

CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
16th NOVEMBER 2015.

Present:

Jonathan Swan (Chair)
Ray Joy
Heather Clarke

In Attendance

Dan Harris (RSM/Baker Tilly)
Gary McLeod (KPMG)
Stephanie Beavis (KPMG)
Paul Goddard (Scrutton Bland)
Debs Hurst (Assistant Principal, Finance and Risk)
Peter Moore (Deputy Director of Finance)
Mark Emerson (Director of Information Services)
John Fowl (Clerk to the Corporation)

483. To Receive Apologies For Absence.

Apologies were received from Susan Hughes, Marie Kemp, Andy Sparks and Caroline Williams.

484. Declaration of Interests.

None.

485. To Meet Auditors Without Officers Present.

There were no matters under this item.

486. To Approve the Minutes of the Meeting Held on 16th March 2015.

The minutes were approved.

487. Matters Arising.

There were no matters arising.

488. Annual Report of the Internal Auditor (Scrutton Bland) 2014-15.

This was the final report from Scrutton Bland. It was felt that the College had made good progress in implementing the recommendations made by the auditor. The Fixed Assets procedure manual has been updated and the Financial Regulations will be updated in turn to bring the two documents in line. This will be done for the March meeting of the Committee. The Marketing Strategy will be produced and updated by the newly appointed Director of Business.

Funding Assurance Report.

The IAS found that the College has implemented robust processes to comply with the funding rules of the EFA and SFA and the IAS had given the area of operation a 'Strong Assurance' opinion. The one low level recommendation regarding tutorial hours has already been implemented.

Annual Reports.

Governors noted that a 'Green opinion had been given for the areas covered, these being;

Risk, Governance, Internal Control & Effectiveness, efficiency & economy.

The IAS was able to give a 'Strong' audit opinion with regard to the College

Financial Recovery Plan.

Significant Assurance was given in respect of Governance, Payroll, Risk Management and Value for Money, which were clearly reflective of the effort the College had made to improve in these areas.

No High Level recommendations had been made.

Essex Shared Services had been judged to give 'Reasonable Assurance' to the Board. Debs Hurst felt this was understandable as the company and processes were in the 1st year of operation and matters were still 'bedding in'.

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

489. Risk Management Update.

The Risk Register has been updated and the Chair complemented Debs Hurst on the quality of the data & format now in use for the Register and reports. The Risk Register highlighted the key risks as being Maths & English, Area Reviews and the comprehensive spending review expected in November. The Area Reviews may lead to some sort of merger or federation arrangement for the College going forward in the future. The College is currently working with both Harlow and South Essex Colleges to draw data together to inform this possible development.

Disposal of Beacon House has been considered by the Board but no firm decision has been made pending the outcome of the Area Reviews.

A Director of Curriculum has been appointed to oversee the programmes based at Princes Road and this post-holder will contribute to any review or restructure of the curriculum.

Debs Hurst outlined the possible impact of any further reduction in central funding and that she will produce a re-forecast once the spending review announcement is made.

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

490. Internal Audit Service Plan/Strategy for 2015/16 - 2017/18

Dan Harris presented the proposed plan and stressed that it would be limited due to the College requirement to limit the number of audit days. It would mean that the IAS could not offer a full assurance opinion. Governors will need to obtain such assurance from the 'Assurance map' that will be produced by Debs Hurst and the SLT.

Governors reviewed the Plan which proposed covering Commercial Development, Governance & Quality of Information, Board Assurance, Essex Shared Services and providing a Risk Workshop. It was noted that these could be undertaken to give a full assurance or to be advisory.

Members expressed their concern that the IAS was simply proposing to offer advice rather than a proper audit.

The Committee was informed that the number of days for the IAS work had been set out as part of the tender process. Debs Hurst undertook to look back at how the number of days had been arrived at and report to the next

meeting of the Committee with perhaps a revised plan for consideration. The current plan was considered to be unacceptable.

In the interim the Chair recommended that there should be a meeting between members of the Audit Committee, SLT including the Principal to identify the key areas for the IAS to look at during 2015-2016.

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

491. To Receive the Annual Report & Accounts.

a) Memorandum and Management Letter.

Stephanie Beavis set out the key audit issues for the Governors and their attention was drawn to the historic cost deficit that included FSR17 (pensions).

Three recommendations had been made and it was stressed that there needed to be close monitoring of the Chelmsford Training Services operation. KPMG pointed out how Essex Shared Services was being handled in the accounts for that subsidiary company. An unqualified opinion has been given for both subsidiary companies.

The College continues to prepare its accounts on a 'Going Concern' basis and the details are contained in the Financial Statements. It was noted that KPMG Actuaries have reviewed the valuation of the Essex CC pension fund and the assumptions used to produce the college accounts were deemed to be on the prudent end of what KPMG regard as an acceptable range.

Three medium recommendations had been made and all have been implemented.

There are no uncorrected audit differences or misstatements that have not been corrected.

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

b) Annual Report & Accounts.

The Consolidated Accounts for the College Group were received. It was confirmed that there was a need to refer to the College Prevent Strategy and the training already given to staff and Governors. The Chair commended the Finance team on the production of the accounts.

It was **Recommended** that the Board approves the Financial Statements for 2014-15, subject to the college being able to produce the accounts on a 'Going Concern' basis and the payment of 'Group Relief'.

492. To Receive the Annual Report of the Audit Committee to the Board of Governors.

The annual report 2014-15 was received and the content noted. The Governors were of the view that the Board can take assurance from the work of the Committee.

It was **Resolved** that the Report be approved for presentation to the Board on 11th December 2015 subject to the relevant updates arising from the audit reports.

493. To Approve the Value For Money Policy.

The VFM Policy was received and agreed by the Governors

It was **Resolved** that the Value For Money Policy be approved.

494. Any Other Business.

There was no other business.

495. Date of the next Meeting.

The next meeting will be held on 7th March 2016.

Signed
(Chair)

Date