

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
25th NOVEMBER 2008

PRESENT: Ray Joy
Bill Pigram
Heather Clarke
John Campling

IN ATTENDANCE: David Law (Principal)
Paul Bayliss (Director of Finance)
Willis Field (Director of Client Services)
John Fowl (Clerk to the Corporation)
Joanne Saward (Minuting Secretary)
Jonathan Cope (Macintyre Hudson)
Bill Lumsden (KPMG)

(Ray Joy was asked to Chair the meeting)

236. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Charles Myers.

237. DECLARE ANY CONFIDENTIAL ITEMS

There were no confidential items notified.

238. DECLARATIONS OF INTEREST

There were no declarations of interest notified.

239. TO MEET WITH THE AUDITORS WITHOUT MANAGEMENT PRESENT

There were no items for discussion under this item.

240. TO APPROVE THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD 20TH MAY 2008

The minutes were approved.

241. MATTERS ARISING

241.1 Writtle College

The LSC had now confirmed the refund to the college but the money had still to be received.

241.2 Internal Audit Report

The Internal Auditor had produced the report in two formats and asked that the College and Governors decide on their preferred format. It was agreed that the Chair of the Committee and the Director of Finance, Paul Bayliss would reach an agreement on this.

242. REPORT ON THE INTERNAL AUDIT SERVICE REPORT- VISIT 2 2007/2008

The second visit had taken place in June 2008 and had looked at the areas of Strategic Planning, Capital Contracts, Fee Income and Fixed Assets. All areas had been judged adequate in respect of the

procedures adopted and it was confirmed that the Fixed Assets of the College were being accurately monitored.

The Chair requested that future reports include a date for implementation of any recommendation.

In reviewing the Capital Projects the Internal Auditor had made a minor recommendation for the College to update its tender procedures. Members noted the recommendations under the other items that had been audited and the action that had been agreed by management.

(Bill Pigram left the meeting at this point).

The Committee reviewed the Audit Needs Assessment and Audit Plan for the Year 2008/9. Some changes were agreed with the College Managers in accordance with the report presented to the Committee. This was to enable more time for the auditor to look at staff utilisation and HR management procedures and controls.

The audits will be undertaken in future in early December with a view to report to the February Audit Committee and the second audit in April for reporting to the May Audit Committee. The November Audit Committee would deal with Year End items such as the approval of Annual Accounts.

It was **Resolved** that Internal Audit Service Report for Visit 2 be received.

243. INTERNAL AUDITOR ANNUAL REPORT 2007/08

The Committee noted the areas that had been covered by the Audit during the year and that all areas audited had been judged to be adequate as far as control procedures.

In response to a question from the Committee the Auditor confirmed the gradings given were to reflect the fact that it was the first year that Macintyre Hudson had undertaken the Internal Audit Service for the College. It was felt this was a fair judgment and gave the College something to aim for. The gradings allocated by Macintyre Hudson were good, adequate or inadequate. The views expressed that the recommendations made by the Audit Service would when implemented move the judgements to being graded "good". Members were pleased that nothing had been judged inadequate and Jonathan Cope expressed the view that had there been any concerns the Auditors would have raised this with the members of the Committee.

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

244. FINANCIAL STATEMENT 2007/08, MANAGEMENT LETTER AND REGULARITY AUDIT REPORT

Bill Lumsden outlined to the Governors the manner in which the FRS 17 pension deficit had been treated within the accounts. The Financial Statements had been considered in detail by the PF&GP Committee and had been found to be sound. Members noted the key points in the accounts and that it was showing a small operating deficit of £49,000 for the year after writing off the cost of the aborted work regarding the Marconi site consultancy fees. It was noted that if the consultants' fees and the effect of FRS 17 were removed from the accounts the College would have returned an operating surplus of approximately £½ million.

It was noted that investment income forecast for 2008/9 was likely to be less than originally estimated but this would not be greatly reduced since a significant proportion of the College cash reserves were deposited on a fixed term interest basis until March 2009.

Members noted that the majority of budget headings were within the tolerances set by the College and the Governors noted the main debtors. No audit differences were reported and an unqualified opinion had been given by KPMG.

The Auditor agreed the College's statement under Corporate Governance that it should make a Full Compliance Statement within the College Accounts. As part of the Financial Statement Audit the Auditors had undertaken the Regularity Audit. No new observations had been made and it was reported that three minor points originating in 2006/07 had now been cleared to the satisfaction of the Auditor.

Members noted and received the College Self Assessment Regularity Return. It was recommended that the Board of the Corporation approves the Financial Statements 2007/08 at its meeting on 12th December 2008.

245. AUDIT COMMITTEE ANNUAL REPORT TO THE BOARD OF THE CORPORATION 2007/08

Members received the draft report as prepared by the Clerk to the Corporation. The content of the report was noted and it was **Resolved** that the Report be submitted to the Board of the Corporation on 12th December 2008.

246. RISK REGISTER UPDATE

The Risk Register was received, noted and approved.

247. ANY OTHER BUSINESS

247.1 Financial Management Control

Paul Bayliss presented the Committee with the completed draft of the FMCE questionnaire that had been completed for the college. This was required under the Framework for Excellence and the Governors noted the management comments in each section and the gradings given. Paul Bayliss confirmed that the report would go to the full Board of the Corporation on 12th December 2008 for final approval before forwarding this to the LSC. Members were asked to forward any comments on the content to Paul Bayliss by that date

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

248. DATE OF NEXT MEETING

The next meeting will take place on the 10th February 2009 at 3:00pm

Chair

Date