

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

<b>COMMITTEE</b>	<b>AUDIT</b>
Time and Date of meeting	7.00pm Wednesday 16 November 2010
<b>MINUTES</b>	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 (Acting Director of Finance)  
 Ms. N. Shoffman (Secretary to the Corporation)  
 Mr R Bezuidenhout (Head of ICT Services) Items 1-6  
 Ms T Carter ( Director of HR) Items 1-6  
 Mr D Mathieson  
 Mr. R. Shaunak (MacIntyre Hudson)  
 Mr. G. Clarke (Mazars)

- A1/1110      Apologies for Absence**  
 Apologies for absence were received from Mr J. Johnstone (Vice Chairman);
- A2/1110      Declaration of Relevant Interests**  
 There were no declarations of interest
- A3/1110      Urgent Business**  
 The Committee AGREED to accept one item of urgent business to be taken at item 16:
- Report on cash discrepancy at the Enfield Centre
- A4/1110      Minutes**  
 A050      The Minutes of the meeting of the Audit Committee held on 28 June 2010 were **APPROVED** and signed by the Chair as a correct record.

**A5/1110**

**Matters Arising**

There were no matters arising.

**A6/1110**

A052

**Audit Progress Grid**

- 6.1 Ms Carter addressed the query raised at the previous meeting relating to safeguarding checks on agency staff. The issue had an end date of May 2010 but had not been logged as completed. She confirmed that all agency recruitment is now coming through HR and the necessary checks are being carried out. Enfield were operating a different process and initially it had been difficult to get them to comply but they are doing so now. As a matter of course any issues that arise are brought to the attention of the directors and resolved. The Agency worker regulations come in to force on 1/10/11 and systems are being put in place to ensure the College is not in breach of these.
- 6.2 Mr Bezuidenhout said that further to the disagreement around the grading for project management , the comments made by the Internal auditors were taken to the IT strategy group who agreed a process and has now set up a project management framework. The system will be formally considered at the next group meeting. In light of the above the Committee agreed that where management had disagreed with the assessment of the internal auditors in respect of the grades for these areas that these should now be accepted.
- 6.3 Re IT Disaster Recovery planning Mr Bezuidenhout confirmed that data back up arrangements are in place. All live data is replicated across the three sites and backed up.
- 6.4 Mr McCutcheon reported that the disaster recovery plan testing recommendation should have been updated and shown in green text as the testing phase is complete and up to date.

**RESOLUTION**

**The Committee AGREED to Note the Report**

**A7/1110**

A053

**Report of the Internal Audit Service 2009-10**

The Committee was advised that following the discussion at the last meeting the control grading was discussed further with Richard Plumb (Audit Partner). He endorsed the grading given and thus the report remains unchanged.

**RESOLUTION**

**The Committee AGREED to Note the Report**

**A8/1110**

A054

**Internal Audit Plan - Mazars**

- 8.1 Mr McCutcheon reported that the SMG had considered the plan at

their meeting earlier that day and it was suggested that under Joint Ventures and College subsidiaries all College subsidiaries should be audited as at present only Apprenticeship First Limited is listed. The Chair suggested that KIST should be audited in 2012 following 1 year of operation, as all its structures should be in place by then, and the areas covered should include contracts and succession planning. Mr McCutcheon suggested moving a few days from Estates to Joint Ventures and College subsidiaries. The Committee asked Mr Clarke for a proposal as to how many days would be required.

- 8.2 Mr Clarke recommended that Governors should be involved in the consultation and planning of the plan as a matter of process and a suitable forum for this should be identified. The Chair suggested this could perhaps be done through the Chairs group.
- 8.3 Mr Pickford asked whether Pensions is an area that should be considered- and Mr Clarke said that this is not usually an area for Internal Audit. Mr Pickford asked about the College fraud policy and was advised that this would be covered within the policies and procedures review.
- 8.4 Further to a comment around value for money the Committee discussed purchasing consortiums. Mr McCutcheon advised that the College is currently a member of one or two consortiums. The College is awaiting a proposal from an external firm (which it had used to do some tenders) to place a part time purchasing manager in the College whose cost would be covered by the savings made.
- 8.5 Mr Clarke agreed to liaise with Mr McCutcheon and that the final version for corporation will be approved under Chairs action.

**RESOLUTION**

**The Committee AGREED the final report will be approved under Chairs Action**

**A9/1110**  
A055

**Financial Statements 2009-10 – Auditors Management Letter and Response and Regularity Audit Opinion.**

- 9.1 Mr Shaunak from McIntyre Hudson went through the management letter, letter of representation and financial statements with a brief commentary and drew attention to the main salient points.
- 9.2 Total income has decreased by 6%; expenditure has reduced by 5%. The Group has generated a surplus of £630k.
- 9.3 The Committee noted that the key audit issues and resolution table was incomplete. Mr Shaunak will ensure this will be amended in the version submitted to Corporation.
- 9.4 The issue arising from the 2009 audit is now considered closed.
- 9.5 Two issues have arisen from the 2010 audit but these are not considered significant weakness. One is around the maintenance of Conel Innovation Services (CIS) Financial Data and the other around the need to regularly update the sundry bank balances. The auditors have made recommendations to address these issues which have been agreed by Management. Mr McCutcheon

said the college would investigate the possibility of amending the accounting arrangements for all subsidiaries so that they treated the companies as separate entities on the same accounting package.

- 9.6 Based on the work carried out the auditors will be issuing an unqualified opinion in respect of the financial statements and regularity audits. This is subject to the issue regarding the Enfield pensions being resolved.
- 9.7 Mr Shaunak advised that the only change in the letter of representation to last year's is para 19 –re pensions and the adjustment as a result of change from RPI to CPI.
- 9.8 Mr Shaunak took the Committee through the key sector ratios and performance indicators.
- The Committee commended the fact that the College has achieved a surplus and acknowledged how hard this is for some Colleges to achieve in the current climate which will only get harder
  - The Committee noted that the College's Pay as a percentage of income ratio is 60% compared to the sector average of 65% which is a tremendous achievement
- 9.9 The Committee was advised that the increase in bad debts was largely due to applying the CONEL bad debt provision calculation across the merged college. A discussion ensued around the level of provision for bad debt and Mr McCutcheon assured the Committee this is reviewed regularly
- 9.10 The Committee agreed that any minor drafting changes to the financial statements should be given directly to Ms Grant.

#### **RESOLUTION**

**The Committee AGREED that subject to minor amendments and, detailed consideration by the Finance, Policy and Resources Committee that the financial statements 2009-10 are recommended to the Corporation for Approval.**

**A10/1110**  
A056

#### **Annual Report of the Audit Committee 2009-10 and Committee SAR 2009-10**

The Committee was advised that the report presented was incomplete. A revised report has been prepared and it was agreed that this would be circulated outside the meeting for comment. The final version for submission to Corporation will be approved under Chairs action.

#### **RESOLUTION**

**The Committee AGREED the final report will be approved under Chairs Action**

**A11/1110**  
**A057**

**Annual Risk Management Report 2009-10 and Risk Plan 2010-11**

The Chair welcomed the report as useful and informative and thanked Mr Pickford for all his help in producing the new format which is much easier to follow

**RESOLUTION**

**The Committee AGREED to Note the Report**

**A12/1110**  
**A058**

**Financial Management and Control Evaluation (FMCE) 2009-10**

- 12.1 McCutcheon explained that essentially this is the same model as in previous years and that the College has completed the full return to include more detail because of organisational changes due to the merger.
- 12.2 It was noted that Internal Audit of risk management did not achieve the highest rating and was marked as good, and that sub-contractor activity remains an issue because of quality controls.
- 12.3 A discussion ensued around the grades and the Committee recommended that as one out of the three sections under accountability arrangements was marked as good the overall grade should be downgraded from outstanding to good and that similarly the overall self assessed grade for the College's financial management and control arrangements be marked down from outstanding to good. The Committee acknowledged that the College is aiming for outstanding in all elements of the arrangements and putting in place action plans to achieve this.
- 12.4 Mr Pickford said that he had some additional points to make and agreed to discuss these outside the meeting with Mr McCutcheon and Ms Shoffman. The amended version with the above agreed amendments along with any further proposed changes will be circulated to the Committee for comment; it will then require approval under Chairs' action by the Chairs of the Audit Committee and Corporation in order to meet the deadline of 30 November 2010 for submission to the SFA.

**RESOLUTION**

**The Committee AGREED the final report will be approved under Chairs Action**

**A13/1110 Review of the Audit Committee Terms of Reference and Work A059 Plan 2010-11**

**RESOLUTION**

**The Committee AGREED to APPROVE the recommended changes to the Terms of Reference 2010-11 and NOTE the report**

**A14/1110 ESF Co-Financing Audit Report**

AO60

- 14.1 The Committee received the report by the SFA on their external audit of the Response to Redundancy and Train to Gain (ESF) projects for activity to date. The audit outcome confirms satisfactory use of funds. Of the two projects whose funding totals £3.2m, £500 has been recovered
- 14.2 Mr McCutcheon advised the Committee that that the two projects will terminate at the end of December and there will probably be further audits. There will be more bids coming in January and the College anticipates winning some additional projects by next summer

**RESOLUTION**

**The Committee NOTED the report.**

**A15/1110 Date of Next Meeting**

7.00pm Tuesday 29 March Enfield Centre

**A16/1110 AOB**

- 16.1 The Interim Finance Director reported on the cash discrepancy of £100 at the Enfield Centre. Following investigation it was concluded that the discrepancy was a result of human error.
- 16.2 The Committee was assured that all procedures had been correctly followed. As a result of this incident an additional procedure that all discrepancies be reported to the Director of Finance and investigated immediately will be included in the finance procedure document.

**RESOLUTION**

**The Committee NOTED the report.**

Signed.....  
(Chair)

Date: 29 March 2011