

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
17TH JUNE 2014

PRESENT: Jonathan Swan (Chair)
Susan Hughes
Ray Joy
Heather Clarke

IN ATTENDANCE: Fola Thomas (MacIntyre Hudson)
Benjamin Fiasorgbor (MacIntyre Hudson)
Bill Lumsden (KPMG)
Debs Hurst (Director of Finance)
John Fowl (Clerk to the Corporation)

434. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from David Law and Cheryl Elgram.

The Chair welcomed Susan Hughes to her first meeting of the Audit Committee.

435. DECLARATIONS OF INTEREST AND TO NOTIFY ANY PART 2 AGENDA ITEMS

There were no declarations of interest made or confidential Part 2 agenda items notified.

436. TO MEET WITH AUDITORS WITHOUT OFFICERS PRESENT

The Committee and auditors stated there was nothing they needed to discuss privately under this item.

437. TO APPROVE THE MINUTES OF THE MEETING HELD ON 4TH MARCH 2014

Under item 431 it was agreed that the reference to the auditor grading staff satisfaction should be removed.

With this amendment, the minutes were approved.

438. MATTERS ARISING

- i) Financial Regulations update will be presented to the PF&GP Committee on 24th June 2014 and subject to any amendments will then be presented to the Board of the Corporation on 11th July 2014.

Debs Hurst gave an update on the progress with the new finance system which will provide the College accounts within a single system rather than the disparate systems currently used at Chelmsford. The new finance system will be used as part of the shared financial services between Chelmsford College and South Essex College.

The Committee was informed that the centralised shared finance service will be relocated from 1st August 2014. All finance staff had been TUPE'd to the new business entity. It was confirmed that the new finance system will be

hosted using Cloud based servers with both Colleges hosting a share of the Microsoft based programmes.

- ii) The Committee was informed that the College had now agreed the final financial settlement in respect of Copleston Court.

439. TO RECEIVE THE INTERNAL AUDIT REPORT, VISIT 2, APRIL 2014

The audit reports were presented to the Committee in the new format previously notified to it. The audit visit had looked at income and credit control (including bursary fund) and staff utilisation and had given both areas 'substantial assurance' with no other recommendations being made or issues identified.

It was noted that a report on Chelmsford Training Services will be presented to the next meeting of the Audit Committee. The previous audit recommendations numbered 24 and these had been followed up as part of the internal audit. Eighteen of these recommendations had still to be completed.

The Chair expressed his puzzlement that no recommendations had been made for either of the two areas audited in the current period even though the internal audit service report had identified there were no documented standard procedures. Debs Hurst stated that procedures are in the Financial Regulations and that she would check on this to verify the action needed to ensure a full set existed.

The Committee recommended that the procedures should be fully documented if found to be incomplete.

a) Income and Credit Control (including bursary fund)

The auditor had recommended the use of a separate bank account for bursary funds but the College management had deemed this to create an unnecessary additional cost and administration and the Governors accepted that it would be more appropriate to keep the bursary funds in the College main account under a separate cost centre in accordance with similar funds held for other activities of the College.

b) Staff Utilisation.

The internal audit service found there to be good control over the appointment of hourly paid staff with no recommendations being made. Debs Hurst suggested that Mark Emerson should be invited to the next meeting in order to demonstrate the hourly paid lecturer appointment system. The Governors agreed with this and asked her to make the necessary arrangement.

c) Outstanding Recommendations

The Committee was notified that the payroll report is checked by Deputy Director of Finance before the payroll is run. In addition the College is moving towards using the same system (Ceridian) as in place at South Essex College.

Members reviewed each of the recommendations outstanding and asked for clarification on the data protection issues.

It was noted that the production of tendering procedures would be covered as part of the update of the financial regulations.

With regards to the health and safety recommendations it was confirmed there is to be a shared health and safety service in conjunction with South Essex College with a new set of procedures which will be implemented in due course. Despite this the Committee was unhappy to see three high risk recommendations under the health and safety heading being deferred to the next academic year and felt that this should be given greater priority. It was noted that a health and safety update will be produced in the next few weeks and the Committee asked for this to be emailed to them in the next month and to be placed on the agenda of the next Audit Committee.

In reviewing the internal auditor reports in respect of income and expenditure it was noted that the percentages used in the table and graphs differed with regard to the ratio of staff costs. The internal audit service was asked to revisit this and to confirm the correct figures.

It was **Resolved** that the reports be received.

440. Risk Register Update

Members noted the shift of the risks in the 'risk register dartboard' following the Ofsted inspection and the staff performance. A view was expressed that the weaknesses found by Ofsted are in the risk register and so should be now better controlled but Governors felt there needed to be more information given to them in order that they can gain the assurance they need.

The Committee requested that more senior postholders attend the next Audit Committee meeting in order to go through the Risk Register in detail and to enable them to respond to the risks shown as their responsibility. The Chair expressed the view that risks should be reviewed by the relevant Committee as well as being reported to the Audit Committee. It was agreed that the Risk Register should be included on the Board agenda for the month of July 2014.

In reviewing the summary pages to the report the Committee felt that in future all reports to the Board and its Committees should identify the associated risks within the reported area and which strategic risks they linked to.

Members noted the adverse financial outturn being reported and the reasons for it. Governors were told that the inadequate finance system had made it difficult to drill down on the data in order to identify the errors that had recently come to light and Debs Hurst explained many of the issues impacting adversely on the budget outturn. The view was promulgated that a cost benefit analysis should be done on the commercial side of the Lee Stafford business whilst Governors accepted that the apprentice side of the business was doing well.

It was **Resolved** that the reports be received

441. TO RECEIVE THE FINANCIAL STATEMENTS PLAN 2013-14

Bill Lumsden presented the plan which was received and the risks that will impact on the audit were noted. Members were informed that Bill Lumsden will be providing a presentation to the PF&GP Committee on 24th June 2014 in respect of the changes that are necessary under the new accounting standard FRS102.

It was **Resolved** that the KPMG audit plan 2013-14 be approved

442. INTERNAL AND EXTERNAL AUDIT STRATEGIES

It was agreed that this minute should remain confidential and not shared with the audit firms at this stage.

443. TO REVIEW THE TERMS OF REFERENCE AND TO UNDERTAKE A SELF-ASSESSMENT

The Terms of Reference for the Committee had been reviewed in 2013 and the Committee felt that no changes were necessary for the current year other than to add the standing agenda item 'to meet with auditors without officers present'. The Committee was keen that in the absence of the Principal being unable to attend the Audit Committee meeting, the Deputy Principal should attend.

The Clerk reminded the Committee of the Board and the Committees decision to undertake a self-assessment of their work at the end of each academic year. The Governors completed their self-assessment forms and returned them to the Clerk.

444. ANY OTHER BUSINESS

There was no other business.

445. DATE OF NEXT MEETING

The next meeting will be held on 17th November 2014

Chair

Date.