

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
10TH FEBRUARY 2009

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

IN ATTENDANCE: David Law (Principal)
Paul Bayliss (Director of Finance)
John Fowl (Clerk to the Corporation)
Joanne Saward (Minuting Secretary)
Jonathan Cope (Macintyre Hudson)
Sue Oliver (Macintyre Hudson)

249. TO RECEIVE APOLOGIES FOR ABSENCE

Members were advised that Jonathan Swan had requested to join the Audit Committee but work commitments had prevented his attendance today. Other apologies were received from Willis Field and Bill Lumsden (KPMG).

250. DECLARE ANY CONFIDENTIAL ITEMS

There were no confidential items notified.

251. DECLARATIONS OF INTEREST

There were no declarations of interest notified.

252. TO MEET WITH THE AUDITORS WITHOUT MANAGEMENT PRESENT

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

253. TO APPROVE THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD
25TH NOVEMBER 2008

The minutes were approved.

254. MATTERS ARISING

254.1 Writtle College

It was confirmed that the funds due from the LSC had now been fully refunded and this had been reported to the Board of the Corporation at its December meeting.

254.2 Internal Audit Report Service report format.

Having given consideration to the two formats generally used by the internal audit service it had been agreed to adopt the format as now presented to the committee as this was considered easier internally for the college.

254.3 Financial management

Members of the committee were informed of the significant reductions in the Bank of England's base rate had reduced the income generated from the college's investments significantly and the income projected in the budget would as a consequence be lower.

255. INTERNAL AUDIT REPORT

Sue Oliver confirmed that the internal auditors had inspected Corporate Governance, Risk Management, Other Income – Nursery Income, Suppliers & Estate Management and Maintenance.

Corporate Governance

This had been a partial review at this stage of the year and a range of governance procedures had been reviewed by the audit staff. The overall assessment was deemed to be 'Adequate'. Members were informed that once the governors' expenses procedure had been included within the College Financial Regulations this assessment would be graded 'Good'.

Risk Management

Members were advised that the Risk Management procedures had not changed since the last visit of the auditors. The three earlier recommendations made by the audit service had now been actioned which enabled them to give a grading of 'Good' for Risk Management.

Nursery Income

This had been graded as 'Adequate'.

The overall procedures were considered 'Good' but two recommendations made in respect of invoicing and recording of sales affected the grading. Both recommendations had been accepted by the management and action taken. Members of the committee reminded the internal auditors that it had been agreed that future reports should set a specific date for implementation of the recommendations rather than stating 'within six months'. This was accepted by the auditors and would occur in future reports.

Suppliers

The procedures were graded as 'Adequate'.

The auditors had made three recommendations these being to document procedures for use of the government procurement cards, provide formal training for users of the cards, in procurement and value for money and finally to produce a written returns policy to direct users in how to handle returned goods. Paul Bayliss explained that all users of the government procurement cards had to sign that they are aware of the College procedures in respect of their use. The cards are tightly controlled and most have an upper credit limit of £500 with specific categories of use being barred.

Estate Management and Maintenance Plan

The auditors considered this area of college operations well managed and was therefore graded 'Good'. The auditors had suggested a low priority recommendation for the college to consider, this being to establish a financial buffer for unforeseen emergency works. A high priority recommendation had been put suggested, for the College to review and prioritise the five year maintenance plan at the PF&GP Committee to ensure that the planned works were in line with the budget and having due consideration to the proposed relocation of the college

and the building of new accommodation. It was agreed that the review of the five year plan would be added to the agenda of the PF&GP Committee taking place on 3rd March 2009.

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

256. RISK REGISTER UPDATE

The College Risk Management Committee had been convened during week ending 30th January 2009. A copy of the revised Risk Register that had resulted from that meeting was circulated to members of the Audit Committee for information. Governors were informed that the college phone system had been “hacked” into and the ‘hackers’ had diverted their calls to premium numbers. This had resulted in a very small loss of approximately £200 to the college. The telephone system suppliers, Siemans, were resolving the problem for the college.

It was noted that the Risk Register and Risk Reduction Action Plans were now published on the college intranet for all staff and governors to view.

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

257. ANY OTHER BUSINESS

There was no other business.

258. DATE OF NEXT MEETING

The next meeting will take place on the 9th June 2009 at 3:00pm

Chair

Date