

**CHELMSFORD COLLEGE  
AUDIT COMMITTEE  
1 March 2022**

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**Minutes**

Minutes of a Meeting of the Committee held in the Committee Room, Moulsham Street Campus, Chelmsford and via video conferencing through MS Teams on Tuesday 1 March 2022 at 4.30 pm.

**PRESENT:** Jenny Beaumont (Chair)  
Janet Church (Staff Governor)  
Trevor Bolton  
Richard Davidson \*  
Jaya Patten \*  
Doug Zeeman \*

**IN ATTENDANCE:** Andy Sparks (Principal)  
Debs Hurst (Deputy Principal, Finance & Corporate Services)  
Debbie Garroway (Vice Principal Curriculum & Quality)  
Mark Emerson (Director of Information Services)  
Paul Goddard (Scrutton Bland, IAS) \*  
Alice Walker (Scrutton Bland, IAS) \*  
Gary Miller (Price Bailey, external auditor) \*  
Rob Millea (Clerk to the Corporation)  
Phoebe Fuhr (Assistant to Debs Hurst)

\*Denotes attendees via MS Teams: all others present in person

**697. APOLOGIES FOR ABSENCE AND WELCOME TO NEW MEMBER**

Apologies for absence were received from Susan Hughes.

The Clerk advised that, for personal reasons, Susan Hughes has requested leave of absence as a governor until the end of this academic year. A resolution to approve leave of absence for Susan will be put to the Board at its Meeting on 25 March 2022.

The Chair welcomed Gary Miller, Paul Goddard and Alice Walker to the Meeting.

The Chair also welcomed Janet Church (Staff Governor) to the Committee and Phoebe Fuhr (Executive Assistant), who is attending as part of her Professional Development.

## **698. DECLARATIONS OF INTERESTS AND CONFIDENTIAL ITEMS**

The Clerk declared his interest as Company Secretary of Essex Shared Services Limited.

Price Bailey declared their interest as external auditors of South Essex College and Essex Shared Services Limited. Price Bailey also declared the interest of Paul Bartlett, senior manager on the Chelmsford College assignment, who is a Member of the Board and Chair of the Audit Committee at Harlow College. In this regard, Price Bailey have signed a non-disclosure Agreement.

Scrutton Bland declared their interest as Internal Auditors of South Essex College and Essex Shared Services Limited.

The Committee noted that the Principal is a Director of Essex Shared Services Limited.

Debs Hurst declared her interest as a Members' Representative on the Essex LGPS Pension Advisory Board.

Trevor Bolton declared his interest as non-executive Chair of Navitas UK Holdings Limited, which company runs a number of embedded Colleges within universities offering foundation level courses (Access equivalent).

**The Clerk advised that Agenda item 10 (Performance Review of internal and external auditors for 2020/21) is a Confidential item.** A separate minute has been prepared for this item and is attached to these minutes.

## **699. URGENT BUSINESS**

There were no items of Urgent Business.

## **700. MINUTES OF THE MEETING HELD ON 23 NOVEMBER 2021**

The Minutes of the meeting held on Tuesday 23 November 2021 were **APPROVED** and **SIGNED** by the Chair of the Meeting.

## **701. MATTERS ARISING**

The Clerk **PRESENTED** a Paper outlining Matters Arising from the previous Meeting of the Committee on 23 November 2021, noting the Actions taken as a result.

*Approved by the Board on 10 December 2021 on the recommendation of this Committee*

- Annual Report & Accounts for the College Group and Dovedale Nursery CIC for the year ended 31 July 2021
- Going concern Report
- Annual Data Protection Report 2020/21
- Annual Report of the Audit Committee 2020/21
- Terms of Reference of the Audit Committee (annual renewal)

*Other matters:*

- The accounts of ESS Limited for the year ended 31 July 2021 have completed and signed off by the auditors.
- GDPR update training has been completed by all governors

At the request of the Chair, Mark Emerson briefly reported on the Cyber Security internal audit which was conducted last week by Scrutton Bland. The final report will be issued next week once the detail of the report has been agreed between Scrutton Bland and College Management. The final document will come to the next Meeting of this Committee in June.

Mark said that the Report is positive – the points raised were around policies not processes. There were no surprises. Paul Goddard agreed but did mention third party access to systems as a key risk to be managed.

Debs Hurst confirmed that cyber security will always be on the Risk Register as an AMBER risk.

All other Matters Arising are dealt with elsewhere within this Agenda.

## **702. RISK MANAGEMENT REPORT**

This Report was **PRESENTED** by the Deputy Principal, Finance & Corporate Services, comprising Risk Dartboard, and up to date Risk Register.

### **702.1 Risk Register and Dartboard**

The College Risk Register, recently updated, was considered by the Committee. There are currently 31 key risks made up of 4 RED risks, 16 AMBER and 11 GREEN.

There are four RED risks:

- T Level capacity – more management capacity and an expert in implementation is required to meet learner expectations
- Staff Recruitment – still a challenge in some areas
- Functional Skills quality improvement – an Intervention Plan is in place which was discussed by the Quality & Learners Committee at their Meeting on 9 November 2021
- Virus protection measures – the College follows Government guidelines for educational establishments

In addition, T Level equipment is a reduced risk to GREEN following receipt of £150K for capital equipment (engineering and childcare). Similarly, LSA terms and conditions has now reduced to an AMBER risk following a proposal to transfer hourly paid contracts to permanent salaried contracts. It is felt that 80% of such staff will opt to move to a salary basis.

Furthermore, there are five AMBER risks in respect of curriculum areas in Intervention – these were discussed in detail at the Quality & Learners Committee Meeting on 22 February at which meeting the responsible CAMs attended to inform the Committee of the situation in each area and the intervention actions being taken.

Safeguarding is now back on the dartboard to reflect emerging extremism.

The Register now includes assurances available to mitigate risks (external and internal) leading to a final judgement as to the Residual Risk for each item.

### Governor Questions

Trevor Bolton asked if splitting some jobs into two 0.5 jobs might help in recruiting to vacant positions. Debs Hurst said we are reviewing all options and recruitment options are under constant review. With regard to flexible working with some positions it is not possible to have staff working at home as they need to be in College to provide a full-time face to face presence for students.

Paul Goddard suggested using LinkedIn as a mechanism for recruitment – Debs Hurst agreed and mentioned that there is a relationship with Indeed which has helped in recruitment.

**ACTION: DPFCS**

Richard Davidson was not clear why one T Level risk has moved to GREEN and one has moved to RED. Debs Hurst responded saying that one risk

relates to staff capacity to deliver T Levels and the other relates to having sufficient resources to deliver T Levels, which has slightly improved. There was a brief discussion on why the College's T Level capital bid was unsuccessful. The reasons for this are still being pursued through the local MP for Chelmsford. It is unlikely that this will be fruitful as Chelmsford is considered not to be an area of deprivation.

The Chair asked about the progress in finding placements for Work experience for students. Although it is noted as a GREEN risk there is a new focus from January 2022 and progress will be monitored. The Chair further asked about staff morale given the T Level implementation and Debbie Garroway said that training sessions have been held for staff and these have been very positively received.

Debs Hurst reported that partial handover of the new Construction Centre occurred last week. The Centre is very nearly finished and all seems to be going well as regards the final completion items. SELEP has paid the final instalment of their grant towards the construction.

Trevor Bolton requested that the wording relating to Risks 4 and 5 on the Register be made more robust. This was agreed.

The Committee **RECEIVED** the Report.

## **702.2. Bad Debt Report**

The DPFCS discussed the written Report, for consideration by the Committee.

The Report noted the following:

- Circumstances where customers are invoiced for fees
- Invoicing to ECC for High Needs income
- Invoicing to users for rental of space
- Fees to Nursery users
- Debt management is not a risk on the risk register
- Provisions for bad debts were made in the 2021 accounts - £11.8K for the College and £24.6K for the Nursery on a prudent basis
- The DPFCS reviews the debt position monthly
- There is no history of bad debts in the College

The current debt position was explained. The College is awaiting settlement of a long outstanding debt amounting to £11.8K. There is no indication that the company will not pay but it is dependent on their apprentices all completing their courses.

The Nursery long overdue debts (121 days+) amount to £13K, which is £11K less than the July 2021 provision. The continuing efforts to recover the debt were discussed.

The position was **NOTED**.

### **702.3 Business Continuity and Disaster Management update**

The Principal gave a verbal update.

The Committee were reminded that Crisis Management Meetings are normally held once per term, but, due to the COVID-19 pandemic, such Meetings have been held more frequently and this continues.

Management confirmed that a Detailed Action Plan is in place to manage Critical incidents, including COVID, and it is regularly reviewed. The College has implemented the Government 'Living with COVID' guidance, which has recently been issued following the relaxation of COVID restrictions.

Staff have been advised that staff and students, who have tested positive for COVID, are asked to stay at home for five days until they have recovered.

A Critical Incident alarm test during the day is to be done at Princes Road in the final term this year to complete the normal incident alert testing cycle.

Otherwise, key risks of a critical nature are covered in the Risk Register and Dartboard above.

The Committee **NOTED** the Report.

### **703. INTERNAL AUDIT**

#### **703.1 Internal Audit Completed Report 2021/22**

A final Audit Report on Risk Management relating to the 2021/22 year was tabled for review and scrutiny by the Committee:

In respect of **Risk Management**, the scope of the audit was to confirm that the College's Risk Register appropriately describes the risks to which the College is exposed, that the risks are effectively assessed and controls in place to mitigate these risks have been properly identified and recorded.

The Report gave **significant** assurance with **no** recommendations being raised.

**Four value added points** were raised:

- Consider reviewing the current use of confidence scoring within the risk register
- Consider introduction of a target risk score within the Register to reflect the expected impact of management actions
- Consider adopting a Board Assurance Framework to identify the assurances available to the College
- Consider identifying and recording key external and internal sources of assurance relating to individual risks

In response to Scrutton Bland's suggestion, Debs Hurst commented on the 'target risk score' idea. This will be discussed by SMT to see if it is a viable proposal and would enhance the risk management process overall. It is likely that it might be most useful for RED risks.

It was agreed, on the suggestion of Debs Hurst, that it would be useful to revisit the Board's assessment of its Risk Appetite (last done in 2019).

The Principal mentioned that the Board needs to consider how the College may grow (and consolidate its existing provision), which might require more risk to be taken than the Board's current risk averse practice, so a review of Risk Appetite would be critical to this as part of the College's strategic future.

**ACTION: DPFCS**

Jaya Patten asked whether College staff fully understand and embrace risk.

Alice Walker of Scrutton Bland said her conversations with department heads and curriculum left her in no doubt that risk assessment and management is a key element in weekly management meetings and in their own processes so that staff can effectively be the 'first line of defence'. The Committee were reassured that the same culture exists across the College, and it is well embedded.

The Principal suggested a staff survey to plot their risk experience and understanding – this would be useful feedback from them for the Committee.

**ACTION: DPFCS**

Janet Church said that, in her experience in College, managers are aware of risk factors and they are regularly reported through to senior

management. She felt that staff have a clear view of the College's commitment to managing risk and their role in the process.

### **703.2 Internal Audit Progress Report 2021/22**

Scrutton Bland gave a written update of progress so far with year's audit assignments, which the Committee noted. Risk Management has been completed (see 703.1 above). Cyber Security is under way and Estates Management is scheduled for April.

The two ESS audits for this year (Payroll and Fixed Assets) will be conducted at the end of March and reported to their Board at the end of May.

Reports on the planned audits noted above (College and ESS) will be brought to the June Meeting of the Committee.

The Report was **RECEIVED**.

### **704. PREVIOUS AUDIT RECOMMENDATIONS**

The Committee **RECEIVED** a written summary of previous recommendations and actions taken from the DPFCS, noting that two previous audit actions have been completed (Tender waivers and purchase card approvals).

Two recommendations relate to ESS processes (procurement tracker and central contracts register) are being followed up with them and will be reported back to the next Meeting. It was noted that the ESS Board will discuss these two points at their Board Meeting next Monday.

#### **ACTION: DPFCS**

The Committee **NOTED** the Report.

### **705. FINANCIAL REGULATIONS**

The DPFCS discussed the updated document, which has been subject to annual review. There are no substantive changes – merely amendments relating titles of senior post holders.

The Committee **RECEIVED** the Report and **RECOMMENDED** that they be approved by the Board on 25 March 2022.

### **706. COMMITTEE MATTERS**



**The internal and external auditors left the Meeting at this point (5.50pm).**

Performance Review of the internal and external auditors for 2020/21

*The Committee discussion of this matter was deemed confidential and a separate minute has been prepared in this regard, which is attached to these Minutes.*

Appointment of external auditors for 2021/22 and internal auditors for 2022/23

The Committee **RECOMMENDED** to the Board at its Meeting on 25 March 2022 that Price Bailey be confirmed as external auditor for the current financial year and that Scrutton Bland be appointed internal auditor for 2022/23.

**ACTION : CLERK**

#### **707. ANY OTHER BUSINESS**

The Principal provided an update on recent FEC/ESFA discussions pertaining to the Strategic Options Appraisal, as follows:

- Comprehensive information regarding the College was provided to the FEC and ESFA
- Interviews on site by the FEC were held on 8 February with governors and SMT members
- FEC have surveyed stakeholder feedback
- Offsite day took place in London on 24 February at the DfE between FEC/ESFA
- There will be a meeting on Thursday 3 March with the Principal on their initial findings
- There will be a paper to Board on 25 March with a presentation from the FEC at that meeting
- There will be a special governor meeting on 30 March at 5.00 pm to discuss options arising from the FEC Report

The process has gone well so far and the Principal felt there was good engagement and interest from the FEC/ESFA teams.

There were no other items of AOB.

#### **708. DATE OF NEXT MEETING**

Tuesday 21 June 2022 at 4.30 pm.

There being no further business, the Meeting terminated at 6.15 pm.

Signed.....Dated.....