

**CHELMSFORD COLLEGE  
AUDIT COMMITTEE  
2 March 2021**

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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 2 March 2021 at 4.30 pm.

**PRESENT:** Jenny Beaumont (Chair)  
Trevor Bolton  
Susan Hughes  
Amanda Montague (from 5.00 pm)  
Jaya Patten  
Julie Williams  
Doug Zeeman

**IN ATTENDANCE:** Andy Sparks (Principal)  
Caroline Williams (Deputy Principal)  
Debs Hurst (Vice Principal, Finance & Corporate Services)  
Mark Emerson (Director of Information Services)  
Paul Goddard (Scrutton Bland, IAS)  
Carl Bullen (Scrutton Bland, IAS)  
Emma Larcombe (KPMG, external auditor)  
Rob Millea (Clerk to the Corporation)

*The Principal and the Clerk attended the Meeting in person and all other participants attended via MS Teams.*

*The Chair acknowledged the contribution of Susan Hughes as the previous Chair which the Committee endorsed.*

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

There were no apologies for absence.

**662. DECLARATIONS OF INTERESTS AND CONFIDENTIAL ITEMS**

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

KPMG declared their interest as external auditors of South Essex College and Essex Shared Services Limited.

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.

**No Confidential items were notified, but it was agreed that the internal and external auditors will leave the Meeting before item 10 – Committee Matters.**

### **663. URGENT BUSINESS**

The VPFCS introduced an item of Urgent Business. The College is preparing a bid to the Government's Capital Transformation Fund in order to update the following College facilities (category C assets):

- The Learning Resource Centres at both Moulsham Street and Princes Road
- Creating a more inviting space for IAG in Reception at Moulsham Street and release a classroom
- Divide the Administration Room and create more office space for Apprenticeship Support

Overall cost of this work would be in the region of £1.5million, which would include matched funding, up to 50% maximum. It is recognised that Colleges will struggle to meet a 50% match funding target and the work will be phased over three years.

A Consultant is working with the College to develop the bid. It is important that the College reinvest to attract more students.

The Committee gave their approval in principle, noting that the final bid requires Board Approval. The Quality & Learners Committee have been informed and also gave their approval in principle.

The Budget working group plus the two Committee Chairs and the Principal will be provided with final Bid before 15 March (when it is due for submission) for review. (Note the submission date was extended to 22<sup>nd</sup> March post the Audit Committee) The final decision will not be given until September this year following a second stage bid process.

The full Board will be updated on 26 March 2021.

The Committee **APPROVED** proceeding with the bid in principle.

## **664. MINUTES OF THE MEETING HELD ON 17 NOVEMBER 2020**

The Minutes of the meeting held on Tuesday 17 November 2020 were **APPROVED** and will be **SIGNED** by the Chair of the Meeting, when possible.

## **665. MATTERS ARISING**

The Clerk **PRESENTED** a Paper outlining Matters Arising from the previous Meeting of the Committee on 17 November 2020, noting the Actions taken as a result.

The Committee **NOTED** that the full Board, at its Meeting on 4 December 2020, had approved the revised Financial Regulations and Appendices, Risk Management Policy, Health & Safety Annual Report 2019/20, Annual Data Protection Report 2019/20, Annual Report of the Audit Committee 2019/20 and the Committee's Terms of Reference.

The Committee **NOTED** that the full Board, at the Special Meeting on 21 January 2021, had approved the College Group and Dovedale Nursery CIC Annual Report & Accounts 2019/20 (now signed by KPMG) and the Going Concern Report.

In addition, the Board had received at its Special Meeting the draft 2019/20 Accounts for Essex Shared Services Limited and the final KPMG Audit Highlights Memorandum.

As requested, the Clerk **CONFIRMED** that he has provided confidential feedback to Management on the Meeting with the Auditors privately, which took place at the last Meeting of the Committee.

He also **CONFIRMED** that the completed Supplementary Regularity Questionnaire (COVID-19) had been submitted to KPMG as regularity auditor.

The VPFCS informed the Committee regarding appointment of new **General Manager for ESS Limited**, following the departure of the previous interim Manager by mutual agreement. South Essex College intends to appoint a Finance Director (a role for SEC only) and, once that is finalised, there will then be appointed an operational Manager for ESS. Meanwhile, two ESS staff are monitoring matters under the scrutiny of Anthony McGarel (SEC) and the VPFCS pending the appointment noted above. The appointee will be titled Head of Shared Services. The appointment is not likely to be for a couple of months. The VPFCS assured the Committee that there is no risk to either SEC or CC in the meantime in the delivery of the shared service to each client.

The Chair of the Corporation has requested that the internal auditors consider and advise on which entities/organisations should be regarded, in accordance with the law and accounting standards, as **related parties** and therefore described as such in the Annual Report & Accounts. The Chair was unclear whether the current disclosure (insisted by KPMG in the 2019/20 accounts) is accurate/correct. This review is to be done in time for the accounts for the year ended 31 July 2021.

The Committee **AGREED** to request that Scrutton Bland carry out this review. Paul Goddard said that they have the expertise for this work and are happy to carry it out.

Emma Larcombe of KPMG commented that the regulator is more vigilant about the issue of related parties and this spurred the disclosure.

### **ACTION: VPFCS**

In response to the Chair (minute **654.1** refers), Mark Emerson stated that it is not considered necessary at present to appoint a third person in the College with GDPR responsibilities to mitigate the risk of the DPO and his deputy being absent. Mark said that informal support and consultation is available from other local Colleges. Trevor Bolton was very supportive of the collaborative idea with other Colleges as he felt that the sharing of experiences was valuable. The Committee were content with this explanation and supportive of the consultation with other Colleges.

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

## **666. RISK MANAGEMENT REPORT**

This Report was **PRESENTED** by the Vice Principal, Finance & Corporate Services, comprising Risk Dartboard, and up to date Risk Register, together with a COVID-19 update.

### **666.1 Risk Register and Dartboard**

The College Risk Register, recently updated, was considered by the Committee. There are currently 25 key risks made up of 3 RED risks, 13 AMBER and 9 GREEN.

The Government announcement of College's to return to on-site teaching was announced last week and will take place on 8 March. The re-opening will aim towards 50% face to face learning and will involve lateral flow testing for students. In order to cope with the volume of testing, the College will need to phase the return of students.

The Committee noted that Colleges will have the discretion on how to bring adults into College face to face assuming it is safe to do so.

After that integration, students will be provided with tests to use each week at home (two per week). Testing is voluntary.

The College will further strengthen protective measures – social distancing, face coverings in classroom settings.

It is intended to update the College risk assessment and adjust the risk register as necessary at the next iteration for the Board on 26 March 2021.

The GREEN risks are shown on the register but only three (terrorism alert level, new construction centre, going concern) are on the dartboard and these three risks have been assessed as GREEN having been AMBER in the previous iteration.

The Risk Register is primarily COVID-19 based either directly (e.g., virus protection measures, IT infrastructure for teachers, learner capacity on campus) or indirectly (IT for students, staff and learners' mental health, staff health).

There are three RED risks:

- Virus protection measures
- Learner capacity on campus
- IT infrastructure for teachers

The Report explained these risks in more detail.

The Committee were also informed that the Deputy Principal and the VPFCS have further developed a specific risk dartboard for Curriculum Areas which was shared with the Quality & Learners Committee at its Meeting last week. This is reflected in the minutes of that Committee and demonstrates the specific issues in each curriculum area on a more detailed basis.

The Principal commented that the proposed return of students to College on 8 March will be very welcome, especially in helping those students who need experience for practical studies. He also stated that Government announcements on exams have not been particularly helpful as it will reduce the number of weeks of face-to-face study that can be offered between now and the end of this academic year.

The VPFCS provided a brief update on progress regarding the New Construction Centre at Princes Road, which is planned to be ready for use

at the end of 2021. This timetable will allow the cash flow requirements to be spread over the next two financial years.

The VPFCS also commented that, at present, this year's outturn should be around break even, as budgeted.

Paul Goddard commented on the College risk register and the management of risk in the College related to his observations at other Colleges, where his firm is involved. In his view, the College is exemplary in this area and have addressed the challenges of the pandemic and lockdown very effectively. The Committee was pleased with this positive feedback and the added assurance it provided.

The Chair was pleased to see that, following the EAL visit on 29 January, all learners from last year are expected to be certified and that therefore the risk previously recorded in this respect had now been deleted.

The Committee **NOTED** the points made on these risks in the Report and the verbal comments made by Management.

The Committee were reminded that review of the Risk Register is a standard agenda item at regular SMT Meetings and is therefore scrutinised on a continual basis.

The Committee **RECEIVED** the Report.

## **666.2 COVID-19 Update (BUSINESS CONTINUITY AND DISASTER MANAGEMENT)**

The Committee **RECEIVED** a verbal Report from the VPFCS on the above topic. The Committee were reminded that Crisis Management Meetings are normally held once per term, but, due to the COVID-19 pandemic and the imposition of Lockdown3 since the New Year, such Meetings have been held more frequently and continue to be so.

## **667. INTERNAL AUDIT**

### **667.1 Internal Audit Completed Report 2020/21**

One final Audit Report relating to the 2020/21 year regarding Curriculum Planning (COVID 19 supplement delivery and oversight) was tabled, the work having been carried out in December.

The assurance given in the Report was **strong** (the highest level). No recommendations were raised.

One **value added point** was noted – although individual curriculum planning documents exist there is not central curriculum planning guide. The Deputy Principal has agreed to draft a procedural guide and flowchart.

The internal auditors told the Committee that they had inspected a considerable amount of evidence and that the scope of the audit work was adjusted to focus on COVID 19 delivery of the curriculum as the FE Commissioner had looked thoroughly at Curriculum Planning generally.

The evidence included internal and external input to the process, the preparation and structure of the Plan plus the effectiveness of the governance of curriculum planning and approval.

Trevor Bolton said this is an excellent report and gives a lot of assurance to governors. The Deputy Principal was pleased to receive such a positive report which gave staff confidence in what they are doing and reflected their commitment and achievements in a very challenging environment, which could not have been predicted.

The Report was **RECEIVED**.

## **667.2 Internal Audit Progress Report 2020/21**

Scrutton Bland gave a brief update of progress so far with this year's audit assignments, which the Committee noted. The Teacher Pension Contributions review and the Curriculum Planning Audit have been completed and submitted to the Committee.

The Human Resources audit has been split between Recruitment during the pandemic and Mandatory Training. The Recruitment Audit is planned for later February and Mandatory Training late April and will be reported at the June Meeting of the Committee.

The two planned ESS audits are yet to be done - Procurement is planned for May and End of Year accounts preparation process, including general ledger reconciliations, is planned for July. The Procurement audit will be reported in June and the end of year audit will be reported in November.

## **668. Outstanding Audit Recommendations**

The Committee **RECEIVED** a summary of previous recommendations and actions taken. The VPFC spoke to the items listed.

Six recommendations were itemised, and these are ongoing and deadline dates are noted with which the Committee **AGREED**. In each case,

actions are in hand. It was noted that, due to the pandemic and Lockdown3, five recommendations have had their deadlines extended.

The Committee acknowledged that these recommendations are MEDIUM risk items and extending the deadlines is not critical in risk terms.

These recommendations relate to ESS payroll, GDPR training and data impact assessments and Health & Safety. Regarding the latter, it was noted that Steve Hope (H&S Director) is to give a presentation on Health & Safety issues at the Board Meeting on 26 March 2021.

Trevor Bolton asked if the Clerk could check that all governors have completed GDPR training and follow up if not.

**ACTION: CLERK**

In response to Amanda Montague, the Deputy Principal explained the system for ensuring GDPR training is kept up to date both for new staff and existing staff (induction training and refresher training), both face to face and remotely.

The Committee noted that a quarterly monitoring check is being carried out on all areas that require H&S risk assessments to be displayed and remedial action taken if required.

The Principal said that the College COVID-19 risk assessment (College wide) is being refreshed and revised, given the imminent return of students, and the timetable announced by Government for the relaxation of the current restrictions.

The Committee otherwise **NOTED** the Report.

## **669. ANNUAL SUMMARY ILR REPORT**

At the request of the Committee at its last Meeting, Mark Emerson (Director of Information Services) gave a presentation on the College's processes for collating student details, attendance and achievement in order to support the College's overall ILR Report, which is submitted to the ESFA and, among other things, supports the College's funding claims.

It was agreed that the slides used by Mark will be placed on the Governors' portal for information of the whole Board. In addition, on the suggestion of the Principal, it was agreed that it would be useful for Mark to give a presentation for all Board Members in the future especially focusing on the relationship of accurate returns to the determination of our allocation of funding.

The presentation at this Meeting focused on the following questions:



How can the Committee gain assurance regarding the quality and accuracy of our ILR returns?

What is the ILR?

What is it used for?

How does the College ensure the accuracy of the ILR?

What is the compliance position of the College as expressed in regular Current Funding Monitoring Reports. These Reports were described in summary form.

Mark Emerson said that the College is performing very well against the funding agency's criteria with a very low number of queries/errors which this year are even lower than last year, which was very low.

Amanda Montague said that the error rate is phenomenally low and is to be commended – the Committee concurred.

Trevor Bolton recognised that there was a huge amount of data involved and enquired as to how efficient are the systems used. Mark Emerson responded saying the College has bespoke systems in place which have been developed over many years. They are high class, very reliable and integrated well with other College systems e.g., timetabling, enrolment processes, retention etc. Inspections and audits in the past have validated the systems as effective.

Mark was **THANKED** for his presentation.

***At this point, the internal and external auditors left the Meeting.***

## **670. COMMITTEE MATTERS**

Performance Review of the internal and external auditors 2019/20

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

Appointment of external auditors for 2020/21 and internal auditors for 2021/22

The Committee **AGREED** the appointment of Scrutton Bland as internal auditors for 2021/22.

The Committee noted that KPMG have been in post for five years following appointment in 2015. Their appointment was for three years commencing with the year ended 31 July 2016 and has been extended for two further years. In accordance with usual practice, the Committee **AGREED** that a tendering exercise should be undertaken to appoint an external auditor for the year ended 31 July 2021. This is already in hand through Procurement at ESS. A volunteer from the CC Audit Committee will be required to serve on the panel.

The tendering will be in partnership with South Essex College and Essex Shared Services Limited, as the appointee will be expected to act for all three entities. This action requires agreement from the SEC Audit Committee which meets after this week. Once they agree, KPMG will be informed.

The VPFCS stated that the tender will be put to firms outside the big 4 through the procurement framework (only KPMG is on the list). It is possible that a smaller firm would be keen to tender. Amanda Montague agreed with this approach and would be happy to extend the tender invitation further than this. The VPFCS said this would require a variation of the tender framework which would be difficult to arrange and take more time. There are twelve firms on the approved list.

**ACTION: VPFCS**

**671. ANY OTHER BUSINESS**

There were two items of AOB.

The VPFCS said that a Dovedale Nursery Ofsted inspection is likely to happen after Easter. It is long overdue and a fact-finding call was received from Ofsted on this subject yesterday.

In response to an enquiry by the Clerk, the Committee were content that the time for Meetings of the Committee for 2021/22 should remain at 4.30 pm.

**672. DATE OF NEXT MEETING**

Tuesday 22 June 2021 at 4.30 pm.

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

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