



THE CORPORATION

**CONFIRMED MINUTES OF THE MEETING
OF THE AUDIT COMMITTEE HELD ON
WEDNESDAY, 26TH MAY 2010**

Present:

Ms My-Anh Chong
Mr N A Hudson
Ms S Medd
Mr A D Morris

Co-opted member
Support staff member
Co-opted Committee member

Present
Present
Present
Apologies

Clerk to the Corporation:

Mr C Bond

Also Present:

Mr D Ball Vice Principal (Corporate Services)
Mr R Shaunek McIntyre Hudson

Present
Present (to 7.48pm)

Minute MA/01/10 (6.54 pm)

Declarations of Interest

No declarations of interest were received.

Minute MA/02/10 (6.55 pm)

Apologies for Absence

Apologies were received from Alan Morris who was unable to attend due to unforeseen work commitments

Minute MA/03/10 (6.56 pm)

Unconfirmed Minutes of the meeting of the Audit Committee held on 24 November 2009

(Document DA/36/09)

These were agreed as an accurate record and signed by the chair

Minute MA/04/10 (6.58 pm)

Matters arising from the confirmed minutes of the meeting of the Audit Committee held on 24 November 2009 which are not the subject of separate items on this agenda

David Ball reported on the significant improvement to the catering service. The committee noted that takings had increased, losses had been significantly reduced and that wastage was now under control.

Minute MA/05/10 (6.59 pm)

Internal Audit Report 2009-10

Rakesh Shaunek (RS) presented the report.

RS highlighted the areas examined by the auditors and the key recommendations.

The Internal Audit work had covered the following areas:

- Corporate Governance
- Risk Management
- Key Financial Control
- Student Enrolment
- Staff Utilisation
- Health & Safety
- ICT

The Committee having discussed the report in detail decided to recommend the report to the Corporation.

Minute MA/06/10 (7.21 pm)

Internal Audit Report “The Way Forward Review”

(Document DA/03/10)

Rakesh Shaunek (RS) presented the report.

He explained that the report had been commissioned to carry out a high level review of the strategic planning and budgetary processes in the light of the current changes to the machinery of government and funding methodology. RS drew the attention of the committee to the observation made in the Executive Summary and also to the Key Risks highlighted in the document. The Key Risks noted were:

- Change from the Learning and Skills Council to the Waltham Forest Local Authority – implications for commissioning of sixth form services
- Change in funding methodology – implications for the college
- Ofsted Re-inspection
- Local Authority’s reaction to Ofsted inadequate grades
- College’s new status of “Designated 6th Form” college

Minute MA/07/10 (7.41 pm)

Progress on Audit Recommendations 2008/09

(Document DA/05/10)

There was only one Audit Recommendation from 2008-09 outstanding. This was the completion of the Skills Audit of Corporation members. The committee noted that this had been completed by the Clerk.

Minute MA/08/10 (7.44 pm)

Opportunity for the Committee to meet auditors with officers not present

David Ball withdrew for this item

My-Anh Chong asked the about the perceived risk of any changes to the current curriculum offer.

RS in reply said that it was his view that any change will always carry a risk. In this case however he did not feel that the change was being undertaken without adequate research.

In response to questions from the Chair, RS assured the committee that he felt that the relationship between the Internal Auditors and College managers was open and honest and that he felt that there was effective discussion and dialogue between them. He felt confident that he could inform of the committee of any matter to which he felt that their attention should be drawn.

Minute MA/09/10 (7.48 pm)

Funding and EMA Audit

(Document DA/04/10)

David Ball presented the report.

He explained that there had been concerns in the sector about the accurate reporting of success rates by colleges. He said that it was considered that some colleges were ‘unethical’ in the way in which they reported success rates.

The audit adjustments reduced the 3 19+ funding by £17, 426 and increased the 16-19 claim by £79,509.

Most of the errors that the audit identified were due to technical reporting errors particularly with regard to residence status and the provision of funding for students who were over 19 but who had commenced their course when they were 16 and had stayed at the college for three years.

Minute MA/10/10 (8.07 pm)

Risk Management Report

(Document DA/06/10)

David Ball presented the report.

He asked the committee to note that the College has operated the final Risk Management cycle of year 3 and has revised the report on the top risks to the College.

The major changes were:

- Item 1 on funding had been significantly amended and updated.
- Item 2 on Local Authority control had been revised following the legislation taken effect.
- Item 3 on AS grades had been significantly updated.
- Items 4 & 5 on Grade 4 departments and political uncertainty were new.
- The new items meant that two lower risk items were no longer on the top list – power failure and failure of a computer core switch are still monitored but are not part of the top 12.

In addition the narrative had been updated and minor wording changes made.

Top Risks

1.	Funding and non funding targets are not met, Failure to sustain quality improvement that can lead to poor publicity & public reputation.
2.	Local Authority control leads to the non commissioning of certain curriculum areas.
3.	Inability to raise AS grades consistently to acceptable levels.
4.	Uncertain political environment leads to uncertainty over future funding and regulation arrangements.
5.	Failure to improve inspection grades of the two grade 4 departments.
6.	Failure to provide the right curriculum offer for students in the area leading to the possibility of under recruitment. Including the failure to respond to the need for curriculum change. In particular the need to be involved in the overall 14-19 agenda.
7.	The danger of a pandemic affecting the College's ability to operate
8.	The danger of community or religious tensions from outside the college being brought inside and causing a major reputational incident
9.	Chemical incident in the college - either in the labs or the storage drums.
10.	The College is taken to an employment tribunal (whether or not it is a fair claim) and significant management time is lost dealing with it.
11.	Risk of failing to recruit appropriately qualified and experienced staff ; also the failure to retain key staff leading to the loss of essential knowledge to the College.
12.	A member of staff is employed within the College in a post defined as a controlled activity (rather than a regulated activity) under the 2006 Act. Their offences included theft, affray, drug use and being drunk in charge of a child. The risk is that this member of staff will commit a criminal act in post either to a member of staff or a student leading to severe reputational damage.

The committee noted the changes to the risk register and resolved to ask the corporation to approve them.

Minute MA/11/10 (8.12 pm)

Crisis Management Plan 2010

(Document DA/07/10)

David Ball presented the report.

He reminded the committee that they had requested that the plan be expanded to deal with issues beyond loss of physical resources or data. A revised plan was presented which added new sections have been added to cover the main support services in the event of a crisis.

Also added have been plans to deal with:

- Pandemics
- Poor exam results
- Death of a Student
- Under recruitment of students

David Ball explained that Kaneez Shaid Head of Marketing is currently working on an overall communications policy and that the college has been in discussions with the insurance company to see how the plan can be tested

Minute MA/12/10 (8.17 pm)

Appointment of Auditors For 2010-11

(Documents DA/8/10, DA/8^A/10 and DA/8^B/10)

The committee received the completed questionnaires on the performance of the Internal and External auditors (McIntyre Hudson and Buzzacott respectively.) The questionnaires raised no significant issues concerning the appointments of the internal or external auditors. In two areas it was proposed to revise upwards the grade awarded since the questionnaire had been completed.

Careful consideration was given to whether the committee should ask the corporation to tender for either or both sets of auditors. The committee noted that both companies had been employed by the Corporation for a significant period. After lengthy discussion it was decided that the committee would ask the corporation to tender for the provision of Internal audit services in 2010-11 and to tender for external auditors in 2011-12.

The committee resolved to re-appoint McIntyre Hudson as Internal Auditors for the 2010-11 year and to re-appoint Buzzacott as Financial Statement auditors for 2010-11.

Minute MA/13/10 (8.32 pm)

Senior Post-Holder Expenses Claims

(Document DA/9/10)

The document was noted by the committee. No issues were raised.

Minute MA/14/10 (8.33 pm)

Review of Committee Effectiveness

a) **Terms of Reference** (Document C/74^A/99)

The committee noted that the Corporation had amended the terms of reference at the meeting on 9 December 2009 removing the responsibility for outsourced activities and placing this with the PF&GP Committee.

The committee did not recommend any further changes to the terms of reference.

b) **Questionnaire on Effectiveness** (Document DA/10/10)

The committee discussed and completed the self assessment questionnaire on their effectiveness. This will form part of the Corporations self assessment report.

Minute MA/15/10 (8.34 pm)

Any Other Business

There was no other business

Minute MA/16/10 (8.35 pm)

Future Items for the Agenda

a) **Draft Committee Schedule of Business for 2010-11** (Document DA/11/10)

The committee noted that the meeting proposed for 23 February 2010 as there was insufficient business to place before it. It was clear that the Audit Committee meetings needed to be revised in order for them to more effectively discharge their duties. It was agreed that the committee would suggest changes to the draft calendar of business at the Corporation meeting on 2 July 2010

Minute MA/17/10 (8.39 pm)

Date of Next Meeting

The next meeting was scheduled for Wednesday 17 November 2010. This would be subject to any revisions made to the schedule by the Corporation on 2 July 2010.

The meeting concluded at 8.59 pm. No items were to be the subject of separate confidential minutes.