

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
4TH MARCH 2014

PRESENT: Jonathan Swan (Chair)
Liz Wood
Ray Joy
Heather Clarke
Cheryl Elgram

IN ATTENDANCE: Fola Thomas (MacIntyre Hudson)
Benjamin Fiasorgbor (MacIntyre Hudson)
Mike Tadman (Director of Human Resources)
Debs Hurst (Director of Finance)
David Law (Principal)
John Fowl (Clerk to the Corporation)

425. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Bill Lumsden.

426. DECLARATIONS OF INTEREST AND TO NOTIFY ANY CONFIDENTIAL ITEMS

There were no declarations made or confidential items notified.

427. TO MEET WITH AUDITORS WITHOUT OFFICERS PRESENT

The Committee and auditors confirmed there was nothing they required to discuss without the officers present.

428. TO APPROVE THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 4TH DECEMBER 2013

The minutes were approved.

429. MATTERS ARISING

419 Annual Report of the Internal Audit Service

Fola Thomas apologised for the lack of representation at the last meeting of the Audit Committee. The auditors had raised nothing of concern within their report but the Committee sought clarification as to the performance indicators used in the annual report. In particular they asked for clarification as to whose standard performance indicators were being used. The auditors confirmed that the PIs were based on the planned delivery by qualified and part qualified staff. Ray Joy pointed out that the percentage of work carried out by non-qualified staff had increased from 36% that had been quoted in the internal audit plan at the beginning of the academic year to 45%. After discussion the Committee asked that attendance at meetings should in future be shown as one of the performance indicators used to judge the internal audit service.

430. INTERNAL AUDIT SERVICE REPORTS

Ray Joy reminded the auditors that the Committee had on several occasions asked for specific dates for actions to be completed rather than simply a month and year.

Corporate Governance

Corporate Governance had been given a green grading (substantial assurance). A low level recommendation had been made in respect of the completion of registers of interest by members of the governing body. When checked, one register of interest form for a single governor had not been received. In discussing the report the Committee were puzzled as to why the internal audit service had made reference to the College in-house catering service and could not see why this had been included in part of the report on corporate governance. Fola Thomas confirmed that this would be removed from the final report.

Nominal Ledger

Debs Hurst informed the Committee that the deficiencies mentioned by the internal audit service would be addressed once the new finance system had been installed.

Bank and Cash

The auditors had made no recommendations in this area of the audit work. The Chair expressed his surprise that no recommendations had been made under this area as it was usually one where there was inevitably a weakness somewhere in the system. The Governors asked for clarification as to the checks made by the auditors and were told that no deficiencies had been found during the sampling undertaken. Governors were told that the cash transactions in the College formed a small percentage of transactions when compared to the overall College budget. Debs Hurst informed the Committee that she was currently re-writing the financial regulations to bring them in line with the CIPFA best practice guide and this will be reflected within any financial system that is implemented.

In-House Catering

Internal audit report has made a recommendation that there should be a policy for the provision of catering within the College. The Principal expressed the view that the recommendation was inaccurate and that what was being recommended was procedural and the College management did not accept that it was strategic and therefore it was not seen as a governance issue. Control objectives in future will be implemented to indicate who in the College has agreed to the recommendation by the auditors and this will be produced in future audit reports commencing with the next meeting of the Audit Committee. A strong view was expressed that a policy for internal catering was not needed as this was purely a procedural matter with food being cooked, sold and nobody suffering from adverse effects from poorly prepared food.

It was agreed that the recommendation by the auditors would only be appropriate if the catering provision had been outsourced by the College. This is not the case. It was accepted that the recommendation gave no added value

to the operation of the catering facility within the College and that the recommendation would be regraded from 'high' to 'low' and a note being made that the College robustly rejects the recommendation. The Governors requested that the definition of the audit gradings should be included on each and every report produced.

Update on Previous Years Auditors Recommendations

It was agreed that in future this report would show the recommendations that had been implemented and those that had not been accepted for adoption by the College. Debs Hurst confirmed that some of the previous recommendations had been overtaken by events and therefore no longer appropriate and should be removed from future reports. It was agreed to confirm the date for implementation for those recommendations that are being implemented and to identify that were no longer relevant with a list of the recommendations that remained outstanding.

It was **Resolved** that the Internal Audit Service Reports be received

431. Risk Register Update

The primary risk register had been recently updated with the addition of a new risk related to a recent gas leak discovery. The cost to locate the gas leak was potentially £50,000 but early investigations discovered the area of the leak very quickly therefore the cost was much lower. This risk had initially been identified as high but has since been lowered following the repair work undertaken.

Staff succession planning was shown as a high risk on the College 'risk dashboard'. Mike Tadman outlined the risk by way of cost and people. Unplanned turnover was seen as a risk as the College runs a very tight ship with a lower than average staff cost percentage of overall budget. Governors were informed that the financial risk was reduced as turnover is monitored and benchmarked to the AoC sector averages. A report on turnover is produced on a regular basis and presented to the PF&GP Committee of the Board.

The College has introduced succession planning as part of its staff development. It is the main driver to move this from being regarded as a high risk to a medium risk. Part of the succession planning work is addressed by Middle Management Development Programme and this is in year 2 of its operation. The plan is geared to ensure staff are fit to step up to a higher position should a more senior member of staff leave the College.

It was acknowledged that a possible risk was that maths and English tutors could be poached by nearby Colleges and a management development and mentoring programme has been introduced and is a key factor in enabling staff to be deployed in more than one area.

It was noted that every department has a contingency plan for staff turnover which is activated if key staff leave. The plans are geared to ensure there is little or no adverse impact on learners.

The Chair sought clarification as to how staff who have been 'up skilled' are kept motivated and was informed that the culture of the College was such that this did not appear to be a problem. The external auditor has graded staff satisfaction and motivation in the College as amongst the highest they had found in the FE sector.

Copleston Court

The Committee was informed that Copleston Court continued to be shown as a high risk as negotiations were ongoing with the Cooperative Society. The discussions were hoping to reach an agreed outcome by 14th March 2014.

Ofsted

The Ofsted inspection had yet to be notified and so this continues as an amber risk on the register. The Committee was advised that all academic departments have now completed new Risk Registers and these were due to be discussed within the College on 7th March 2014. The Committee received the analysis of risk appetite drawn from the Governors' away day exercise and were told it would now be fed into the BDO Assurance Matrix and to then be used to inform future audit plans. In undertaking the analysis Debs Hurst confirmed that the outcomes for Chelmsford College appeared quite balanced.

432. ANY OTHER BUSINESS

The Chair extended the thanks of himself and the Committee to Liz Wood for her support and input to the work of the Audit Committee during her time as a governor and wished her a long and happy retirement.

433. DATE OF NEXT MEETING

The next meeting will be held on Tuesday 17th June at 5.30 pm at Princes Road campus

Chair

Date