

**CHELMSFORD COLLEGE
AUDIT COMMITTEE MINUTES
20th JUNE 2023 AT 4.30PM
COMMITTEE ROOM, COULSHAM STREET CAMPUS,
CHELMSFORD**

Members:

Jenny Beaumont (Chair)
Susan Hughes
Jaya Patten*
Jan Church
Christian Norman*
Alan Pitcher

Invitees:

Paul Goddard Scrutton Bland (Internal Audit Service)*
David Warnes – Principal & CEO
Debs Hurst (Deputy Principal, Finance & Corporate Services)
Debbie Garroway (Vice Principal Curriculum & Quality
Mark Emerson (Director of Information Services)
Suzanne Goldsmith Price Bailey (External Audit Service)*
Fiona Chalk (Interim Clerk to the Corporation)
*via Teams

FORMAL MATTERS

747. APOLOGIES FOR ABSENCE

There were no apologies.

748. DECLARATIONS OF INTEREST AND TO NOTIFY ANY CONFIDENTIAL ITEMS

There were no new declarations of interest.

749. URGENT BUSINESS

There was no urgent business to report.

750. TO APPROVE THE MINUTES OF THE MEETING HELD ON 28TH FEBRUARY 2023

The minutes were approved and signed as a correct record of the meeting.

Matters Arising from the minutes:

- Essex Pension funds advisory board meeting is taking place in July and DH to report back on whether the pension funds are using LDI.
- Staff survey results to June meeting – the committee noted the findings of the staff survey, which shows a relatively positive picture and benchmarked well against the UCU national survey. About 50% of staff responded, and this will be a target for improvement next year. Flipped learning was noted as investigative activity as self-learning that staff provide outside of formal learning, supporting students to develop independent skills.

- Audit KPIs – these are reported at each meeting by the Internal Auditors on benchmarked data.
- Paperless culture within the college – the college is tackling the technical matters and cultural change to facilitate the delivery of this.
- Ofsted – no visit has taken place this year so may be early in the Autumn Term.

TO DISCUSS AND APPROVE

751. RISK MANAGEMENT REPORT (INCLUDING DARTBOARD)

- **RISK REGISTER (3a)**

It was noted that there are 30 risks, 7 red, 18 amber, and 5 green. There have been 4 movements from red/orange to orange/green since February. These are work experience, staff turnover, business intervention, and Bank Covenants (which will all be met). The Bank are aware that cash may be an issue next year, based on current forecasting (the covenant being to have £1m in the bank at the end of July). The red risks were noted and discussed.

Governors asked about supported internships and noted that less income from the local authority has been offset by increased income for high needs provision.

Quality of Education assurance risk – the committee was reassured that the staff member who is covering this position has access to the necessary information to reduce this risk to green.

- **BUSINESS CONTINUITY AND DISASTER MANAGEMENT UPDATE (VERBAL)**

There is no update to report on at this point in time. It was updated with the new government national alert scheme.

- **COLLEGE ACCOUNTS DIRECTION (3b)**

A return was produced to the ESFA to state the college's compliance. The Financial Regulations will be updated to include all elements of the new managing public money requirements.

- **PAY ASSUMPTIONS FOR PENSION LIABILITY CALCULATIONS (LGPS) (VERBAL)**

No information has been requested yet, but the pay assumption is 3%, which reflects affordability as against the UCU request of 15%.

- **RISK MANAGEMENT POLICY UPDATE (3c)**

There have been no updates to the policy at this time.

752. INTERNAL AUDIT

- a. **COMPLETED INTERNAL AUDIT REPORTS 2022/23**

- Wider tutorial programme (health check)

The purpose of this health check was to evaluate the effectiveness of the wider tutorial framework. No assurance grade was given as it was a health check. No recommendations were raised, and 1 point of best practice was noted. The IAs

reported that there were innovative activities, with good engagement by students, and a lot of good, considered work taking place. Governors asked for the college staff involved to be thanked for all their good work.

- **ESS budgetary control**

Reasonable Assurance is given, and there are some areas where the operation of controls in practice needs to be improved. A lot of the audit looked at the interaction between the college and ESS, and a number of the recommendations are around the interaction of this system, i.e., emails are being used to undertake actions which ideally should happen through the system itself, so system capability is to be explored, as well as clarity on responsibility and accountability. There are 1 medium and 4 low risk recommendations, and 1 added value point.

Governors were advised that the leadership within ESS is being looked at following the pandemic. There are manual systems because to systemise them would require investment. This is a low-risk area for budget holders as they have very small budgets. If progress is not made, then consideration will be given back to bringing this service back inhouse.

Governors stated that they would like to see more improvement in this area over the medium term.

Governors asked about the recommended training for budget holders. This will be undertaken internally and face to face with anyone who requires support and it does already form part of induction.

A staff governor stated that she is able to go to anyone within ESS to get support when she needs it. She advised that time constraints are part of the equation to find time to undertake sufficient training.

Governors asked if the protocols and operating systems are the same for both colleges using ESS. Yes, the systems are aligned across both colleges. The resource to develop the systems and to have staff to oversee this area is the biggest challenge.

b. INTERNAL AUDIT PLAN 2022/23 – PROGRESS TO DATE

Progress against the plan was noted as being complete and was reported as follows:

- Mental Health and Wellbeing (Health check) - No concerns highlighted. Report Finalised 22 November 2022
- Safeguarding - Strong assurance given. Report Finalised 28 February 2023
- Maths and English Attendance – Significant assurance given. Report Finalised 28 February 2023
- Wider tutorial programme – information provided to students (Health check) - No concerns highlighted. Report Finalised 20 June 2023
- Essex Shared Services - Budgetary Control. Reasonable assurance given. Report Finalised 20 June 2023

Additional work:

- Learner Records Funding Assurance to support Price Bailey – planned for 14-17 August 2023
- Subcontracting Standards Compliance – about to be finalised.

c. INTERNAL AUDIT PLAN 2023/24 (DRAFT)

Areas discussed by the committee for potential review included:

- Additional Learning Support Health check
- Learner Recruitment
- T-Level Implementation
- Learner Records Funding Assurance – Classroom Based
- Learner Records Funding Assurance – Apprenticeships
- Anti-fraud Framework
- High Needs
- Income and Debtors
- Procurement

This incorporates a review of the risk register, the Post-16 Audit Code of Practice requirements, and sector challenges externally. A total of 31 days' work was considered, to include additional work on Funding Assurance and Essex Shared Services.

Governors asked about the focus on Anti-Fraud. This would be a framework around whistleblowing, anti-fraud, bribery, gift registers etc. The Audit Code of Practice has a big section on this, and the work is geared to address this. Could be academic fraud as well as financial fraud. There is some crossover here with cyber security.

The High Needs audit is about how effective this is and will include benchmarking added value as well as assurance.

This plan is an increased number of days – from 16 days, primarily due to extra regulatory requirements.

ACTION: The committee agreed to recommend the proposed IA plan for 23/24 to the Board for approval.

753. PREVIOUS AUDIT RECOMMENDATIONS, INCLUDING UPDATE ON ACTIONS

14 previous outstanding actions were noted, of which 10 are noted as complete. Comments and actions against the remaining outstanding actions were noted, including:

- A compliance register is now kept through a company call Guardian, who will ensure the detailed compliance requirements are being met.
- Benchmarking information for the year will be added into the KPIs for next year.
- The payroll checking task will be carried out in June.
- The English & Maths interventions have not translated as fully as expected into achievement. Exam attendance is up, and Functional Skills Maths is improving. There have been issues of staff sickness long-term and the new structure from September will support the positive trajectory. This area is a sector wide challenge.

754. EXTERNAL AUDITORS' PLANNING MEMORANDUM

There is a strong emphasis on financial fraud and the systems and procedures in place on this. An audit planning meeting was held on 25 May 2023 and discussions during that meeting will be factored into the audit planning, including the IT systems to control the inputs to financial controls, as well as the following:

- The forecast position.

- The college 5-year financial plan and the implications of the increase in staff and energy costs.
- Bank loans – following the reclassification to the public sector.
- Capital grants received in the year.
- Staffing restructure.
- Dovedale Nursery CIC.

Current key risks such as classification and entitlement to new funding streams, materiality, going concern, internal controls and fraud risk were discussed, and the EA's reporting timescales were noted and agreed. Funding allocations on restricted funds is a new area that will be included this year.

The EAs are working with the Association of Colleges/ESFA colleges forum on the potential College Financial Handbook due to be issued by the ESFA and the EA will update the college on the content of this handbook and what the implications of this may be on their work.

Governors noted the changes, particularly from re-classification and managing public money, for example management of debts, write-offs - making the ESFA aware of any spend in this area that is over £45k.

Governors asked if the Financial Handbook will be forward looking or retrospective. It is anticipated that it will be forward looking with requirements for annual accounts disclosures. Governors noted that many of the new thresholds in the managing public money guidance are already well met by the college's financial regulations, and the college has declared to the ESFA that the college is compliant. The colleges Financial Regulations will be based on the new Financial Handbook when it is issued.

Related parties transactions – Governors asked if these forms have to be completed every year? The same information does not have to be repeated, only to confirm any updates and whether there have been any related party transactions. There is a form for existing governors and a separate one for new governors.

755. POST 16 AUDIT CODE OF PRACTICE AND REGULARITY SELF-ASSESSMENT QUESTIONNAIRE 2022/23

The committee noted the new requirements and the progress made against them – all areas been achieved bar 1, which is the Board Standing Orders. These will be reviewed in 2023/24 which will take these updates into account.

The IAs confirmed that the changes bring no new opinions for audit committee to consider at this time.

It was noted that Fraud will be added to the risk register as a watching brief, pending the IA review next year.

756. COMMITTEE MATTERS

- **COMMITTEE SELF-ASSESSMENT 2022/23 (8.1)**

The committee noted the proposed self-assessment questionnaire and agreed that it is appropriate. The questionnaire will be circulated to members imminently.

- **TERMS OF REFERENCE**

The committee noted the exercise undertaken by the governance professional to map evidence of the committee fulfilling its Terms of Reference. It was agreed that all areas had been complied with and the Terms of Reference remain fit for purpose. The Internal Auditors stated that this was a comprehensive and good practice exercise.

- **SCHEDULE OF BUSINESS 2023/24 (8.2)**

The committee discussed and agreed the schedule of business for 23/24.

757. ANY OTHER BUSINESS

Nothing to report.

758. DATE OF NEXT MEETING

21st NOVEMBER 2023

Meeting closed at 18.09pm

Signed:.....

Dated:.....

DRAFT