

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
23RD NOVEMBER 2010

PRESENT: Charles Myers (Chair)
Ray Joy
John Campling
Jonathan Swan
Liz Wood
Heather Clarke

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

310. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Bill Pigram.

311. TO DECLARE IN ADVANCE ANY CONFIDENTIAL ITEMS

There were no confidential items notified.

312. DECLARATIONS OF INTEREST

There were no declarations of interest notified.

313. TO MEET AUDITORS WITHOUT OFFICERS PRESENT

The Auditors confirmed there was nothing they wished to discuss with the Audit Committee.

314. TO APPROVE THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 8TH JUNE 2010

The minutes were approved.

315. MATTERS ARISING

- i.) Members were informed that the new payroll system had been implemented and was operational now.
- ii.) The College had received £220,000 of the £400,000 grant for the nursery provision.
- iii.) Members were reminded that Risk Reduction Action Plans are available to all staff and governors on the college intranet.
- iv.) The college computer systems are continuously under review and the Senior Leadership Team work with the students to gain their user views.

- v.) The Committee was informed that the Internal Audit Service would follow up the recommendations regarding payroll during the 2011 spring or summer term.

316. TO RECEIVE THE ANNUAL REPORT OF THE INTERNAL AUDIT SERVICE 2009/10

The report identified the areas audited during the year and all had been graded good or adequate. The auditor confirmed that they were able to provide the College with overall assurance.

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

317. TO RECEIVE THE FINANCIAL STATEMENTS AUDITOR – TO CONSIDER THE DRAFT ANNUAL ACCOUNTS 2009-10, MANAGEMENT LETTER AND LETTER OF REPRESENTATION

Members received the consolidated report which included the proportion of Daronhall Ltd that applied to the college under its ownership. It was confirmed that an Regularity Audit had been conducted as part of the Financial Statements Audit and an unqualified opinion had been given. Bill Lumsden informed the committee that the adjustment for the FRS17 pensions calculation had been included in the income and expenditure account. Members noted that the assessment of this figure had changed due to the government decision to base calculations on CPI rather than RPI as in the past. The matter had been dealt with in accordance with the SFA Accounts Direction Handbook.

Members reviewed the Management Letter. This was the first year the College had had the subsidiary company. The auditor confirmed that KPMG had also carried out the Funding Assurance Review and College Efficiency Review using separate audit teams and therefore was able to give a statement of independence for the Financial Statements Audit.

The financial accounts include approximately nine months trading of Daronhall Ltd the subsidiary company. Members' attention was drawn to the main variances within the income and expenditure account. Costs in the year had been well controlled although student growth has seen an increase in staff numbers. It was noted that the College had exceeded its adult student target so no clawback of funding was anticipated under this heading. The net assets in the balance sheet had increased by £1.6m inclusive of the staff pension liability. Bill Lumsden confirmed that KPMG regard the College as a 'going concern'. The members were advised that Daronhall Ltd was the wholly owned subsidiary of Chelmsford Training Services which was owned by the College. Daronhall Ltd accounts have also been audited by KPMG.

Members were informed that there were two uncorrected audit differences and two medium priority recommendations had been made. The governors were informed that the auditing team has issued separate Letters of Representation to the Boards of both the College and the trading subsidiary company.

It was **Recommended** that the Board approves the Financial Statements 2009/10, the College Self Assessment Questionnaire (Regulatory Audit) and KPMG's Management Letter and that the Chair should sign the Letter of Representation.

318. RISK REGISTER UPDATE

The Risk Management Committee of the college had met during October 2010. Governors were informed that new risks had been added to identify safeguarding issues that have recently been found to be necessary.

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

319. TO AGREE THE ANNUAL REPORT OF THE AUDIT COMMITTEE 2009-10, TO THE BOARD OF THE CORPORATION

The members made a number of adjustments to the Annual Report and added that no issues had been raised under the Whistle Blowing or Fraud Policy of the college.

It was **Recommended** that the Board of the Corporation Receives the amended Annual Report of the Audit Committee 2009/10.

320. TO APPROVE AND RECEIVE THE FINANCIAL MANAGEMENT AND CONTROL EVALUATION QUESTIONNAIRE 2009/10

The Committee was presented with the completed document and this was noted. Taking into account the evidence available to the college the self assessed grade had been set at outstanding in line with the recent LSC/ PFA audit/ inspection during April 2009.

It was **Resolved** that the FMCE be approved and that Paul Bayliss be authorised to submit this to the Skills Funding Agency

321. ANY OTHER BUSINESS

There was no other business.

322. DATE OF NEXT MEETING

16th February 2011 at 4.00 pm

Chair

Date