priority 2 and four priority 3 recommendations which all centred around maintaining a register of gifts and hospitality (even though this will be a nil return) and updating the College governance code and financial regulations to take account of the provisions of the new bribery act.

iii) HR recruitment retention and succession planning

7.4 The Committee received the audit report on **HR recruitment retention and succession planning**. The audit findings gave **substantial assurance** on the effectiveness of internal controls and made one priority 2 and four priority 3 recommendations.

7.5 The Committee expressed concern regarding recommendation 6.3 in respect of discrepancies in salary details. Mr McCutcheon confirmed that there is a clear process in place and any changes need to be signed off properly but this is not being sufficiently evidenced. The Chair said that HR should be leading by example and must ensure that all their paperwork is precise and exact. She said that the Committee will be looking carefully at the HR follow up as this is an area that needs attention.

7.6 The Committee requested that the HR director be asked to circulate a short note by email about the staff turnover rates (assuming the impact of restructure can be excluded in both the College and its comparators) just to show the underlying trend, and also that she be advised of the Committee's concerns over the issues raised in the audit report.

RESOLUTION

The Committee **AGREED** to:
Note the Internal Audit Reports

b. Internal Audit Progress Report

7.7 The Committee received the progress report. The Chair expressed concern at the delay in HR providing management responses (almost two months). Mr Clarke said he had raised these issues with HR. The Committee agreed that a two week turn around time should be sufficient and asked that this and their concerns be conveyed to the HR director.

It was also agreed that a timetable should be agreed before the start of the actual audit which would include the turnaround time for both the production of the initial report and the management response. It would be expected to be under two weeks in both cases.

RESOLUTION
The Committee AGREED to:
Note the Report

c. Internal Audit Strategy Update and Operational Plan 2011-12

- 7.8 Mr McCutcheon advised the Committee that the IA plan for next year had been considered by the SMG who had made some minor changes in order to ensure there was sufficient time to do an audit around learner support systems and also franchise audits. Some audits have been moved or days reduced which have been re-allocated to give more emphasis on performance management and compliance with the curriculum and health & safety
- 7.9 The Procurement and Procedures audit has been moved to the latter part of the year as there has been a lot of work done on the new system and we will want to see what impact this has had. The Chair asked about marketing and communications and Mr McCutcheon said this is now a smaller area which has a reduced budget and was moved to accommodate some of the changes mentioned above, the Committee agreed to leave it as it is.

RESOLUTION
The Committee AGREED to:
Approve the Internal Audit Strategy and Update & Operational Plan 2011-12

d. Review of performance of IAS (no paper)

- 7.10 The Chair reminded the Committee that it had agreed to review the performance of the IAS after 1 year. She suggested this be done in September as so much of the IA work had been shunted to the latter part of the year.
- 7.11 Mr McCutcheon and Mr Pickford agreed to draw up some PI's and an assessment model to use as the basis of the review. Mr Clarke volunteered to provide a set of the AOC PI's and also summaries of the satisfaction surveys completed by College staff and the end of each audit.

RESOLUTION
The Committee AGREED to:
Review the performance of the Internal Audit Service in September

A08/0611
A074

Financial Statements Auditor MacIntyre Hudson
Financial Statements Audit Strategy

- 8.1 The Committee considered the strategy and noted that the fees were reduced compared to last year.
- 8.2 The Chair reminded the Committee that the Audit tender for financial statements audit had been delayed for the next financial year and asked that a timeline for the tender be brought to the

next audit meeting. Ms Grant will ask MacIntyre Hudson to produce a letter of engagement for Corporation.

RESOLUTION
The Committee AGREED to:
i. Confirm the audit related fees of £29,500 in order that Messrs Macintyre Hudson may issue a letter of engagement
ii. Confirm a timeline for the Audit tender for financial statements audit at the next meeting
iii. Note the Report

A09/0611
A075

Risk Management
Review of Risk Management Policy and Strategy and
Risk Management plan update

- 9.1 The Committee considered the changes to the Risk Management Strategy which had been reviewed and revised in light of the internal audit recommendations and those of the Committee at the last meeting.
- 9.2 It was agreed that the Committee should, as part of its new remit, undertake a robust review of risk management on an annual basis and that it will convene an extra meeting in May just for this item. The timing of that meeting should tie in with the College business planning cycle.
- 9.3 The Committee considered the risk register and there was a discussion around the pension risk – Mr McCutcheon explained that overall the risk is manageable even if the College was required to pay a large lump sum at some future date.

RESOLUTION
The Committee AGREED to:
i. Approve the changes to the Risk Management Strategy
ii. Note the report

A10/0611
A075

Fraud Log
Report of the Director of Finance

- 10.1 The Committee received the Fraud log and commented that it was good to note that the number of cheque frauds had reduced dramatically now that the BACS system is in place,

RESOLUTION
The Committee AGREED to:
Note the Report

A11/0611
A076

Governance
a. Proposal for Committee Work Plan 2011-12

- 11.1 The Committee considered the proposal for next years work plan and made the following changes:
- Add an extra meeting in May for risk management review (see minute 9.2)

- Add all subsidiary companies year end accounts to the College annual report and financial statements item
- Remove the draft IAS annual report item as only a final annual report will be issued

11.2 The Chair advised that the Committee will need to review and expand its membership in light of its new remit and that following a discussion with the Principal and secretary it is clear that there is a need for more public sector financial expertise. This will be taken into consideration when recruiting one or two new members. The secretary advised that she will be reviewing the terms of reference of this and the remaining Committees with the respective Chairs in light of the new governance structure and these will be brought to the September Corporation meeting for approval.

b. Review of the Audit Committee Work Plan 2010-11

RESOLUTION
The Committee AGREED to:
 i. Approve the audit business work plan 2011-12 subject to the changes agreed
 ii. Note the report on the Audit Committee Work Plan 2010-11

A12/0611 Date of Next Meeting
7pm Wednesday 30 November 2011 (TBC)

Signed...A Rudkin.....
(Chair)

Date: 24 November 2011