

**CHELMSFORD COLLEGE  
AUDIT COMMITTEE  
21 June 2022**

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**Minutes**

Minutes of a Meeting of the Committee held in the Committee Room, Moulsham Street Campus, Chelmsford and via MS Teams on Tuesday 21 June 2022 at 4.30 pm.

**PRESENT:** Jenny Beaumont (Chair)  
Susan Hughes  
Trevor Bolton  
Janet Church  
Richard Davidson \*

Jaya Patten \*

Doug Zeeman

**IN ATTENDANCE** Alan Pitcher (potential governor)  
Debs Hurst (Deputy Principal, Finance & Corporate Services)  
Debbie Garroway (Vice Principal Curriculum & Quality)  
Mark Emerson (Director of Information Services)  
Alice Walker (Scrutton Bland, IAS) \*

Gary Miller (Price Bailey – external auditors) \*

Rob Millea (Clerk to the Corporation)

\* Denotes attended the Meeting via Teams.

**709. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Andy Sparks (Principal) and Paul Goddard (Scrutton Bland, IAS).

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

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

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

Price Bailey declared their interest as external auditors of South Essex College and Essex Shared Services Limited. Price Bailey had 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, and, in this regard, Price Bailey have signed a non-disclosure Agreement.

However, this interest is now superseded - see minute **716**.

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).

**No Confidential items were** notified.

## **711. MINUTES OF THE MEETING HELD ON 1 MARCH 2022**

The Minutes of the meeting held on Tuesday 1 March 2022 were **APPROVED**, subject to one minor textual adjustment, and **SIGNED** by the Chair of the Meeting.

## **712. MATTERS ARISING**

The Clerk **PRESENTED** a Paper outlining Matters Arising from the previous Meeting of the Committee on 1 March 2022, noting the Actions taken as a result.

The Committee **NOTED** that the Board had approved the appointment of Price Bailey as external and regulatory auditor for 2021/22 and Scrutton Bland as internal auditor for 2022/23.

The other Matters Arising were as follows:

- Recruitment – LinkedIn now being used
- T Level capital bid - £120k has been granted and can be drawn down against spend. for Construction T Levels
- A review of the College's Risk Appetite is planned for the Governors' Development Day on 14 October 2022
- ESS Audit Recommendations – see minute **715**
- The Ofsted inspection of the Nursery is still awaited

The DPFCS reported to the Committee that a new Principal (David Warnes, Deputy Principal, West London College) has been appointed with effect from 3 October 2022.

In response to the Chair, it was confirmed that an alarm test had been carried out at the Princes Road campus with no major issues arising.

The DPFCS will arrange a staff survey on their risk experience and understanding early in the Autumn Term in order that the findings may form part of the session on Risk Appetite proposed to be held during the Governors' Development Day on 14 October 2022.

**ACTION: DPFCS**

### **713. RISK MANAGEMENT REPORT**

This Report was **PRESENTED** by the Deputy Principal, Finance & Corporate Services, comprising Risk Dartboard, up to date Risk Register and a verbal update on Business Continuity and Disaster Planning, summary of the College Accounts Direction Planning Handbook and the pay assumption for LGPS pension liability calculations.

#### **713.1 Risk Register and Dartboard**

The College Risk Register was considered by the Committee. There are currently 31 key risks made up of 3 RED risks, 15 AMBER and 13 GREEN.

The three RED risks are:

- T Levels capacity
- Business & Leisure intervention plan
- Learners undertaking Functional Skills – negative impact on achievement due to requirement that all learners complete 100% of exams and assessment

New/changed risks added in this iteration are as follows:

- Business & Leisure intervention plan has not had required impact (RED risk)
- COVID risk reduced to GREEN with monitoring regime in place
- Engineering intervention has moved to GREEN due to positive impact and likely good outcomes at the end of the year

- Bank covenant potential compliance breach at 31 July 2022 now an AMBER risk – change of covenant and/or waiver being discussed with Lloyds – they have been provided with the draft College Plan for the next two years which shows considerable improvement in cash balances and it is hoped this will give them comfort to issue a waiver at 31 July – they have not given any indication that they would want to seek repayment of the loan
- Staff recruitment has moved from RED to AMBER, but recent experience is now pointing to this risk moving back to RED
- T Level capacity will be mitigated by additional management recruitment to drive forward this process which could be internal

The Chair asked that the Committee and the Board be kept informed of developments with Lloyds on the covenant matter, noted above. There will be a Report to the Board at the Meeting on 7 July 2022.

Trevor Bolton challenged the grading of the bank covenant risk in that the impact had not been mitigated until a waiver letter or compliant covenant was in place, therefore the risk should be graded as RED.

ACTION: DPFCS

Richard Davidson was informed that there is no financial penalty for not adhering to the covenant with Lloyds.

Susan Hughes suggested that, in the light of current economic circumstances, inflation be included as a general risk on the dartboard rated AMBER – and the Committee **AGREED**.

**ACTION: DPFCS**

In response to Doug Zeeman, Mark Emerson confirmed said that there is a tailored GDPR dartboard/risk register as a subsidiary register to the main Risk Register.

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 DPFCS commented that the recent internal audit by Scrutton Bland on Risk Management provided **significant** assurance that the College considers Risk in the College regularly and effectively.

The Committee **RECEIVED** the Report.

## **713.2 Business Continuity & Disaster Planning**

The DPFCS provided a verbal update.

College Management has met regularly to discuss the impact of the COVID-19 risk in the College with the College following the Government advice 'living with COVID'. There is confidence that the College has met all the challenges. The situation nevertheless remains under review.

In reply to Susan Hughes, the DPFCS said that the College policy is to ask staff testing positive for COVID to stay at home for five days isolation. This is in line with Government guidance.

Critical Incident training has been given at each site and some advice and instruction has been given to staff.

The College Policy in this area is to be reviewed over the next few months to consolidate the College's practice in this area.

**ACTION: DPFCS**

## **713.3 College Accounts Direction**

The DPFCS **PRESENTED** an update for the Committee of this document, which has been recently published by the ESFA, which covers the financial outturn requirements for the current year and the financial planning requirements for the forthcoming two years.

The **governance requirements** remain as follows

- The College Financial Forecasting Return be certified by the Accounting Officer (the Principal) and approved by the Board before submission to the ESFA (deadline 31 July 2022)
- There is a self-assessment of the Financial Health grade expected at year end 2022 and for the next two years and this is to be approved by the Board

Both requirements will be matters for consideration and approval at the Board Meeting on 7 July 2022 and have been included on the Agenda for that Meeting.

**ACTION: CLERK**

## **713.4 Pay assumptions for LGPS pension liability calculations**

On the advice of the DPFCS given the present volatile situation regarding salaries and pensions, no pay assumption was **AGREED** by the Committee for use in the actuarial calculation.

This will be **CONSIDERED** by the Board at the 7 July 2022 Meeting.

The assumption approved by the Board on 8 July 2021 was 1%.

**ACTION: DPFCS**

### **713.5 Risk Management Policy**

The Policy was presented by DPFCS for approval by the Committee. There was one major amendment regarding computation of 'net risk after mitigation'. It also stated that the College does not currently operate a 'Target score' although this may be considered in the future.

The Committee **APPROVED** the revised Policy.

It was **NOTED** that the Policy will link in with the discussion planned for the Development Day in October on Risk Appetite.

**ACTION: DPFCS**

## **714. INTERNAL AUDIT**

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

Scrutton Bland tabled a summary of progress this year. Two audits remain outstanding – Essex Shared Services Limited: Payroll and Chelmsford College: Estates Management.

Final Reports for these two assignments will be presented at the November 2022 Committee Meeting. Meanwhile, the final Reports will be circulated to Committee Members electronically when they are available.

**ACTION:CLERK/DP**

All the other scheduled audit reviews for the year have been carried out.

### **714.2 Completed Internal Audit Reports**

The only audit completed since the November Meeting for which a final Reports was tabled for the review of the Committee was in respect of Cyber Security.

Regarding the planned audit of Estates Management, Scrutton Bland reported that the fieldwork has been completed but the final Report has not yet been issued.

Alice Walker gave a brief update, she mentioned that a College wide asbestos register has not been maintained (although there are individual location records) with a record being kept of each survey carried out.

The DPFCS said that an asbestos survey is carried out every time work is done on a College area. An asbestos survey will be carried out over summer break and the register updated so that all possible risks are identified. A review of the register will then be carried out on an annual basis.

The planned ESS audit on Payroll was carried out between 13 and 15 June and will be reported to the Committee at its November 2022 Meeting.

On **Cyber Security**, the purpose of the audit was to review the controls in place to protect the Group and to prevent and detect cyber attacks, including the effective use of software, monitoring and staff awareness.

The Report gave **significant assurance** (the second highest level). **Three low level and two medium level recommendations** were raised.

The **two medium level recommendations** related to implementing a Patch Management Policy (this has now been done) and developing cyber policies relating to backup, mitigation protocols and overall avoidance of cyber risks (agreed – will be completed by the end of this month).

The **three low level recommendations** were itemised and they have all been agreed by Management and put in place.

In response to Susan Hughes, the incomplete recommendation relates to policy development to ensure backup is maintained. This will strengthen the College's internal processes and Jaya Patten said this will improve the College's risk culture.

Mark Emerson mentioned the recruiting of a third-party management organisation to assist in the management of the College's cyber activity.

**Two value added points** were noted – (1) the College could benefit from implementing a knowledge base for Firewall and Anti-Virus and (2) arranging a regular port scan of the firewall.

Scrutton Bland confirmed that neither point is fundamental to the College's security of its IT systems and software.

Details of items to include in the knowledge base were itemised in the Report.

### **714.3 Internal Audit Plan 2022/23 (draft)**

Scrutton Bland apologised for tabling an incorrect document in this regard. The correct document will be circulated as soon as possible (Post Meeting Note: sent to all Members on 22 June 2022) for review and recommending to the Board for approval at the Board Meeting on 7 July 2022.

The document will itemise key audit areas and when they were last reviewed. It also projected forward to areas for review in 2022/23.

The Committee were informed that Scrutton Bland, on the advice of Management, have agreed that the Plan should consider the following topics:

- Safeguarding
- Wider Tutorial programme – information provided to students (health check)
- Mathematics and English attendance
- Mental health and Wellbeing (health check)
- Learner Records funding assurance (ESFA compliance to support external auditors work)
- Subcontracting review (mandatory)

The proposed internal audit assignments for Essex Shared Services Limited for 2022/23 have not yet been decided by the ESS Board. However, the Committee agreed that Budgetary Control at ESS be proposed specifically for Chelmsford College next year.

The draft Plan, subject to receiving a final copy for review, will be **RECOMMENDED** for approval by the Board on 7 July 2022.

Scrutton Bland reiterated that they do not give a full opinion on the College's assurance arrangements and risk control processes. This duty falls on the Committee under the ACOP. Scrutton Bland only give opinions on the specific assignments which they have been contracted to carry out.

However, each report commissioned does add to the assurance portfolio of the Committee and their determination of the adequacy of the College's arrangements regarding risk management, subcontracting, governance and value for money.

### **715. PREVIOUS AUDIT RECOMMENDATIONS**

The DPFCS **TABLED** a schedule showing four recommendations brought forward of which two have been completed. The two outstanding items

designated ESS relate to Procurement and are agreed by management. They are being actioned and are due for completion by November 2022.

They relate to accuracy and tracking of the Contracts Register and the retention of signed contracts centrally. New software from Parago will address both of these issues. That software is in the final stages of purchase/implementation by ESS.

## **716. EXTERNAL AUDITORS' AUDIT PLANNING REPORT**

The Committee **RECEIVED** and **DISCUSSED** this Report presented by Price Bailey – Gary Miller spoke to the Report, emphasising the key risks which they have considered in their planning.

The planned Audit Fee quoted by Price Bailey is £30,450 + VAT, which includes the audit of Dovedale Nursery. This fee is 2.5% higher than last year, within the parameters agreed with Price Bailey when they tendered for the external audit contract last year.

In addition, the testing fee in respect of the Teachers' Pension Contribution Certificate is quoted as £1,050 + VAT.

The Committee were aware that the intended lead manager from Price Bailey who would control the work has a disclosable interest in that he is a Member of the Governing Body of Harlow College and is the Chair of that College's Audit Committee – see minute **710** – but Gary Miller informed the Committee that the manager in question has resigned from Price Bailey and he has been replaced.

The interest disclosed in minute **710** is now superseded.

Gary Miller recommended as best practice an appropriate handover between the current and new Principal to ensure the new Principal is comfortable in signing the statement of regularity, propriety and compliance. This was **NOTED**.

## **717. POST 16 AUDIT CODE OF PRACTICE 2021/22**

The Clerk **PRESENTED** a Report for the Committee on the ACOP, as recently revised. It highlighted the changes from last year and explained the effect/consequence of each change, which were noted.

The Clerk advised that there were no fundamental changes in the Regularity Self-Assessment Questionnaire from last year, but he drew the Committee's attention to amendments relating to carrying out

disqualification checks when appointing new governors and disclosing the clerk's qualifications.

Also, the RSAQ mentions the carrying out of an annual Board Self-Assessment (currently done) and the Clerk reporting on the returns from governors in this regard.

An independent external review of governance is now required by 2023/24.

No supplementary COVID 19 RSAQ will be required for 2021/22.

The current Clerk will complete the RSAQ for the year before he retires on 31 August 2022, and it will be presented to the Board on 23 September 2022 for approval and signature by the Chair and the Principal (as Accounting Officer). It will then be passed to the auditors as part of the evidence base for their regularity audit.

**ACTION: CLERK**

## **718. COMMITTEE MATTERS**

The Clerk **PRESENTED** this Report.

### *Committee Self-Assessment 2021/22*

The Clerk distributed the Self-Assessment Checklist for the Committee for 2021/22 and asked for the completed forms to be returned as soon as possible. A Report will be provided to the next Meeting of the Committee in November.

### *Schedule of Business 2022/23*

The Clerk tabled a draft Schedule of Business for the Committee for 2022/23 and this was **AGREED**. It will be presented to the Board for approval at the Meeting on 7 July 2022.

**ACTION: CLERK**

### *Committee Changes from 1/8/22*

Due to the establishment of the 'new' Policy Sustainability & Resources Committee from 1 August 2022, changes will be required to the Audit Committee.

The new Committee is proposed to be  
Jenny Beaumont  
Christian Norman  
Jaya Patten  
Janet Church

Susan Hughes  
Doug Zeeman

Richard Davidson and Trevor Bolton will move to the new PS&R Committee.

The Membership of the Committee will remain at eight with a quorum of three.

The Board will approve the Committee Membership changes at its 7 July 2022.

**ACTION: CLERK**

### **719. ANY OTHER BUSINESS**

There was one item of AOB:

Doug Zeeman and Mark Emerson **TABLED** a Report to the Committee highlighting ongoing compliance with Data Protection legislation, which is to be read alongside the Annual Data Protection Report, which the Committee will consider at its November 2022 Meeting.

It covers the following areas:

- Data Protection Accountability Tracker
- Personal Data Event Reporting
- Requests for Information
- Data Protection by Design

No fundamental issues have arisen so far this year. Action has been taken arising from the two personal data events of note recorded this year.

The Committee **NOTED** the Report.

### **720. DATE OF NEXT MEETING**

Tuesday 22 November 2022 at 4.30 pm.

There being no further business, the Meeting terminated at 6.10 pm.

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