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HEALTHCARE

North Glasgow College

Annual audit report to the Board of Management of North Glasgow College and the Auditor General for Scotland

Audit: year ended 31 July 2008
22 January 2009

AUDIT

AUDIT ▪ TAX ▪ ADVISORY

Contents

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Executive summary

Financial commentary

The College achieved a surplus of £386,000, compared to a forecast surplus of £165,000, as a result of a significant increase in investment income receivable. The corresponding result for the year ended 31 July 2007 was a deficit of £741,000. This arose from a one-off accelerated depreciation charge in that year.

The financial statements report retained general reserves of £3,129,000 and the Scottish Funding Council classifies the College as financially secure.

The 2008-09 financial plan projects a deficit of £97,000. The migration to the new build brings some uncertainty over running costs for the period of the financial year from December 2008 and so close monitoring of expenditure will be required to ensure that this result is not significantly reduced.

Governance and risk management

The corporate governance statement does not disclose any significant weaknesses in the systems of internal control. The content of the statement is consistent with our understanding.

Internal audit concluded that the College "has a framework of control which provides assurance regarding the effective and efficient achievement of the College's objectives". They have, however, made a number of recommendations to enhance the College's corporate governance arrangements.

The College new build project has been a major undertaking for management and staff. A number of elements of good practice have been identified in respect of formal monitoring of the project and reporting to relevant College committees, albeit that the project was delayed by approximately 16 weeks and £1.5 million over the initial budget.

The College has prepared an operating and financial review of the College's activities to meet the requirements of SORP 2007.

Financial statements

We issued an audit report expressing a qualified opinion on the financial statements of the College for the year ended 31 July 2008. Our audit opinion was qualified in respect of the adjustments and disclosures that would be required to comply with FRS 17 *Retirement benefits*. In all other respects our opinions were unqualified.

Management provided draft financial statements and supporting working papers, which were complete and of a very high standard, in line with the agreed timetable.

One adjustment was made to the draft financial statements and there was one unadjusted audit difference.

The College has entered into a £3 million sale agreement for its existing property which involved a loan of £1.5 million being provided in December 2007 in exchange for security over the property, with the loan to be repaid on settlement of the sale. The College did not obtain permission in advance from the Scottish Funding Council to grant security over their property, and exceeded the borrowing consent of £1 million which had been provided.

Introduction

Audit framework

2007-08 was the second year of our five-year appointment as external auditors of North Glasgow College ("the College"). This report to the Board of Management of the College and the Auditor General for Scotland summarises our opinion and conclusions and highlights significant issues arising from our work.

In accordance with Audit Scotland's *Code of Audit Practice*, the scope of the audit was to:

- provide an opinion on the College's financial statements and, as required by relevant authorities, the regularity of transactions;
- review and report on (as required by relevant legislation, the Code and any guidance issued by Audit Scotland):
  - the College's corporate governance arrangements as they relate to: its review of systems of internal control; the prevention and detection of fraud and irregularity; standards of conduct, and prevention and detection of corruption; and its financial position
  - the College's arrangements to achieve Best Value
  - other aspects of the College's arrangements to manage its performance, as they relate to economy, efficiency and effectiveness in the use of resources.

The framework under which we operate under appointment by Audit Scotland was outlined in the audit plan for the year discussed with the College's audit committee.

Basis of information

External auditors do not act as a substitute for the Board of Management's own responsibilities for putting in place proper arrangements to account for its stewardship of resources made available to it and its financial performance in the use of those resources, to ensure the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the effectiveness of those arrangements and, through its principal, to make arrangements to secure Best Value.

Acknowledgement

Our audit has continued to bring us into contact with a range of College staff. We wish to place on record our appreciation of the co-operation and assistance extended to us by staff during the second year of our work in the discharge of our responsibilities. We also note the continued high quality of preparation for the audit by College management.

Financial commentary

- The College achieved a surplus of £386,000, compared to a forecast surplus of £165,000, as a result of a significant increase in investment income receivable. The corresponding result for the year ended 31 July 2007 was a deficit of £741,000. This arose from a one-off accelerated depreciation charge in that year.
- The financial statements report retained general reserves of £3,129,000 and the Scottish Funding Council classifies the College as financially secure.
- The 2008-09 financial plan projects a deficit of £97,000. The migration to the new build brings some uncertainty over running costs for the period of the financial year from December 2008 and so close monitoring of expenditure will be required to ensure that this result is not significantly reduced.

This section of our report summarises the main features of the financial statements and key movements from the prior financial year.

Income and expenditure account

The surplus for the year of £386,000 is 3.1% of total income (*2006-07: £741,000 deficit and 5.6%*). The result for the year has been positively affected by interest received on the proceeds of investment of a £1.5 million loan to the College. This loan became available as part of the agreement with a property developer regarding the sale of the existing building on Flemington Street. The prior year deficit arose as result of the one-off accelerated depreciation charge on the Flemington Street building.

Income

Total income has reduced by £600,000 (4.5%). The main components of this movement are:

- Scottish Funding Council grants decreased in total by £859,000. However, this was principally due to a reduction in deferred capital grants released of £1,199,000 as a result of the one-off accelerated depreciation charged in 2007. Recurrent grant from the Scottish Funding Council (including fee waiver) increased by £288,000, and other grants by £112,000;
- an increase of £102,000 in tuition fees and education contracts;
- a reduction of other operating income of £162,000 due to reduced European funds receivable of £77,000 and in other income-generating activities of £95,000; and
- an increase of £319,000 in interest receivable due to high levels of cash held during the year due to the £1.5m loan and other favourable cash flow balances in respect of the new build.

	2007-08	*2006-07*	Movement		2007-08	*2006-07*
	£'000	*£'000*	£'000	%	%	*%*
Scottish Funding Council grants	9,728	*10,587*	(859)	(8)	77	*80*
Tuition fees and education contracts	1,990	*1,888*	102	5	16	*15*
Other operating income	272	*434*	(162)	(37)	2	*3*
Bank interest	605	*286*	319	112	5	*2*
Total income	**12,595**	***13,195***	**(600)**	**(5)**	**100%**	***100%***

Expenditure

Overall, total expenditure has reduced by £1,834,000 (13%), which is mainly attributable to the absence of the accelerated depreciation charged in 2006-07. Notwithstanding this, other significant movements in expenditure are:

- an £831,000 increase in expenditure on wages and salaries as a result of pay inflation and a 3% increase in staff numbers;
- an increase of £321,000 in other operating expenses, relating to increases in teaching costs of £89,000, administration costs (£79,000) and an increase in the pension provision of £181,000.

	2007-08	*2006-07*	Movement		2007-08	*2006-07*
	£'000	*£'000*	£'000	%	%	*%*
Staff costs	9,000	*8,169*	831	10	74	*59*
Other operating expenses	2,792	*2,471*	321	13	22	*18*
Depreciation and impairment	417	*3,296*	(2,879)	(87)	4	*23*
Total expenditure	**12,209**	***13,936***	**(1,727)**	**(12)**	**100%**	***100%***

Balance sheet

The College has reported an increase in net assets of £18,547,000 during the year. The balance sheets at 31 July 2007 and 2008 are as follows:

	2007-08	*2006-07*	Movement	
	£'000	*£'000*	£'000	%
Fixed assets	38,014	*19,992*	18,022	90
Current assets:				
Stock	3	*3*	-	-
Debtors	1,723	*384*	1,339	348
Cash	8,520	*6,811*	1,709	25
Creditors due within one year	(5,552)	*(3,084)*	2,468	80
Net current assets	**4,694**	***4,114***	**580**	**14**
Provisions for liabilities and charges	(2,040)	*(1,985)*	55	3
Net assets	**40,668**	***22,121***	**18,547**	**84**
Deferred capital grants	33,900	*15,739*	18,161	115
General reserve	3,129	*2,605*	524	20
Revaluation reserve	3,138	*3,276*	(138)	(4)
Restricted reserve	501	*501*	-	-
Total	**40,668**	***22,121***	**18,547**	**84**

Significant movements during the year include:

- an increase in the fixed asset base of £18,022,000, due to fixed asset additions of £18,439,000 offset by the depreciation charge for the year. The majority of these additions are the capital expenditure on the new College building;
- the increase in fixed assets is matched by an increase in deferred capital grants of £18,161,000 through which the campus new build has been primarily funded;

- an increase in debtors £1,338,000 due to an increase in accrued income which is grant funding receivable for expenditure on the new build;
- an increase in creditors of £2,468,000 due to an increase in deferred income which is amounts received but not yet spent on the new build; and
- an increase in cash due to the £1.5 million loan received from the party purchasing the Flemington Street property.

Financial forecasting

The College originally budgeted for an operating surplus of £165,000 for 2007-08, based on total income of £12,193,000 and expenditure of £12,028,000. The actual outturn as at 31 July 2008 was a surplus of £386,000. The principal reason for this was the significant increase in bank interest receivable for the year, with the small increase against forecast expenditure being matched by similar levels of additional grant income.

The following table summaries the 2008-09 financial forecast.

	£'000
Income	13,410
Expenditure	13,507
Forecast deficit for the year ending 31 July 2009	**(97)**
Cash balance at 31 July 2008	8,520
Forecast cash balance at 31 July 2009	5,009
Forecast movement in cash during 2008-09	**(3,511)**

Source: North Glasgow College (June 2008)

As the College is currently forecasting a deficit on routine operations for 2008-09, it will be important for management to monitor costs closely during the year, and consider whether savings and efficiency savings targets are attainable and revise the forecasts for 2008-09 as appropriate. There are inherent uncertainties in respect of running costs for the new build and so there is a risk that unforeseen costs could adversely affect the College's operating costs following the migration of services. The planned reduction in cash is related to completion and settlement of the new build project.

Governance and risk management

- The corporate governance statement does not disclose any significant weaknesses in the systems of internal control. The content of the statement is consistent with our understanding.
- Internal audit concluded that the College *"has a framework of control which provides assurance regarding the effective and efficient achievement of the College's objectives"*. They have, however, made a number of recommendations to enhance the College's corporate governance arrangements.
- The College new build project has been a major undertaking for management and staff. A number of elements of good practice have been identified in respect of formal monitoring of the project and reporting to relevant Board of Management committees, albeit that the project was delayed by approximately 16 weeks and £1.5 million over the initial budget.
- The College has prepared an operating and financial review of the College's activities to meet the requirements of SORP 2007.

Introduction

Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviour. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all bodies.

Through its Principal, the Board of Management of the College is responsible for establishing arrangements for ensuring the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. The Code requires auditors to review and report on the College's corporate governance arrangements as they relate to:

- the College's reviews of its systems of internal control, including its reporting arrangements;
- the prevention and detection of fraud and irregularity;
- standards of conduct and arrangements for the prevention and detection of corruption; and
- its financial position.

Management is responsible for establishing arrangements for the conduct of its affairs, including compliance with applicable guidance, ensuring legality of activities and transactions and monitoring the adequacy and effectiveness of these arrangements in practice.

Governance arrangements

The Board of Management has 16 full members and meets a minimum of four times a year to oversee the College's strategic plans. It is supported in this role by the senior management team. The College operated five key standing committees during 2007-08, namely finance, audit, human resources, property, and learning and teaching. The learning and teaching committee was established during the year to consider external and internal information relevant to the College's academic direction. In addition, there is a nominations committee and a remuneration committee. This governance structure, which includes non-executive, student and academic representation, is demonstrative of best practice and meets the minimum requirements of the Scottish Funding Council. The committee structure provides the Board of Management with the framework to ensure appropriate oversight and monitoring of financial and academic activities.

Risk management

A formal risk management policy is in place, approved by the Board of Management. The College has also established a risk management group and a programme of risk awareness training has been introduced. A risk assessment matrix is presented for consideration by the Board of Management, but internal audit have noted that this should be reviewed and minuted annually. This matrix includes details of the risk identified, the potential impact of the risk, the control action established to mitigate the risk and the person or committee responsible for managing the risk.

Regular reports were also provided throughout the year to the Board of Management and its committees to monitor and report on the ongoing risks associated with the new build project, and the management of these.

Systems of internal control

Corporate governance statement

Internal audit monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input, and report their findings to management and the audit committee. Management is responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow up reviews to ensure that such recommendations have been implemented. The audit committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans.

The corporate governance statement for 2007-08 provides details of the internal control environment and risk and control framework. The Board of Management highlights its commitment to exhibiting best practice in all aspects of corporate governance.

The College has made a fully compliant corporate governance statement. We are required to review this to assess whether the description of the process adopted by the College in reviewing the effectiveness of the system of internal control is consistent with our understanding of the process and report any inconsistencies in our opinion. We are not required to provide an opinion on the College's system of internal control.

We have reviewed the corporate governance statement and consider it consistent with our understanding of the process followed by the College during the year. We note, however, that internal audit conducted a corporate governance review as part of their work for the year and, while they concluded that the "the corporate governance arrangements within the College are reasonable", a number of recommendations to enhance arrangements were made.

Internal audit

The approved internal audit programme for 2007-08 has been completed and the internal auditors have concluded that the College "has a framework of control which provides assurance regarding the effective and efficient achievement of the College's objectives." They have also concluded that, based on the areas they have examined in 2007-08, the College has "proper arrangements to promote and secure value for money".

Internal controls

Drawing on the work of internal audit, in accordance with our plan we undertook detailed testing in relation to both entity-level and key financial controls. We identified a number of areas for enhancement, including the authorisation of fixed asset disposal forms only when assets are physically disposed of, formal minuting of the authorisation of the Principal's salary by the remuneration committee and the review of sales invoices produced. Recommendations are included in the action plan in appendix one and have been accepted by management.

Testing of the design and operation of controls over significant risk points in terms of major financial systems confirms that, subject to the minor weaknesses reported, controls are designed appropriately and operating effectively.

There were, however, a number of our recommendations from 2006-07 which had not been implemented as agreed. These were as follows:

- review the physical security of the server room to ensure arrangements are appropriate for the remaining period required (*grade 1);*
- passwords should be changed every 60 days and passwords should be compulsorily alphanumeric *(grade) 2);*
- a formal process should be in place to ensure that all leaver user accounts are deleted on a timely manner *(grade 2);* and
- options should be investigated for the offsite secure storage of back-up tapes *(grade 2).*

While we acknowledge that the migration to the new building has delayed the implementation of a number of these matters, management should ensure that appropriate action is taken following the transfer to the new building.

Governance and the new build project

We considered the governance arrangements established by the College in respect of its new build project, and the risks to the College associated with the undertaking. The main risks to the College included:

- escalating costs caused by delay in building, leading to a lack of available funding or requirement for additional borrowing by the College;
- potential claims from the contractors in respect of overrun costs; and
- the old building not being exited within the agreed timescale leading to trigger of penalty clauses within sales agreements.

At the time of our audit fieldwork (November / December 2008) the project was close to completion, with the transfer to the new building commencing. The project is approximately 16 weeks behind schedule and £1.5 million over the initial, approved budget. That budget was, however, determined with regard to the finances available to the College at that time, including borrowing ability. There was a variance of over £1 million on expected costs compared to last year. The additional costs were met by internal resources available to the College.

In order to assess the identified risks and to develop our understanding on the new build we reviewed Board of Management minutes and legal agreements (both with the purchaser and the contractor) and met with the external client advisor for the project. The minutes included reports compiled by the designated estates member. From this, and our meeting with the client advisor, the following key reasons for the time delays and cost overruns have been established:

- initial delays caused by adverse weather conditions;
- difficulties encountered during the drilling and foundation stage of the project;
- insufficient planning in some aspects, for example, room data sheets were not prepared; and
- late identification of cost overruns with the exact nature of cost overruns (outwith planned contingencies) only identified and reported to the Board of Management in June 2008.

While some problems have been encountered during the build process, we have identified a number of elements of good practice were established by the College, including:

- employment of the client advisor who liaised between the College and the contractor recommending action as appropriate;

- appointment of a designated Board of Management member who was responsible for reporting to the board on the new build progress;
- regular reports detailing progress and costs compiled and submitted to the Board of Management;
- an increased number of Board of Management, and other committee meetings, in order to discuss the build especially towards the completion of the project; and
- negotiations with the contractors to ensure that financial exposure was mitigated by the agreement of a final price.

Prevention and detection of fraud and irregularity

The College has a fraud policy and procedure available for staff to view on the intranet. The policy is reviewed every two years, with the most recent review taking place in March 2007. The College also has an unethical behaviour and whistle blowing policy which was reviewed in July 2007. Significant frauds would be reported to the audit committee. Management has not reported any material instances of fraud or irregularity in 2007-08.

Standards of conduct

Members of the Board of Management and staff are required to operate in accordance with the College’s internal code of conduct setting out the required minimal ethical and behavioural expectations. This is reviewed every two years, with the most recent review in March 2007. There are comprehensive human resources policies and procedures providing additional guidance to staff which are readily accessible to staff on the intranet. There is also a formal register of interests for recording members of the Board of Management and senior managers’ interests.

Best Value

The 2007-08 planning guidance for further education colleges issued by Audit Scotland indicated that there was no requirement for auditors to undertake performance audit or other Best Value studies during the year.

Financial statements audit

- We issued an audit report expressing a qualified opinion on the financial statements of the College for the year ended 31 July 2008. Our audit opinion was qualified in respect of the adjustments and disclosures that would be required to comply with FRS 17 *Retirement benefits*. In all other respects our opinions were unqualified.

- Management provided draft financial statements and supporting working papers, which were complete and of a very high standard, in line with the agreed timetable.

- One adjustment was made to the draft financial statements and there was one unadjusted audit difference.

- The College has entered into a £3 million sale agreement for its existing property which involved a loan of £1.5 million being provided in December 2007 in exchange for security over the property, with the loan to be repaid on settlement of the sale. The College did not obtain permission in advance from the Scottish Funding Council to grant security over their property, and exceeded the borrowing consent of £1 million which had been provided.

Audit opinion

On 20 January 2009 we issued an audit report expressing a qualified opinion on the financial statements of the College for the year ended 31 July 2008. Our audit opinion was qualified in respect of the adjustments and disclosures that would be required to comply with FRS 17 *Retirement benefits*. In all other respects our opinions on the financial statements and regularity of transactions was unqualified.

Qualified audit opinion

Paragraph nine of FRS 17 states that '*Where more than one employer participates in a defined benefit scheme the employer should account for the scheme as a defined benefit scheme*'. This indicates that there is a presumption that a defined benefit scheme will be accounted for on a defined benefit basis unless one of the two possible exemption criteria – employers' contribution rates or underlying assets and liabilities – is met.

The Board of Management believes that the College cannot identify its share of assets and liabilities in the Fund on a reasonable and consistent basis and that the College is therefore entitled to use the multi-employer exemption permitted by FRS 17, which allows a defined benefit scheme to be accounted for as it was a defined contribution scheme. The Board of Management considered information available during the year, but continues to account for the College's participation in the Strathclyde Pension Fund ("the Fund") on a defined contribution basis.

In our view, the College's share of the underlying assets and liabilities in the Fund can be identified on a consistent and reasonable basis and its participation should therefore be accounted for as a defined benefit scheme. Our audit opinion is qualified in respect of the adjustments and disclosures that would be required to comply with FRS 17. We qualified our audit report on the financial statements of the year ended 31 July 2007 with regard to the same disagreement. In all other respects our opinion is unqualified. Our opinion on the regularity of transactions is also unqualified.

Fixed assets

The College has continued to progress the construction of its new build project with the final migration date of the 17 November 2008 and teaching commencing 1 December 2008. Total costs of the project are now projected at around £42m, with the majority of funding received from the Scottish Funding Council, European Regional Development Fund, and capital receipts.

During November 2007 an agreement regarding the sale of the existing Flemington Street building was signed. The key terms of this agreement are that £3 million will be paid on the date of entry into the new building, for which the latest date of entry was 31 December 2008. The £3 million settlement will offset £1.5 million received as a loan as part of the sale agreement. The £1.5 million loan was in exchange for a standard security held over the property until loan repayment which is due on the date of entry.

Based on the sale price agreed, the College expects to have met its funding gap on the new build project and will not require to support the project through borrowing.

In the current economic climate, the College remained at financial risk while completion of the sale was outstanding. For this reason, we agreed with management to wait for completion of the sale before providing our opinion on the financial statements.

While the College had received borrowing consent from the Scottish Funding Council for up to £1 million of borrowing as part of the approved business case, consent for the loan of £1.5 million was not requested as it was viewed as part of the sale agreement. As part of the audit completion process, management raised the issue with the Scottish Funding Council and subsequently obtained retrospective approval on 19 December 2008.

The *Financial Memorandum* with the Scottish Funding Council requires the Principal to seek prior permission from the Funding Council for the granting of security over assets. No prior approval was obtained for the security given over the Flemington Street property. While the Funding Council has retrospectively confirmed its consent, it has indicated that the College's action represents a breach of the *Financial Memorandum* and has requested a formal, written response explaining the reasons for the breach.

Regularity

Aside from the matter noted above in respect of breach of the *Financial Memorandum* in respect of borrowing and security, there were no issues arising from the regularity audit. We reviewed the minutes of the College's key committees, including the Board of Management and audit committee meetings. From these, we have established that the College has procedures in place to ensure discussion of key guidance from the Scottish Funding Council, as well as other relevant laws and regulations.

Management representations obtained from the principal included our standard representation that during 2007-08 the College had complied with all necessary laws and regulations.

Financial statements preparation

Management provided draft financial statements, which were complete and of a high standard, to us in advance of the audit fieldwork. The standard of documentation prepared by the finance department to support the financial statements was of a high standard and available to the audit team on the first day of the fieldwork. One adjustment was made to the draft financial statements and there is one immaterial unadjusted audit difference. Our findings in respect of these matters were discussed at the audit committee meeting on 25 November 2008 where we presented our "report to those charged with governance" which is required under International Auditing Standard 260.

Appendix – action plan

Priority rating for performance improvement observations raised		
Grade one (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the College or systems under consideration. The weakness may therefore give rise to loss or error.	**Grade two** (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.	**Grade three** (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the controls to meet their objectives in any significant way. These are less significant observations than grades one and two, but we still consider they merit attention.

No.	Issue and performance improvement observation	Management response	Officer and due date
1	During the migration of the College to the new build, there is the risk that moveable assets may be misplaced, or potentially misappropriated as part of the exercise. It is recommended that a full physical asset verification is conducted on entry into the new college and that the fixed asset register is updated accordingly. This will provide the College with a detailed record of all existing assets from the start of service provision within the new build. *Grade 1*	Agreed. A full valuation will be undertaken during 2009.	Responsibility: Finance Manager To be undertaken during 2009.
2	Assets which were fully depreciated in the year were written off the fixed asset register as if they had been disposed of. Disposal authorisation forms were signed as if to indicate physical disposal even although the college was still in possession of these assets. Assets should not be removed from the fixed asset register unless they have been physically disposed of. If the asset was revalued or sold for a consideration in the future, the revaluation or gain should correspond to an existing asset. *Grade 2*	Agreed. As part of the full valuation exercise, the asset register will be updated.	Responsibility: Finance Manager To be undertaken during 2009.

3	Sales invoices are not automatically numbered by the system one sales invoice missing when performing sales cut-off testing. If sales invoices are numbered manually there should be segregation of duties or review of invoices in place, ie. the person who numbers the invoices should not be the same person who posts them onto the system, or if this is not practicable, the invoices numbering system should be reviewed for consistency on a regular basis. The risk is that income could be over or under-stated. *Grade 2*	Agreed. As it is not practical to segregate duties due to the size of the finance department, a review of numbering will be implemented.	Responsibility: Director of Finance To be implemented from January 2009.
4	The Principal's salary was discussed and approved by the remuneration committee. There was, however, no minute of this meeting with the only documentation available being a letter sent by the Principal himself. Minutes of all remuneration committee meetings should be taken and retained. This will evidence decisions such as the authorisation of the Principal's salary increase. *Grade 2*	Agreed.	Responsibility: Chairman of Board Immediate effect.
5	Tuition fees are not reviewed once input onto the system. The risk is that students could be getting charged the wrong level of fee leading to under or over statement of income. It is recommended that tuition fees should be reviewed once input onto the ledger. *Grade 2*	Not agreed. Due to the size of the finance department there are insufficient levels of staff to implement this.	-
6	Debtor days have increased by 9 days compared to last year and there is a larger proportion of older debts outstanding. It was indicated that not as much time has been spent chasing debts; this should be monitored and the process of collecting debts reviewed to see that it is being implemented correctly. *Grade 2*	Agreed. Debt control will be more closely monitored.	Responsibility: Director of Finance Implemented from January 2009.