

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
9TH JUNE 2009

PRESENT: Charles Myers (Chair)
Bill Pigram
Heather Clarke
John Campling

IN ATTENDANCE: Paul Bayliss (Director of Finance)
John Fowl (Clerk to the Corporation)
Joanne Seward (Minuting Secretary)
Lisa Waghorn (Macintyre Hudson)
Bill Lumsden (KPMG)

259. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from David Law, Jonathan Swan, Ray Joy and Willis Field

260. TO DECLARE IN ADVANCE ANY CONFIDENTIAL ITEMS

There were no confidential items notified.

261. DECLARATIONS OF INTEREST

There were no declarations of interest notified.

262. TO MEET AUDITORS WITHOUT MANAGEMENT PRESENT

The Auditors confirmed they had nothing to discuss with the Audit Committee under this item.

263. TO APPROVE THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD 10TH FEBRUARY 2009

The minutes were approved.

264. MATTERS ARISING

The attention of members was drawn to the fact that the Internal Audit Report now included a column for the date of implementation to be inserted. It was confirmed that the Five Year Maintenance Plan had been submitted and considered at the Personnel, Finance & General Purposes Committee.

265. INTERNAL AUDITORS – 2008/09 REPORT NO.2

Lisa Waghorn presented the report to the Audit Committee on behalf of Macintyre Hudson.

Budgetary Process

The College had now incorporated the budgetary process into a single document and budgets and purchase orders were now accessible by College staff online.

The Internal Audit Service had no further recommendations to make under this heading.

Paul Bayliss confirmed that splitting of orders to keep them under the budget limits for higher authority was not allowed and was regarded as a disciplinary offence within the College.

Payroll

The payroll procedures had been judged adequate by the Auditor and members were pleased to be advised that suitable security was in place. The service was currently outsourced and the Auditors had recommended that all payments to the payroll service should be checked by the Finance Manger before being sent out. Members noted the recommendations made and that the College had accepted them all. Paul Bayliss informed the Committee that the Internal Audit Service had been asked to undertake this particular audit of payroll to ensure that the College will have a clear picture of what to look for in a new payroll system which was planned to be introduced from 1st January 2010, with full implementation from April 2010.

Staff Utilisation

The College had requested this review by the Auditors to ensure that there was a tight system of control. A number of recommendations to formalise the process of monitoring teaching hours outside of the classroom had been made by the Audit Service and the College Management was considering these.

For non-teaching staff a recommendation had been made that the College considers introducing time sheets to identify the activities undertaken and time spent on them by non-teaching staff. It was noted that this would aid the recording and monitoring of time off in lieu as well as overtime and in turn assist in the budgeting process. Paul Bayliss explained that it was hoped such additional working could be recorded online in the future. It was emphasised that the majority of staff worked their full contracted hours and often more, but there had been identified a minority of cases where an individual member of staff had worked less hours than those contracted for. It was accepted that further discussion regarding this matter would be necessary between the College Management and the Trade Unions if changes were planned to be introduced and this factor was acknowledged by both the College Managers and the Auditors.

The view was expressed that both teaching and non-teaching permanent staff frequently worked beyond their contracted hours and this had been acknowledged by the Management Team and the Governors accepted this viewpoint.

It was stressed that the review by the Audit Service was to assist in the management of staff rather than a financial requirement. As part of the review the internal audit service had found sickness absence not always properly recorded and a recommendation had been made in the report as to how the College may improve this.

Follow up of recommendations from previous years

The Audit Committee was pleased to note that the majority of recommendations from previous years had been implemented.

It was **Resolved** that the Internal Audit Report No 2 2008/09 be received.

266. RISK REGISTER UPDATE

Members received the latest version of the Risk Register that had been updated to include additional risks and to identify the lead person responsible within the College for the mitigating action to minimise such risks.

It was **Resolved** that the Risk Register be received.

267. TO RECEIVE AND APPROVE THE INTERNAL AUDIT PLAN 2009-10

The Committee was informed that there had been a few changes to the initial draft submitted to the College and the Audit Plan for the coming year included a review of the catering instead of reviewing the suppliers on this occasion. Paul Bayliss expressed a view that the plan was what was needed by the College and given the increase by 15% of enrolments for 2009/10 the inclusion of the Space Utilisation Audit was deemed essential.

It was **Resolved** that the Internal Audit Plan 2009-10 be approved.

268. TO RECEIVE AND APPROVE THE FINANCIAL STATEMENTS AUDIT PLANNING MEMO 2009-10

Bill Lumsden presented the proposal from KPMG for the Audit of the College Financial Statements for the year 2008/09 and noted that there were no conflicts that will impact on the work of the Auditors. KPMG had met with Paul Bayliss and agreed the audit risks that would be considered as part of the audit. The Audit Committee noted the staff that will comprise the Audit Team and the fees that were to be charged for the work.

Members were advised that the Company's Act of 2006 had implications for the College's new subsidiary company and these implications were noted.

It was **Resolved** that the Financial Statements Audit Strategy and Audit Planning Memo 2008/09 be approved.

269. APPOINTMENT OF FINANCIAL STATEMENTS AUDITORS 2009-10 and INTERNAL AUDITORS 2009-10

The Auditors were requested to withdraw from the room whilst this item was discussed.

Paul Bayliss advised the Audit Committee members that he was very satisfied with the work of both Audit firms and as such was recommending them for re-appointment for 2009/10. It was unanimously recommended that the Board of the Corporation re-appoint:

- i) KPMG as Financial Statements Auditors for the year 2009/10
- ii) Macintyre Hudson as Internal Audit Service for the year 2009/10

(4)

(The Auditors returned to the meeting at this point.)

270. ANY OTHER BUSINESS

The Chair of the Audit Committee reminded the Auditors that the Committee would welcome Governors briefings from them which had been included as part of the contract with the College. Suitable topics would be considered and put to the Auditors at a future date.

271 DATE OF NEXT MEETING

The next meeting will take place on the 24th November 2009 at 3:00pm

Chair

Date