

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
8TH JUNE 2010

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

IN ATTENDANCE: David Law (Principal)
Paul Bayliss (Director of Finance)
John Fowl (Clerk to the Corporation)
Joanne Saward (Minuting Secretary)
Bill Lumsden (KPMG)
Andy Argyle (KPMG)
Jonathan Cope (Macintyre Hudson)
Janice Maclean

295. TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Ray Joy and Jonathan Swan.

296. TO DECLARE IN ADVANCE ANY CONFIDENTIAL ITEMS

There were no confidential items notified.

297. DECLARATIONS OF INTEREST

There were no declarations of interest notified.

298. TO MEET AUDITORS WITHOUT MANAGEMENT PRESENT

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

299. TO APPROVE THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 9TH FEBRUARY 2010

The minutes were approved.

300. MATTERS ARISING

299.1

Paul Bayliss informed the Committee that the new payroll system had been operational from 1st April 2010 but that the old system had been running parallel as a safeguard. All college staff had been paid on time.

299.2

The Capital Grant regarding Dovedale Nursery was expected to be paid shortly.

301. TO RECEIVE THE REPORT OF THE INTERNAL AUDIT SERVICE 2009/10 (REPORT 2)

Jonathan Cope informed the Committee that Lisa Waghorn had married and her name had changed to Lisa Barling.

Members were advised of the areas that had been covered by the audit report and noted that Corporate Governance and Risk Management were mandatory items for the Internal Audit Service to review each year.

There had been a partial review of Corporate Governance and this was considered 'good' and no auditor recommendations had been made. Jonathan Cope confirmed that all previous recommendations had been implemented.

The procedures for Risk Management were also considered 'good' with one low level recommendation to introduce a timeline for the creation of the Risk Reduction Action Plan to be included on the intranet.

The procedures associated with Space Management were also judged as 'good' with one medium level recommendation in respect of Summer Works being accepted by the management of the college.

The auditors had reviewed the Use of Computer Systems in the College and had graded this as 'adequate' with one low level and one medium level recommendation being made. The management of the college had however not agreed with the medium level recommendation and the Internal Audit Service had agreed to withdraw this from the report. The college was considering how best to obtain user feedback in respect of the college computer systems.

The catering function serving the students and staff refectories were judged as 'adequate' overall. The refectory was achieving a gross profit margin of 50% and the college has moved from a cashless system to a dual system accepting both cash and prepaid card. This change has seen an increase in turnover to the college refectories. No recommendations were made by the auditors.

In reviewing the recommendations made in previous years by the auditors it was noted that the recommendations regarding the new payroll system would be revisited by the auditors during their next visit as will the recommendations regarding staff utilisation. Jonathan Cope drew the attention of the governors to the new layout for the Internal Audit Service reports using a red, amber, green system to highlight the weak, adequate and good grades.

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

302. RISK REGISTER UPDATE

Members were informed that the college Risk Management Committee met at least once per term to review the Risk Register. Members noted that no risks had been removed from the register. Governors were reminded that they are able to access more details on each of the risks listed via the college intranet. The emerging risks of Safeguarding, Work Based Learning (safeguarding and equality & diversity issues) and the effects on the college of the removal of various quangos were considered.

It was **Resolved** that version 24 of the college Risk Register be received.

303. REVIEW OF RISK MANAGEMENT POLICY AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

In reviewing the Risk Management Policy members noted that the main updates were to do with changes to job titles following the retirement of Willis Field.

Members considered the Terms of Reference for the Risk Management Committee and agreed that no changes were required.

It was **Recommended** that the Board of the Corporation Approves the College Risk Management Policy and Risk Management Committee Terms of Reference at their meeting in July 2010.

304. INTERNAL AUDIT SERVICE AUDIT NEEDS ASSESSMENT AND PLANS 2010/11- 2012/13

Members received the proposed Three Year Internal Audit Service Plan. It was noted that Corporate Governance and Risk Management were a mandatory item for each year's audit. The other areas to be considered and proposed had been identified in conjunction with college management. Governors noted and approved the areas to be audited in the Three Year Plan which will include core financial controls and the new subsidiary company of Chelmsford Training Services Ltd and Dovedale Nursery in 2010/11. It was confirmed that the Audit Committee or the college management could request changes to the Three Year Plan at any time during that period.

Jonathan Cope explained how the Internal Audit Service prioritised each of the 36 areas identified in the plan. The view of management was that the plan addressed the key risks identified by the Senior Leadership Team. For the year 2010/11 the plan provided for 210 hours at a cost of £15, 335.

It was **Resolved** that the Internal Audit Service 3 Year Plan be approved

305. TO RECEIVE THE FINANCIAL STATEMENTS AUDIT STRATEGY AND PLANNING MEMORANDUM

Andy Argyle of KPMG introduced himself and provided the committee with a brief outline of his past experience. It was noted that he will lead the audit service for the college with Bill Lumsden continuing as in previous years.

Bill Lumsden drew the attention of the governors to the work undertaken by KPMG on the college Individual Learner Record but expressed the view that this would not impact on their independence in respect of auditing the Financial Statements.

The auditor will review financial performance and the plan for the coming year set out how they intended to approach the audit of each area identified. It was noted that 2010/11 will be the first year where subsidiary companies are to be part of the audit work.

Attention was drawn to the Further Education Machinery of Governance Changes which KPMG feels provided a good resume of the areas the auditor should concentrate on. Members were informed that the International Financial Reporting Standards (IFRS) had still to be introduced and their implementation was not expected before 2013/14.

It was **Resolved** that the Financial Statements Audit Plan for 2010/11 be approved

(The auditors withdrew at this point.)

306. TO CONSIDER THE APPOINTMENT OF THE FINANCIAL STATEMENTS AUDITORS 2010-11

Paul Bayliss informed the Committee that the college was satisfied with the work of KPMG and that he would be happy for the Board to reappoint them for a further year.

It was **Recommended** that the Board of the Corporation reappoint KPMG as Financial Statements Auditors for the college for the year 2010/11

307. TO CONSIDER THE APPOINTMENT OF INTERNAL AUDIT SERVICE 2010-11

Paul Bayliss informed the Committee that the college was satisfied with the work of MacIntyre Hudson and that he would be pleased for them to continue as the Internal Audit Service provider for the year ahead.

It was **Recommended** that the Board of the Corporation reappoint MacIntyre Hudson as the Internal Audit Service provider for the year 2010/11.

308. ANY OTHER BUSINESS

There was no other business.

309. DATE OF NEXT MEETING

23rd November 2010 at 3.00 pm

Chair

Date