

**CHELMSFORD COLLEGE
AUDIT COMMITTEE
22 June 2021**

Minutes

Minutes of a Meeting of the Committee held in the Committee Room, Moulsham Street Campus, Chelmsford and via MS Teams on Tuesday 22 June 2021 at 4.30 pm.

PRESENT:	Jenny Beaumont (Chair)	
	Susan Hughes	
	Trevor Bolton	*
	Amanda Montague	
	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)- till 6pm	
	Rob Millea (Clerk to the Corporation)	*

* Denotes attended in person: all other participants accessed the Meeting via Teams.

673. APOLOGIES FOR ABSENCE

There were no apologies for absence.

674. 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.

The Committee noted that the Principal and the Chair of the Corporation are both directors 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.

675. MINUTES OF THE MEETING HELD ON 2 MARCH 2021

The Minutes of the meeting held on Tuesday 2 March 2021 were **APPROVED** and will be **SIGNED** by the Chair of the Meeting at a convenient time in the future.

The Committee requested an ILR Report from the Director of Information Services as a regular part of the risk update at future meetings.

ACTION: Clerk

676. MATTERS ARISING

The Clerk **PRESENTED** a Paper outlining Matters Arising from the previous Meeting of the Committee on 2 March 2021, noting the Actions taken as a result.

The Clerk **REPORTED** that the Essex Shared Services Limited Board had met on 17 May 2021 and that arrangements regarding the operation of the Company following the departure of the General Manager are working well for both Colleges.

He further **REPORTED** that the retirement of Elaine Oddie from the Board of the College will create a vacancy on the Board of ESS Limited as she will leave her position there. Jaya Patten is willing to be the College's nomination to the ESS Board. The Committee **RECOMMENDED** that the Board of the College endorse Jaya Patten as the College's nominee at its Meeting on 8 July 2021.

The ESS Board is then required to formally approve Jaya's appointment to the ESS Board, which the Clerk will arrange.

The other Matters Arising were as follows:

- Related Parties Review (covered under Internal Audit)
- All governors are currently up to date with GDPR Training
- COVID 19 risk assessment is continually being revised and reflects guidance from the Department for Education
- External Auditors appointment (see separate Agenda item)
- The Ofsted inspection of the Nursery is still awaited

*The Director of Information Services **REPORTED** to the Committee on a recent IT matter and this was deemed to be a **confidential item** and a separate minute has been prepared and is attached to these minutes.*

677. RISK MANAGEMENT REPORT

This Report was **PRESENTED** by the Vice Principal, Finance & Corporate Services, comprising Risk Dartboard, up to date Risk Register and an update on Business Continuity and Disaster Planning, summary of Financial Planning Handbook and Previous Audit Recommendations.

The Report also referenced the Annual Review of the College Financial Regulations and the pay assumption for LGPS pension liability calculations.

677.1 Risk Register and Dartboard

The College Risk Register was considered by the Committee. There are currently 28 key risks made up of 2 RED risks, 15 AMBER and 11 GREEN.

The two RED risks are:

- Protection of staff and students from COVID-19
- Learners undertaking Functional Skills – negative impact on achievement due to requirement that all learners complete 100% of exams and assessment

The Deputy Principal explained (question from Susan Hughes), that the second RED risk noted above arises due to requirement that these learners and apprentices complete 100% of exams and assessments face to face without any adaptations or calculation. This will impact negatively on learner and apprentice achievement and progression as well as the overall College performance data. There will be no Assessment Boards involved.

New risks added in this iteration are as follows:

- IT issues at Princes Road impacting on student/staff satisfaction
- Replacement of VP Curriculum & Quality leading to loss of continuity

The VPFCS commented that pressure on middle managers highlighted at the previous Board Meeting by Trevor Bolton due to the blended learning model/pandemic challenges has reduced, and is not considered to be a RED risk. However, the Risk Register and Dartboard includes Staff mental health and well being as an AMBER risk, as before.

The Report classified these risks as AMBER and mitigation against each risk was noted.

The Report itemised COVID19 risks separately (one RED as noted above and two AMBER – individual risk assessments for staff and potential loss of key staff members due to illness).

Jaya Patten requested that it would be useful for the Committee to have a risk dashboard 'slice' for finance sensitivities and that progress in managing these sensitivities be reported at each Meeting of this Committee. This was **AGREED**.

ACTION: VPFCS

COVID-19 safety

The VPFCS informed the Meeting that Crisis Management Meetings were no longer taking place but the Senior Leadership (CEG) meets each week before SMT to review any issues relating to COVID and changing climate. Any new guidance from Government is acted upon as necessary.

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. This is complementary with the Crisis Management Meetings referred to above.

The Committee **RECEIVED** the Report.

677.2 Previous Audit Recommendations

The VPFCS **REPORTED** that only one action remains outstanding relating to payroll and financial procedures reflecting current practice. This is being attended to by the new Payroll Manager at ESS Limited and will be completed shortly.

The VPFCS will action any changes which might be necessary to the College Financial Regulations (see **677.4** below).

The Committee **NOTED** the Actions taken.

677.3 Business Continuity & Disaster Planning

The College Management did meet regularly during the year to discuss the impact of the COVID-19 emergency and there is confidence that the College has met all the challenges. The situation nevertheless remains ever changing and CEG review on a weekly basis.

The main current issue is the IT issue at Princes Road which is being mitigated through several measures and back up procedures. This is covered in detail in the **confidential section** of the minutes.

677.4 Review of Financial Regulations

There will be minor updates required to the Regulations, and a full review of the delegated authority schedule as to amounts and personnel.

The VPFCS commented that the delegation amounts may be too low in some instances and will take advice from Scrutton Bland on this point. Changes in delegated personnel will be a consequence of the departure of the Deputy Principal and appointment of a new VP, Curriculum & Quality.

The updated Regulations will be considered for approval at the Board Meeting on 24 September 2021.

ACTION: VPFCS

677.5 College Financial Planning Handbook

The Clerk **PRESENTED** a Summary for the Committee of this document, 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** are that

- The College Financial Forecasting Return (which replaces the IFMC) be certified by the Accounting Officer (the Principal) and approved by the Board before submission to the ESFA
- There is a self-assessment of the Financial Health grade expected at year end 2021 and for the next two years and this is approved by the Board

Both of these requirements will be matters for consideration and approval at the Board Meeting on 8 July 2021 and have been included on the Agenda for that Meeting.

ACTION: Clerk

677.6 Pay assumptions for LGPS pension liability calculations

The salary increase assumption to be used in 2020/21 of 1% was **AGREED** by the Committee for use in the actuarial calculation and this will be **RATIFIED** by the Board at the 8 July 2021 Meeting. It is unchanged from the assumption approved by the Board on 23 July 2020.

ACTION: VPFCS

678. INTERNAL AUDIT

678.1 Internal Audit Progress Report 2020/21

Scrutton Bland tabled a summary of progress this year. Two audits remain outstanding – Essex Shared Services Limited: Procurement and Essex Shared Services Limited: End of year processes.

Final Reports for these two assignments will be presented at the November 2021 Committee Meeting.

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

678.2 Completed Internal Audit Reports

The audits completed since the November Meeting for which Reports were tabled for the review of the Committee were as follows:

- Human Resources (Recruitment and Selection)
- Mandatory Training

On **Human Resources – Recruitment and Selection**, the purpose of the audit was to ensure that the College's selection, recruitment and appointment processes are fit for purpose.

The Report gave **strong assurance** (the highest level). **No recommendations** were raised. The audit focused, in particular, on the recruitment system during the recent pandemic period with many interviews having to be undertaken remotely. The review covered 52 new starters in the past year.

Scrutton Bland noted that the number of vacancies at the College for staff is lower comparatively than their experience at other FE Colleges.

The Committee were pleased with the benchmarking data provided in the Report.

The Committee expressed their thanks to Bev Mahoney (HR Manager) and her team for their excellent efforts.

With regard to **Mandatory Training**, the purpose of the audit was to provide assurance that the Management Framework in place for mandatory training activities is adequate, implemented and monitored and that refresher training is provided.

It had been identified that this was an area which lacked effective monitoring in the past as to training being done and then, when necessary, refreshed.

The Report gave **strong assurance** (the highest level). **No recommendations** were raised.

Two value added points were noted – (1) mandatory policies could be updated to detail the College’s new strategy and processes regarding mandatory training and (2) consideration could be given to tracking the levels to which updated policies are being accessed to confirm staff have read and acknowledged the policy.

With regard to point (2) above, the Committee were informed that the tracking will concentrate on front line staff who need to have all relevant training. It was noted that it is not really necessary for some staff in less significant roles and therefore needs to be tailored to address risk.

Thanks to the team for the successful audit.

Governor questions

The Chair was concerned there were 7 members of staff that had still to complete mandatory training. The Deputy Principal explained that there was no risk to students as all student facing staff have completed the training. Virtually, all staff who had not completed have now been contacted and completed, with only seven exceptions to be cleared. These staff were often only occasional staff visitors or peripatetic contractors. There will always be some variance due to long term sickness and some staff who may only work for the College once or twice a year.

The Deputy Principal informed the Committee that refresher GDPR training will be required for staff and governors during this summer (three year cycle).

ACTION: ME

Related Parties Disclosures

The Committee **RECEIVED** a Report from Scrutton Bland on this topic, which the College had commissioned.

The Principal commented that the Principal’s expenses need to be reported separately under related parties.

The VPFCs stated that she would take forward recording disclosures relating to senior staff (members of key management) as defined in FRS 102 through a similar Disclosure of Interest form used for governors.

The VPFCS undertook to manage and draft the related party disclosures for the accounts for the year ended 31 July 2021 and present them for audit.

It was **AGREED** that there is a need to ensure the accounts of Essex Shared Services Limited are completed promptly so that the disclosures of their results in the College Group Accounts can be accurate.

ACTION: VPFCS

678.3 Internal Audit Plan 2021/22 (draft)

Scrutton Bland tabled a document to assist the Committee and Management in identifying areas for internal audit review next year.

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

After discussion, the Committee and Management felt the Plan could consider the following topics:

- Cyber Security
- Estates Management
- Risk Management
- Health and Safety
- ESS Limited: Fixed Assets
- ESS Limited: Payroll

The draft Plan was **APPROVED**.

Paul Goddard explained, in response to a governor question (Amanda Montague), that Scrutton Bland 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.

The Director of Information Services mentioned that College cyber security accreditation will be obtained in the next twelve months from the National Cyber Centre, after an inspection by them.

ACTION: ME

The Committee noted that more curriculum audits have been shifted to 2022/23 and that an audit on T Level preparedness is also proposed in that year.

The Principal and VPFCS agreed to map areas of assurance to the various categories in the Scrutton Bland report.

679. EXTERNAL AUDIT APPOINTMENT

The VPFCS **PRESENTED** a Report on this matter. The Committee were informed that a tender process had produced no firms being interested in presenting a tender for external audit services (including regularity audit). Firms either said they were too busy or were withdrawing from the FE market.

A further challenge exists for external audit in that the auditors will no longer be able to rely on the year end statement issued by the ESFA for funding and therefore extra work will result.

The Committee were reminded that the tender process is jointly with South Essex College and also covers the audit of Essex Shared Services Limited, although it is not mandatory that the same firm audits all these entities.

Two companies not on the Procurement Framework were approached and tendered. Both were interviewed by the Chair of the Committee, the Principal and the Clerk. The Chair and the Principal briefly commented on these interviews.

As a result, the Committee **RECOMMENDED** to the Board to appoint Price Bailey as external auditors of the College Group (including financial audit and regularity audit) for the next 24 months, with the option of a further 12 month extension (2 years + 1 contract).

The Committee agreed that, in order to facilitate audit planning by Price Bailey as soon as possible, Board approval be sought by email resolution. The Clerk mentioned that the appointment of auditors is a non-delegable responsibility of the Board.

ACTION: CLERK

Due to the time constraints caused by the tender process, it was noted that an Audit Planning Memorandum from Price Bailey is not available as yet. They will be asked to send this through by email for the Committee to note during the summer after they have completed their planning and received audit clearance from KPMG. This does not need Board approval.

ACTION: CLERK

The planned Audit Fee quoted by Price Bailey is £29,700 + VAT, which includes the audit of Dovedale Nursery. In addition, the testing fee in respect of the Teachers' Pension Contribution Certificate is quoted as £1,000 + VAT. Price Bailey gave an undertaking of fees for the subsequent two years, which show 3% increase each year.

The fee quoted for the audit of Essex Shared Services Limited is £2,500 + VAT.

The Committee were informed that South Essex College Audit Committee have recommended the appointment of Price Bailey.

The Committee were informed that the lead partner 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.

The Committee were informed by the Chair that this issue was raised during interview and the interview panel felt that Price Bailey's response was satisfactory. They have agreed to sign a Non-Disclosure agreement in this regard and the interest will be disclosed in the Minutes of this Committee.

680. POST 16 AUDIT CODE OF PRACTICE 2020/21

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 changes in the Regularity Self-Assessment Questionnaire from last year. It is not yet clear whether a supplementary COVID 19 RSAQ will be required for 2020/21, as was the case last year. The Clerk will complete the RSAQ for the year and present it to the Board on 24 September 2021 for approval and signature by the Chair and the Principal. It will then be passed to the auditors as part of the evidence base for their regularity audit.

ACTION: CLERK

681. COMMITTEE MATTERS

The Clerk **PRESENTED** this Report.

Committee Self-Assessment 2020/21

The Clerk distributed the Self-Assessment Checklist for the Committee for 2019/20 and asked for the completed forms to be returned as soon as

possible after 31 July. A Report will be provided to the next Meeting of the Committee in November.

He asked Members to include comments about training they would like to have. It was also agreed to ask Scrutton Bland and Price Bailey for any suggestions they might have for training for the Committee.

ACTION: Clerk

Schedule of Business 2021/22

The Clerk tabled a draft Schedule of Business for the Committee for 2021/22 and this was **AGREED**. It will be presented to the Board for approval at the Meeting on 8 July 2021.

ACTION: Clerk

Committee Change from 1/8/21

Amanda Montague will leave the Committee on 1 August 2021 on becoming Chair of the Corporation as the ACOP prohibits the Chair of the Corporation from being a Member of the Audit Committee. No replacement is proposed at present. The Membership of the Committee will reduce to six with a quorum of three.

The Board will approve this change at its meeting on 8 July 2021.

ACTION: CLERK

The Committee expressed their thanks to the Deputy Principal for her contribution to the work of the Committee as this is her last Committee Meeting before her departure.

682. ANY OTHER BUSINESS

There were no items of AOB.

683. DATE OF NEXT MEETING

Tuesday 23 November 2021 at 4.30 pm.

There being no further business, the Meeting terminated at 6.20 pm.

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