

Colchester Institute Corporation

*Minutes of a Meeting of the Audit and Compliance Committee  
held on 1 March 2011  
at the Sheepen Road Site*

**Present**

Kevin Prince, in the Chair  
John Baugh

Michael Dew

**In Attendance**

Danny Clough	Principal
Gary Horne	Director of Corporate Services and Finance
Hazel Paton	Clerk to the Governors
Myroulla West	Internal Auditor

**Apologies for absence** were received from Christopher Bridge, Ron McKay and Richard Wainwright

**1. Declaration of any conflicts of interest regarding any items on the agenda**

None.

**2. Minutes**

The Minutes of the meeting held on 7 December 2010 (CIC/AC/11/1/1) were received and confirmed. The Chairman signed the minute book.

**3. Action Sheet and Matters Arising**

**3.1. VAT Liability under Lennartz Scheme**

It was confirmed that the overall additional cost to the College as a result of the increase in VAT has been accrued in last year's accounts.

**3.2. Staff restructuring**

It was confirmed that all planned changes to the staffing structure have been implemented.

**3.3. Follow up on Internal Audit Reports**

Nine follow up reports had been received and accepted at the last meeting. Due to lack of time the Committee had been unable to discuss the reports and sign off those where the outstanding recommendations had been satisfactory implemented. The Internal Auditor had circulated a note to Members following the meeting, summarising the position on the follow ups and identifying reports which could be signed off as all outstanding recommendations had been implemented. Copies of the note were tabled for information. It was confirmed that members had agreed by email to sign off three reports:

- Educational Visits
- Pension Schemes
- Travel and Expenses

#### **4. Follow up on Internal Audit Reports**

CIC/AC/11/2/1, follow up of outstanding recommendations relating to seven Internal Audit Reports, was received and presented by the Internal Auditor.

##### **4.1. College Company**

The Committee noted the follow up report.

##### **4.2. Expenditure**

The Committee noted the follow up report.

##### **4.3. HE Funding**

The University has been asked to provide full documentation on the funding method. It was confirmed that the College receives a schedule of income due from the University.

##### **4.4. Information Accessibility and Security**

It was noted that following a cut to the Network and Information Systems (NIS) budget a freeze has been placed on some projects whilst priorities are identified. Members questioned how this would impact on implementation of the outstanding recommendations, three of which are high risk. They were advised that the cut to the NIS budget agreed for this year should not prevent these recommendations being pursued. Part of the reduction is for unrelated areas such as telephone costs and line rental.

##### **4.5. Examinations**

The Committee noted the follow up report.

##### **4.6. Discretionary Learner Support Fund**

The Committee, satisfied that all action points have been satisfactorily implemented, signed off the report.

##### **4.7. Health and Safety**

Clarification was sought on a medium risk recommendation relating to risk assessments. The Internal Auditor explained that the departmental audits undertaken on behalf of the Health and Safety Committee look at whether risk assessments are in place but not whether Department are complying with the codes of practice. In response to a question it was confirmed that this is overseen by a Health and Safety Committee, chaired by the Director of Human Resources and Projects. The Principal was unaware of the issue and agreed to follow this up outside the meeting.

#### **5. New Internal Audit Reports**

The following reports had been received and accepted at the last meeting. Due to lack of time discussion of the reports was carried forward to this meeting.

5.1. **Discretionary Learner Support Fund**

Minute 4.6 above refers.

5.2. **Examinations**

At the time the report was carried out the systems in place were found to be weak. The Internal Auditor reported that a number of recommendations had been made which are in the process of being implemented.

5.3. **Health and Safety**

Minute 4.7 above refers.

New Internal Audit Reports

5.4. **Learner Numbers**

CIC/AC/11/1/3, Learner Number Systems Audit Report, was received and accepted. The Internal Auditor reported that the review had looked at the systems and controls in place to ensure the accuracy and completeness of the learner number data prepared for the funding body. The College's overall management of learner number systems was rated as Satisfactory.

The issues regarding the recording of student attendance, which had been identified in an earlier Internal Report on EMAs, were discussed. The Internal Auditor reported that there have been improvements in the completion of e-registers but the timetabling team still receive what she considers to be unacceptably high numbers of requests to change marks. It was suggested that a number of these requests could be due to the late arrival of the buses. There is greater margin for error as the College moves students between three campuses.

5.5. **Cash Income and Banking**

CIC/AC/11/1/4, Cash Income and Banking Audit Report, was received. The Internal Auditor reported that the audit had looked at cash income and banking processes in areas of the College which had not previously been audited. At the time of the audit the processes in the areas audited were rated as Weak, but this is not to say that the whole College processes are weak.

The Director of Corporate Services and Finance reported that in addition to the recommendations in the Internal Audit Report the Finance Department has put in place additional actions. These include the Financial Controller or a member of the Finance Team visiting an area of the College each month to ensure proper controls are in place and implemented on an on-going basis.

Access to the Finance Office at Braintree was discussed. It was noted that only two people use this office now, and the key pad number has been changed.

6. **Internal Audit: Progress against Plan 2010-11**

The Internal Auditor reported that the Internal Audit team were making good progress with the 2010-11 Internal Audit Plan. The Internal Audit team are about to start some work at the Colchester Academy which is part of the 2010-11 audit plan.

7. **Financial Statements Auditors Performance Indicators**

CIC/AC/11/1/5, Performance Indicators for the Financial Statements Auditors 2009-10, was received and considered. It was AGREED to recommend to the Board that Scrutton Bland are re-appointed Financial Statements Auditors for the 2010-11 financial year.

8. **Current Risk Issues**

The Principal reported that funding is a serious risk for 2011-12. Of particular concern is the 16-18 Learner Responsive funding which has yet to be confirmed for next year. This year the College was allocated 5001 learners; the initial allocation letter for next year indicated a number of 4516 learners, which is inadequate. The College is trying to negotiate a higher number on the basis that this is needed to support the aims of the merger with Braintree College.

The impact of the abolition of EMAs was discussed. The College does not administer the system so does not have accurate data on how many students are in receipt of EMAs or at which level. However, it is believed about 2000 learners receive EMAs, with the majority receiving the maximum payment of £30.00 per week. The withdrawal of this level of funding is likely to impact on recruitment.

It was reported that the College is developing Level 1 apprenticeships through Youth East Funding 'Pathways to Apprenticeships' which will lead into Level 2 and 3 apprenticeships. The College has seen a significant increase in apprenticeships, with presently 296 recruited this year compared to 155 last year, and needs to increase numbers to around 1000 over the next few years. The challenge will be finding enough employers willing to take on apprentices.

9. **Committee Terms of Reference**

CIC/AC/11/1/6, revised terms of reference for the Audit and Compliance Committee, was received, considered and accepted for recommendation to the Board.

10. **Reports under the College's Fraud Policy**

It was noted that there had been no reports of suspected fraudulent or irregular acts under the College's Fraud Policy since the last meeting of the Audit and Compliance Committee.

11. **Date of Next Meeting**

Tuesday, 7 June 2011 at 4.30 pm.

12. **Any Other Urgent Business**

There were no items.