

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

COMMITTEE	AUDIT
Time and Date of meeting	7.00pm Monday 28 June 2010
MINUTES	Tottenham Centre

MEMBERS

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

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 (RSM Tenon) Items 1-8
 Mr G. Clifford (RSM Tenon) Items 1-8
 Mr T. Moynihan (RSM Tenon) Items 1-8
 Mr. M. Eagle (MacIntyre Hudson) Items 1-14
 Mr. T. Hillier (Mazars) Items 1-14
 Mr. P. Williamson (Mazars) Items 1-14

A1/0610 Apologies for Absence

Apologies for absence were received from Ms H. Wilson (Governor) and Mr G. Clarke (Mazars)

The Chair welcomed Messrs. Hillier and Williamson to the meeting and effected introductions.

A2/0610 Declaration of Relevant Interests

There were no declarations of interest

A3/0610 Urgent Business

3.1 The Committee AGREED to accept one item of urgent business to be taken at item 15:

- College Subsidiary Companies

A4/0610
A039

Minutes

4.1 The Minutes of the meeting of the Audit Committee held on 11 May 2010 were **APPROVED** and signed by the Chair as a correct record.

A5/0610

Matters Arising

A7/0510 (7.2) General Ledger

5.1 Messrs Harris and Clifford reported on the processes and sample size employed in the audit of 'General ledger' and confirmed level of assurance as reported.

A6/0510 (6.3)

5.2 in response to questions Mr McCutcheon advised the committee that the last meeting of the KIST Board had been inconclusive regarding the future of the company. An improvement in the performance of the company has been observed recently with management accounts for the first 2 months of the current year showing a surplus of £30k. He advised that it might be prudent to wait and see how performance develops over the next few months before a final decision is taken. The board is due to meet again shortly and further discussions about future options will be considered. Options for senior management of the company include the possibility of appointing a single CEO for all the college subsidiaries. Regarding quality of provision, Mr McCutcheon advised that this was improving and described action taken.

A6/0610
A040

Audit Progress Grid

6.1 The committee drew attention to an HR issue under BJ09/10 (2.4) relating to safeguarding checks on agency staff. The issue had an end date of May 2010 but had not been logged as completed. Mr McCutcheon agreed to check this issue with the Director of HR and report back the next meeting. In the event of any delays in completion of management actions in this area, the Director of HR will attend the next meeting to explain.

RESOLUTION

The Committee AGREED to Note the Report

A7/0610
A041

Internal Audit Reports

Bentley Jennison presented the final batch of internal audit reports for 2009-10.

Corporate Governance

7.1 In response to a question Mr Clifford explained the nature of the audit in the context of the merger and effectiveness and compliance with the modified instrument of government. Substantial assurance was given and there were no recommendations.

Subsidiaries – Financial Reporting and Management Accounts

7.2 The audit provided substantial assurance and made 4 ‘merits attention’ recommendations. In response to questions Mr McCutcheon clarified the range of subsidiaries operated by the college and how the accounts for each had been brought in-house. It was noted however that there were differences in the accounting systems between the college and KIST. The committee requested that management look at options for standardising the system. It was noted that the financial year for the KIST will be brought into line with that of the college and other subsidiaries which will mean a 16 month year for 2010-11.

Subsidiaries (Governance)

7.3 It was noted that the audit on CTL and CIS had been requested by the committee following last year’s audit on KIST. Substantial assurance was given and 1 ‘merits attention’ issue identified. The meeting discussed a range of associated issues including the provision of control and monitoring at board level, and the roles of non executive directors. The Chair advised of the importance of resolving the issue of conflicts of interest when reporting through the Finance, Policy and Resources Committee, and ensuring all decisions that should be put to the Corporation Board where there was any issue with a conflict of interests. She asked that the matter be resolved as soon as possible. In response to a question, Mr McCutcheon described the day to day management arrangements of the companies.

Cash and Banking

7.4 Substantial assurance was given and 3 ‘merits attention’ recommendations made.

Learner Numbers

7.5 One ‘merits attention’ issue was identified and ‘substantial’ assurance given.

Network Access and Security

7.6 The audit identified 3 ‘significant’, and 9 ‘merits attention’ issues. Mr Moynihan went through the key issues identified in the report. Of the three ‘significant’ items identified in the report, management had agreed recommendation 1.3 (relating to ensuring that all work in combining the Enfield and CONEL IT environments is represented as merger project tasks) but did not feel that that this was a ‘significant’ issue. Likewise recommendation 1.5 (relating to the inclusion of greater detail in the project management framework) was not seen by the college as ‘significant’. Mr Moynihan clarified the thinking behind the outcomes of the audit and advised that the overarching issue was in connection with project management and planning.

7.7 The report concluded that substantial assurance could be given in respect of the ‘application and compliance with the control framework’, only ‘limited’ assurance could be given in respect ‘Design of control frameworks’, with an overall opinion of ‘Adequate’. The

7.8 It was agreed that the Head of ICT Services would attend the next meeting.

Learner Support Funds

7.9 This report was an additional audit requested by the Committee. Three 'merits attention' issues were identified and 'Substantial' assurance given.

Financial Reporting and Management Accounts

7.10 'Substantial' assurance overall was given and there were no recommendations.

Curriculum Policies

7.11 'Substantial' assurance overall was given. There was 1 'significant' and 'merits' attention recommendation.

Virtual Learning Environment (VLE)

7.12 Mr Moynihan presented the report explaining that the VLE audit had been undertaken in parallel with the ICT audit. Two separate auditors were involved overseen by Mr Moynihan. 7 'significant' and 1 'merits attention' recommendation were received. Management had not accepted the grading of the 7 'significant' recommendations and felt that these should be graded as 'merit attention'.

7.13 Mr Moynihan advised that the key issues in both the VLE and ICT audits were related to project management issues. The College needs to have a clear policy on project management with greater transparency and ownership of risk management.

7.14 In response to questions Mr McCutcheon advised members about the operation of the ILT Strategy Group, and where and with whom the responsibilities rest. In response to a suggestion from members it was agreed that Mr Moynihan would attend the next meeting of the ILT Strategy Group.

7.15 The Committee acknowledged that the change in internal auditors had resulted in a tight time scale to get these reports out but were concerned to receive a report where Management had disagreed with the evaluation of the internal auditors and that this was not resolved before the report was issued. The Committee would not expect this to happen in future. The Committee also noted that Mr McCutcheon had not seen and agreed with the management comments on this report before it was issued and therefore had not signed up to the conclusions. It was agreed that in future the college must ensure that the individuals named as responsible for actions owned both the management response and the time scale for implementing the recommendation.

7.16 Mr Patel requested that Mr Moynihan reports on benchmarking data when he meets the ILT Strategy Group.

RESOLUTION

The Committee AGREED to Note the Report

A8/0610
A042

Draft Report of the Internal Audit Service 2009-10

8.1 Mr Harris introduced the key points from the report. Concern was expressed at the grading of the 'Control' element of the Internal Audit Assurance Statement as amber. Taking account of the discussion on this and earlier items Mr Harris agreed to refer the document to Richard Plumb (Audit Partner) for further consideration before the issuing of the final report.

8.2 The Chair thanked Mr Clifford and Mr Harris for the services of Bentley Jennison/RSM Tenon over the years, and for ensuring that all the final audit reports were available for the meeting.

Messrs. Clifford and Harris left the meeting.

RESOLUTION

The Committee AGREED to Note the Report

A9/0610
A043

Financial Statements Audit Strategy 2009-10

9.1 Mr Eagle summarised the strategy that had been formulated following consultation with Messrs. McCutcheon and Pitumpe.

RESOLUTION

The Committee AGREED to RECOMMEND that the Corporation approve the Financial Statements Audit Strategy 2009-10 and appoint MacIntyre Hudson as the Financial Statements Auditor.

A10/0610
A044

Internal Audit Needs Assessment Strategy 2010-11

10.1 Mazar's, the College's new internal auditors, introduced the draft IAS strategy for the coming year. This had been prepared in consultation with the Chris McCutcheon and Wijay Pitumpe. The draft plan takes account of key risk factors identified by the college. It was recognised that changes may need to be made during the year due to the potential impact of government changes and the eventual publication of part two of the new ACOP. The full audit plan with target dates aligned to meetings of the Committee will be presented at the next meeting.

10.2 In response to a reference to training for members of the Audit Committee on the implications of the code of practice, Mazars advised that they would be able to provide such training.

RESOLUTION

The Committee AGREED to Note the Report

A11/0610
A045

Fraud Log

11.1 The Chair welcomed the report as useful and informative. The Committee noted that the Finance Department had a project due for completion by the end of the year to move to making as many payments as possible by bank transfer, which would significantly reduce the number of cheque frauds

RESOLUTION

The Committee AGREED to Note the Report

A12/0610

Committee Work Plan 2009-10

RESOLUTION

The Committee AGREED to Note the Report

A13/0610

Committee Work Plan 2010-11

RESOLUTION

The Committee AGREED to APPROVE the Committee Work Plan 2010-2011.

A14/0610

Date of Next Meeting

7.00pm Tuesday 16th November 2010 at the Tottenham Centre.

A15/0610
A045

Urgent Business - Legal Advice on College Subsidiaries

- 15.1 Following the report to the last meeting of the Audit Committee, the College has taken advice from a solicitors Bates, Wells and Braithwaite concerning the relationship between charities and trading subsidiaries. The report concluded that subsidising the activities of a trading subsidiary, providing that it is delivering education and training services similar to that of the college, that such activities are within the charitable objectives of the college.
- 15.2 Mr McCutcheon responded to questions concerning the final purchase price of KIST and its assets. It was noted that there is now no need for the college to provide a loan to KIST.

RESOLUTION

The Committee NOTED the report.

Risk Management

15.3 It was agreed that the Risk Management Register would be considered at the next meeting.

Resignations

15.4 The Chair advised the committee that this would be Derek Mathieson's final meeting as Secretary to the Corporation. His retirement was announced at the last meeting. His successor has been appointed and Naomi Shoffman will commence employment at the College 1st October 2010.

15.5 Also leaving is the Director of Finance Wijay Pitumpe who is moving to a Vice Principal post at Barking and Dagenham College from 1st September 2010.

15.6 On behalf of the committee the Chair thanked both colleagues for their hard work, commitment, and significant contribution to the work of the College over many years.

Signed.....
(Chair)

Date: 16 November 2010