

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

COMMITTEE	AUDIT
Time and Date of meeting	7.00pm Tuesday 29 March 2011
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)
 Ms. J. Grant (Director of Finance)
 Ms. N. Shoffman (Secretary to the Corporation)
 Ms M Kiamil (Director of Management Information and Planning) items 1 -5 only
 Mr M Sableski (Deputy Director of MIP and Head of Registry) items 1 -5 only
 Mr. G. Clarke (Mazars)
 Mr J Sherrett (Mazars)

A1/0311 Apologies for Absence

Apologies for absence were received from Mr J. Johnstone (Vice Chairman);

A2/0311 Declaration of Relevant Interests

There were no declarations of interest

A3/0311 Urgent Business

- 3.1 There were no items of urgent business
- 3.2 It was AGREED to take items 10 (A067) and 11(A068) on the agenda as the next two items.

**A4/0311 Provider Financial Assurance
A067 ILR Audit report by the Skills Funding Agency**

- 4.1 The Committee received the report by KPMG on behalf of the SFA on ILR. Mr Kiamil reported that we were one of 85 colleges audited picked at random.

- 4.2 The auditors went through 80 young people and 80 adult records. The audit opinion was unqualified audit and the college did not lose any funding.
- 4.3 Management have agreed with all recommendations none of which had any implications on funding. The recommendations are around the paper registers used by the college's partners, TUC and off site provisions and the college has produced guidance to them on this.
- 4.4 The Committee can take assurance from this audit but there is a chance they may come back because we were one of only a few colleges where there was no clawback.
- 4.5 Mr Pickford said that he found some of the language in the report difficult to understand and he asked why the evidence for the 16 records where the learners information on the learning agreement was inconsistent with that recorded in the ILR was not available for inspection in advance of the audit. Mr Kiamil explained that the issue was over how additionalities are calculated, which is a separate and complex process that takes place after the learning agreement has been made and the college would need additional resources to calculate and input it all on the ILR at the same time.
- 4.6 Mr Clarke said it is always difficult as the guidance continually changes but that he takes assurance that there was no impact on funding. The pragmatic approach is that there is a control and the evidence was available.
- 4.7 Mr Kiamil reported there was one point of contention around loaded/listed learning and the delivery of literacy within vocational course (i.e. hairdressing).
- 4.8 The Committee was advised that as an outcome of this audit, Ofsted inspectors didn't need to scrutinise the data too much and were happy to rely on its integrity.

RESOLUTION

The Committee NOTED the report.

**A5/0311
A068**

Skills Funding Agency Employer Responsive Audit Report - Train to Gain and Apprenticeships

- 5.1 The Committee received the report by the SFA on their external audit of Train to Gain and Apprenticeships. Mr McCutcheon advised that as a result of the audit there had been a financial clawback of £3,772 out of a combined contract for the year of £3.9M Train to Gain and £2M Apprenticeships.
- 5.2 The audit outcome confirms effective assurance and all the recommendations made (none of which were significant) were accepted by management.
- 5.3 The Chair said it would be helpful to have end/completion dates recorded when these are transferred to the audit progress grid.
- 5.4 A discussion ensued about the confusing use of terminology around the sample and systematic errors and what was meant by an error rate of 0% errors when in fact actual errors had been

identified. It was decided that the report was referring to a systemic error rate.

RESOLUTION
The Committee NOTED the report.

A6/0311
A063

Minutes

The non confidential and confidential Minutes of the meeting of the Audit Committee held on 16 November 2010 were **APPROVED** and signed by the Chair as a correct record.

A7/0311

Matters Arising

- 7.1 It was **AGREED** to cancel the scheduled meeting on 10 May
- 7.2 The Chair asked that the year end accounts for all the companies/joint ventures be brought to the next meeting for information

A8/0311

Chairs Action

RESOLUTION:
The Committee NOTED that:
The Chair approved the letter of engagement and appointment of Mazars to provide the college's Internal Audit Service for 2010-11

A9/0311
A064

Audit Progress Grid

- 9.1 The Committee asked that where actions are complete and marked in GREEN that the final comment be changed to reflect what action(s) had been taken to sign this off.
- 9.2 It was noted that the description for the RAG system has changed. RED should indicate those actions where due dates have passed and the Committee asked that this be amended for future reports.

RESOLUTION
The Committee AGREED to Note the Report

A10/0311
A065

Internal Audit Service (IAS) - Mazars

a. Internal Audit Reports

i) Financial Systems – Tuition Fees

- 10.1 The Committee received the audit report on **Financial Systems – Tuition Fees**. The audit findings gave **substantial assurance** on the effectiveness of internal controls and made one priority 3 recommendation - that the college should review its debt recovery procedure.
- 10.2 In response to a question as to what percentage of fees are collected and what are the arrangements for debt collection and bad debt provision the Committee was advised that:

- An amount is written off every year (the Committee asked that a note of the exact amount be circulated outside the meeting);
 - qualifications /certificates are held back if fees are still outstanding;
 - a provision of £150,000 (over 10%) for bad debt was made last year.
 - The college employs a debt collection agency who keep a percentage of any debts they collect and make regular payments to the college.
- 10.3 The Committee asked that a report on the recovery rate and age of debtors be brought to the next meeting.

ii) Financial Systems – Purchasing & Procurement

- 10.4 The Committee received the audit report on **Financial Systems – Purchasing & Procurement**. The audit findings gave **substantial assurance** on the effectiveness of internal controls and made six priority 3 recommendations. However Management did not agree with the recommendation to implement an electronic purchasing system as it was felt this would not be an efficient use of resources. The Committee endorsed this response.
- 10.5 The Committee was advised that the BACS system has been implemented and the College is working towards a 100% utilisation rate.
- 10.6 Mr Pickford suggested that the audit of the college’s purchasing and procurement procedures should be brought forward and scheduled sooner rather than later. The IAS agreed to look at this and report back.

iii) Apprenticeships First

- 10.7 The Committee received the audit report on **Apprenticeships First Limited**. The audit findings gave **substantial assurance** on the effectiveness of internal controls and made one priority 2 and three priority 3 recommendations.
- 10.8 Mr McCutcheon explained the issue and progress made with Oxford Software around the recommendation regarding the NI calculation errors.
- 10.9 The Committee was advised that as part of the memorandum of association it had been agreed that this college would run the company accounts which is why we undertake the internal audit. Asked about the exposure the college may have under this arrangement Mr McCutcheon said that if we stopped getting paid for Lewisham’s learners then we would seek to recoup any expenditure from Lewisham College.
- 10.10 The Committee asked the IAS if they would list the recommendations in priority order in future reports.

RESOLUTION
The Committee AGREED to Note the Internal Audit Reports

b. Internal Audit Progress Report

- 10.11 The Committee received the revised report and discussed some possible revisions to the Internal Audit Plan. The Chair reminded the IAS that the May meeting has now been cancelled so all reports due to come to that meeting will be considered at the June meeting.
- 10.12 The Chair asked to be advised when the date of the learner number audit has been agreed.
- 10.13 The Chair asked that the progress report be reformatted so it records the scheduled and actual dates at each stage for each audit.
- 10.14 Mr McCutcheon advised that following Ofsted's recommendations the VP Curriculum and Learner Experience would like the IAS to undertake an audit of compliance with curriculum management. The Chair asked if there was any capacity within the plan for this and Mr Clarke responded that the 3 days that were added following changes agreed at the November meeting have not been used so this should be sufficient depending on the scope of the audit. The Committee agreed that this new audit should be undertaken as a matter of priority once the remit and scope have been determined. It was agreed that this audit should take priority over the IT strategy audit.

RESOLUTION

The Committee AGREED to Note the Report

**A11/0311
A066**

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

- 11.1 Mr McCutcheon advised the Committee that the Risk Management Policy and Strategy have been updated to reflect the new process and approach to Risk Management.
- 11.2 In response to a question on how well risk management is being implemented throughout the college Mr McCutcheon and Ms Grant reported that they can see evidence of managers embedding risk management in their systems and processes. An example being the recent business planning process whereby it was clear that managers had considered new and emerging risks and their impact on their particular areas of work. Managers have commented that the new format is very user friendly.
- 11.3 A discussion ensued around the respective roles and responsibility of the Corporation and senior management for risk management within the policy and it was agreed that the wording should be changed to reflect the more robust responsibility of the senior management. It was also suggested that the Corporation as a whole should be having more formal discussions around risk management and its risk appetite and it was agreed that this is something that the Board should include in its strategic and development planning.

- 11.4 A discussion ensued around the actions and outcomes in the net risks column and Mr McCutcheon explained the rationale for some of the statements made. Mr Pickford suggested the risk move column could be used to show any changes in risk within the year (not just annually).
- 11.5 The Committee asked that the pension liability risk be added to the register.
- 11.6 It was agreed that due to time constraints a revised version incorporating the points and changes discussed will be approved under Chair's action and taken to the Corporation for approval in the summer term.

RESOLUTION
Subject to the changes above the Committee AGREED the Risk Management Policy and Strategy will be recommended to the Corporation for approval under Chairs Action

**A12/0311
A069**

Governance

a. Proposal for revised Governance Self assessment process

The Chair advised that following discussion at the governors' away day the current governance arrangements are being reviewed. In light of this and the fact that the self assessment process would require a lot of time and resources to implement the Chair proposed that this item be held back pending a decision by the Corporation and any changes to the governance arrangements.

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

RESOLUTION
The Committee AGREED to NOTE the report

A13/0311

Date of Next Meeting

7.00pm Tuesday 21 June 2011 at Enfield

A14/0311

AOB

The Chair advised the Committee that the inspection had clearly highlighted the college's strategic priorities for the next year which is to get through the re-inspection of the 2 areas that failed inspection. These two areas account for 50% of the colleges' funding and therefore it is critical to pass the re-inspection. Mr McCutcheon then provided an update on actions and initiatives taken to address and improve performance in these areas. He said that he believed the minimum levels of performance will be achieved but it will be very tight.

Signed.....
(Chair)

Date: 21 June 2011