

ENFIELD COLLEGE
BOARD OF GOVERNORS

COMMITTEE	AUDIT
Date of meeting	Wednesday 17 June 2009
MINUTES	PART 1

MEMBERS

Mr J Johnstone*, Ms J McCulloch (Chairman), Ms E Mould*, Ms H Wilson

(*denotes absence)

In attendance

Miss J Carter (Principal and Chief Executive)
Ms C Grant (Director of Finance and Estates)
Mr S Jakubowski (Vice Principal)
Mr A Jeffery (Clerk to the Board of Governors)
Mr M Sableski (Director of Planning and Information)
Ms T Sharman (Scrutton Bland)

A/20/2009 THE OPPORTUNITY FOR COMMITTEE MEMBERS, AUDITORS AND THE CLERK TO MEET TO DISCUSS ANY RELEVANT ISSUES WITHOUT COLLEGE OFFICERS PRESENT

The opportunity was given, but it was agreed that there were no relevant issues to discuss.

A/21/2009 APOLOGIES FOR ABSENCE

21.1 Apologies for absence were received from Governors John Johnstone (Chairman) and Ellena Mould (Vice Chairman).

21.2 In the absence of Governors Johnstone and Mould, a Chairman was appointed for the meeting and, by a unanimous vote, Governor McCulloch was elected.

A/22/2009 DECLARATION OF RELEVANT INTERESTS

There were no declarations of relevant interests.

A/23/2009 MINUTES

Part 1 of the Minutes of the meeting held on 4 March 2009 were confirmed and signed by the Chairman as a correct record.

A/24/2009 MONITORING ACTIONS FROM PART 1 OF THE AUDIT COMMITTEE MEETING HELD ON 4 MARCH 2009

RECEIVED report number A302 -17.6.2009 from the Clerk to the Board of Governors.

NOTED:

24.1 It was noted that all items for action had been completed.

A/25/2009 MATTERS ARISING FROM THE MINUTES

There were no matters arising from the minutes.

A/26/2009 INTERNAL AUDIT ISSUES

RECEIVED report number A308-17.6.2009 from the Director of Finance and Estates.

NOTED:

- 26.1 The review of the Internal Audit Service for 2008/2009 was presented. The College considers that the service it receives from Scrutton Bland is of a high standard and represents value for money in line with College policy.
- 26.2 A letter of engagement which covered three years has already been extended for one year from 1 August 2009.
- 26.3 Given the background to merger, the internal auditors have presented two plans for 2009/2010:
- a) A 'without merger' plan.
 - b) A 'with merger' plan for discussion purposes.
- 26.4 Scrutton Bland's internal audit visits in November 2008 covered the following areas:
- a) General Ledger
 - b) Lecturer deployment
- 26.5 The programme for 2008/2009 was completed between January and June 2009 with the following audits:
- a) Education Maintenance Allowance
 - b) Risk Management and Governance
 - c) Purchasing
 - d) Quality Control
- 26.6 An additional audit report was completed on the proposed merger with Conel and considered at the Audit Committee meeting on 4 March 2009. The key financial controls are in place to ensure that controls are operating.
- 26.7 Scrutton Bland's reports on the January to June 2009 audits concluded the following:
- a) Education Maintenance Allowance audit - 2 low risk recommendations, 3 added value points.

- b) Risk Management and Governance audit - 2 low risk recommendations, 3 added value points, 1 best practice point.
- c) Purchasing audit - 5 low risk recommendations, 3 added value points.
- d) Quality Control audit - no recommendations, 1 best practice point.

26.8 Comments on future planning:

- a) If merger does not take place Governors will need to conduct a Strategic Options Review after a short period. This will be included in the non merger plan. The plan for 2009/2010 includes marketing for the first time.
- b) If merger does take place it was proposed that the College retains its current suppliers and re-tenders at a later date. The new Audit Committee of a merged college will need to agree a joint audit plan for the whole year. A post-merger review will need to be discussed at the first joint audit meeting.
- c) It was reported that the LSC has a post-merger framework and process that the merged college would need to adopt.

RESOLVED:

26.9 The Audit Committee recommends to the Board of Governors for approval:

- a) The draft internal audit plan from Scrutton Bland for 2009/2010 (attached to these minutes at Appendix 1) as part of the internal audit strategic plan for three years to 2011/2012 (without merger), with the addition of a strategic planning audit.
- b) The suggested post merger proposals for 2009/2010 internal audit plan from Scrutton Bland (attached to these minutes at Appendix 2).

A/27/2009 FOLLOW-UP ON OUTSTANDING AUDIT RECOMMENDATIONS

RECEIVED report number A307-17.6.2009 from the Director of Finance and Estates.

NOTED:

- 27.1 It was reported at the Audit Committee meeting in March 2009 that one audit recommendation made during 2006/2007 and two recommendations from 2008/2009 remained outstanding, with all of the recommendations made in 2007/2008 at that time having been completed.
- 27.2 The latest list of outstanding recommendations totals twelve. Two of these have already been completed and one partially completed, leaving nine full recommendations outstanding, with current completion dates estimated between July and September 2009.
- 27.3 The Governor contribution to the curriculum area inspection panels was valued.

A/28/2009 DRAFT LETTER OF ENGAGEMENT FOR THE FINANCIAL STATEMENTS AND REGULARITY AUDITOR; FINANCIAL STATEMENTS PLANNING MEMORANDUM FOR 2008/2009

RECEIVED report number A306-17.6.2009 from the Director of Finance and Estates.

NOTED:

- 28.1 MacIntyre Hudson has issued a draft letter of engagement for the audit of financial statements and regularity. The letter is in line with the requirements of the LSC's Audit Code of Practice.
- 28.2 The Committee received a Planning Memorandum of MacIntyre Hudson's activity in relation to the audit of the Financial Statements and Regularity Audit. The plan refers to a proposed increase in fees of £500 to £16,500 which is under discussion with College management.

RESOLVED:

- 28.3 The Audit Committee recommends to the Board of Governors for approval, MacIntyre Hudson's draft letter of engagement for the audit of financial statements and regularity for the 2008/2009 financial year (attached to these minutes at Appendix 3).

A/29/2009 ADDITIONAL WORK UNDERTAKEN BY THE COLLEGE'S AUDIT FIRMS

RECEIVED a verbal report from the Director of Finance and Estates.

NOTED:

- 29.1 There had been no additional work undertaken by the College's audit firms other than the completion of the due diligence work previously reported.

A/30/2009 COLLEGE PERFORMANCE REPORT AND LSC FUNDING ALLOCATION 2009/2010

RECEIVED report number A304-17.6.2009 from the Director of Planning and Information.

NOTED:

Headline Performance Targets 2008/2009

- 30.1 The College has achieved its 16-18 learner numbers and SLN targets.
- 30.2 For Adult Learner Responsive provision the College achieved its cash value but the learner numbers were lower than predicted.
- 30.3 College delivery against Employer Responsive Maximum Contract Value (MCV) shows a shortfall for 2008/2009. Based on current delivery, the LSC has applied a 'variation' to the College's MCV - the MCV has been reduced from £214,000 to £120,000 in year. Based on planned and current delivery, forecasts indicate that the College will achieve the new MCV of £120,000. Further details of this variation were presented in the report considered by the Committee.

LSC Funding Allocation 2009/2010

- 30.4 The College is expecting to receive the final details of its Employer Responsive MCV for 2009/2010 within the next few days. It is likely to be less than that for 2008/2009 given the College's forecast outturn for 2008/2009 and variation to MCV.

A/31/2009 MANAGEMENT ACCOUNTS TO 31 MAY 2009

RECEIVED report number A312-17.6.2009 from the Director of Finance and Estates.

NOTED:

- 31.1 The operating deficit has reduced as a result of savings in the Property Strategy.
- 31.2 The forecast for 31 July 2009 shows a reduction in both property costs and merger costs.
- 31.3 An underspend on non-pay costs has substantially reduced the deficit and payroll savings will result in savings of £153,000 from 2009/2010 onwards.
- 31.4 Balance sheet net assets of £14.4m include £3.7m in cash and money market deposits. The College remains solvent.

A/32/2009 FINANCIAL MANAGEMENT AND CONTROL EVALUATION (FMCE) – UPDATE REPORT

RECEIVED report number A305-17.6.2009 from the Director of Finance and Estates.

NOTED:

- 32.1 Under the requirements of Framework for Excellence, the College estimates its own ranking based on the FMCE submitted to the LSC. The College self-assessed itself as 'good'.
- 32.2 The LSC has accepted the College's self-assessment grade of 'good'.
- 32.3 The FMCE report includes an improvement plan to identify weaknesses and monitor their improvement.
- 32.4 It was noted that middle managers are now better equipped to implement financial controls.

A/33/2009 RISK MANAGEMENT PLAN 2008/2009 - UPDATE REPORT

RECEIVED report number A309-17.6.2009 from the Vice Principal.

NOTED:

- 33.1 The report provided an update on the College's Risk Management Plan 2008/2009.
- 33.2 Three areas were considered in the report:
- a) Update on significant business risks 2008/2009

- b) Emerging risk issues
 - c) Issues arising out of the recent internal audit of risk management.
- 33.3 Following a review of risk management conducted by the Senior Management Team in June 2009, six emerging risk issues were identified. Many of the risks concern funding and recruitment.
- 33.4 The internal audit of risk management that took place in April 2009 identified an example of best practice and acknowledged that all previous recommendations had been completed.
- 33.5 The Risk Management Plan for 2009/2010 carries forward the existing Risk Management Plan for 2008/2009 and, in the event of the merger not going ahead, will be revised to take into account prevailing internal and external factors.
- 33.6 It was noted that the Quality Improvement Plan Group had identified good success rates in: English, Science, Maths and Hair and Beauty (subject to moderation and verification). Train to Gain has exceeded its targets.
- 33.7 The area of most concern is Finance, with a projected current deficit of £700,000. Low performing curriculum areas will be reviewed and appropriate action taken.

A/34/2009 FRAMEWORK FOR EXCELLENCE

RECEIVED report number A303-17.6.2009 from the Principal and Chief Executive.

NOTED:

- 34.1 The Framework for Excellence (FfE) has three dimensions that have been judged critical to the performance of each college:
- a) Responsiveness
 - b) Effectiveness
 - c) Finance.
- 34.2 All College Committees now report under the FfE and individual ratings are given and published.
- 34.3 It was noted that the financial grades for the College were good and outstanding.
- 34.4 At the July 2009 Board meeting the College needs to record its contribution for the new merged college (i.e. what Enfield College has contributed to the new organisation).
- 34.5 It was noted that Enfield has 'clean audits' i.e. there will be no matters to carry over to the new organisation.

A/35/2009 REVIEW THE WORK PLAN FOR 2008/2009 AND AGREE A WORK PLAN FOR 2009/2010

RECEIVED report number A310-17.6.2009 from the Clerk to the Board of Governors.

NOTED:

- 35.1 The work plan for 2008/2009 and progress against the plan was assessed.
- 35.2 The work plan for 2009/2010 was discussed and it was agreed, that if merger does not take place, a plan should be constructed using the 2008/2009 plan as a template.

RESOLVED:

- 35.3 The Clerk would amend the 2008/2009 work plan to accurately reflect the reports considered at this meeting (final version attached at Appendix 4).

A/36/2009 SELF-ASSESSMENT OF THE AUDIT COMMITTEE 2008/2009

RECEIVED report number A311-17.6.2009 from the Clerk to the Board of Governors.

NOTED:

- 36.1 Under the requirements of the College's Quality Assurance Framework, Committees/Working Groups of the Board undertake a self-assessment exercise at the end of each academic year to support an update on the strengths of Governance in the College.
- 36.2 The Committee was required to consider a draft report prepared by the Clerk, make any changes it felt appropriate, identify one key strength, any key weaknesses and grade itself against the LSC PFA grading system for both framework and effectiveness.

RESOLVED:

- 36.3 The Audit Committee agreed the following:
- a) The key strength/added value was identified as: The Committee's holistic strategy and approach.
 - b) The area for improvement was identified as: Poor attendance.
 - c) The Strategic Priority for Action for 2009/2010 was identified as: Committee to continue to adopt a holistic approach to College monitoring.
 - d) Following discussion the Committee awarded itself the following grades (final version attached at Appendix 5).
 - (i) Soundness and Operation of frameworks: 1
 - (ii) Effectiveness of frameworks: 2

A/37/2009 ANY OTHER BUSINESS

37.1 Standing Items

It was noted that, pending the outcome of the merger decision, the following standing items were not considered at this meeting:

- a) Review of the Audit Committee Terms of Reference and Membership for 2009/2010.
- b) Election of Chairman and Vice Chairman for 2009/2010.
- c) Dates of Committee meetings for 2009/2010.

37.2 Thanks

Thanks were expressed to Teresa Sharman from Scrutton Bland for the support that the College had received from her and her colleagues.

CHAIRMAN Date

