

AUDIT AND RISK COMMITTEE MEETING

CONFIRMED MINUTES OF THE MEETING HELD ON TUESDAY 5 MARCH 2024 AT 09:00AM IN THETFORD BUILDING BOARDROOM

Present:

Andrea Blanchflower	ABI	Chair
Jill Lanning	JL	Governor
Phil Pearce	PP	Governor

Attendees:

Jerry White	JW	Principal
Martin Colbourne	MC	Deputy CEO
Karen McIntosh	KM	Finance Manager
Stuart McKay	SMk	External Auditor, MacIntyre Hudson (via Teams)
Leisyen Cox	LC	Internal Auditor, Scrutton Bland
Jodie Mitchell	JM	Director of Governance and Legal
Clare Johnson	CJ	Governance and Legal Assistant, minutes

Apologies:

Sean Green	SG	Governor
Marcus Bailey	MB	Governor
Paul Goddard	PG	Internal Auditor, Scrutton Bland
Rakesh Shaunak	RS	External Auditor, MacIntyre Hudson

1. Confidential – Governor’s meeting with External Auditors

This item is an opportunity for informal discussion between governors and auditors and is not formally minuted.

JW, MC, and KM joined the meeting at 9:15am.

2. Apologies for Absence

Apologies were received and noted as above.

3. Declarations of Interest

No new declarations were made.

4. Draft Minutes of the Meeting held on 19 September 2023

The draft minutes of the meeting held on 19 September 2023 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

5. Draft Confidential minutes of the meeting held on 19 September 2023

The draft confidential minutes of the meeting held on 19 September 2023 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

6. Matters Arising

22/23 Audit 3 Action 7: ACTION COMPLETE

22/23 Audit 4 Action 6: MC to arrange a forum meeting with JW and JP and Committee chairs to review alignment of the current risks and possible addition of strategic risks. Risk workshop on

27 November to progress Governor discussion on the risk register. *To discuss under agenda item 10. Risk workshop on the 27 November to progress Governor discussions on the risk register. WORK NOW FORMS PART OF THE ROADMAP: ACTION COMPLETE*

23/24 Audit 1 Action 1: JW to provide Governors with a summary of the Handbook following publication. *College Financial Handbook due in April 2024. ACTION ON-GOING*

23/24 Audit 1 Action 3: JW to provide a report showing data around students withdrawing early from lessons (Action arising from Internal Audit report (Student Attendance & Retention). *JW to investigate further and provide an update at the C&S committee meeting on 30 April. ACTION ON-GOING*

23/24 Audit 1 Action 4: ACTION COMPLETE

23/24 Audit 2 Action 1: ACTION COMPLETE

23/24 Audit 2 Action 2: ACTION COMPLETE

23/24 Audit 2 Action 3: ACTION COMPLETE

23/24 Audit 2 Action 4: ACTION COMPLETE

23/24 Audit 2 Action 5: ACTION COMPLETE

23/24 Audit 2 Action 6: ACTION COMPLETE

7. **Feedback from Board Meetings held on 13.12.2023 and 13.02.2024**

The Committee noted:

- a) Board approval of the recommendations from the Committee made at the last meeting 29.11.23
- b) Board approval of Philip Pearce as Vice Chair of the Audit & Risk Committee

8. **Internal Audit – Completed 2023/24 Audits**

The reports from four completed Internal Audits were circulated prior to the meeting and taken as read.

Each was discussed with a view to advising the Board on the reports and on control issues included in them and the management's responses to these. The Committee welcomed the assurance provided by the audits and determined to advise the Board as follows:

- Subcontracting – This was an additional piece of compliance work. It was an independent review of the College's compliance with the new subcontracting reporting requirements aligned with the ESFAs "Subcontracting rules for Post-16 Funding 2022-2023". Eight recommendations were made which the College have plans to adopt – initially the subcontracting policy will be changed in light of these recommendations, but further adoption of the recommendations will only follow if the College makes a strategic decision to undertake subcontracting activity.
- Residential Provision. The purpose of this audit was to provide assurance that the arrangements in place at the Easton campus learner accommodation are appropriate and in compliance with relevant legislation. The College was found to have good oversight over compliance with the Residential Provision Minimum Standards, 74 of which apply to the College. The College fully complies with 71/74 standards and the Audit Report makes two low risk recommendations and suggests one added value point. The two recommendations are to be attended to by the end of March 2024.

The Committee noted and congratulated the strong management practice in this area and were suitably assured by the 'Significant' assurance rating given.

- **Treasury Management.** The purpose of this audit was to determine whether the controls in place and decision-making followed in respect of the College's cash investments are effective and robust. The findings were that the College has robust controls in place regarding cash investments and a low-risk recommendation was made relating to the reporting on cashflow to the Business Committee. This recommendation has been already acted upon.
The Committee noted the strong report and were suitably assured by the "Significant assurance" category given to the report.
- **Capital Projects.** This audit considered the established capital project management and oversight structure, including the necessary validations, approvals and signoffs required, how budgets have been set, the appointments process and progress reporting made to date. The findings were that the College has robust structures and process in place such that the audit report gives the highest level of assurance with a 'Strong' assurance rating given and makes no recommendations.
The Committee noted that managing capital projects is an area of high risk and complexity and that it was likely to continue to be an area of considerable activity over the next few years and so welcomed the findings of the audit.

The Chair thanked HRH and MC and their teams for their commitment and attention to detail which gave rise to such reassuring audit reports.

ACTION 1: JM to ensure a) the C&S Committee are alerted to the findings and recommendations of the Residential Provision Internal Audit; and b) the Business Committee are alerted to the findings and recommendations of the Treasury and Capital projects audits.

ACTION 2: ABI to advise the Corporation on the content of the 4 Internal Audits.

- 9. Internal Audit – Progress with other planned 2023/24 Audits**
The report was circulated prior to the meeting and taken as read.

The Committee noted that two planned audits have been slipped back in time but were reassured that there were no implications arising from this. All work is on schedule for completion by the end July 2024.

- 10. Progress Report on Current and Outstanding Internal Audit Recommendations**
The report was circulated prior to the meeting and taken as read.

The Committee noted their responsibility for monitoring, within an agreed timescale, the implementation of agreed recommendations relating to internal audit assignment reports.

The Committee noted that the list of outstanding audit recommendations was long and that some actions related to historic audits. There was concern expressed relating to the embeddedness of the internal audit work within the business operations of the College and the reasons why, when recommendations were accepted, they were not being acted upon according to the timescale determined by the College.

The Committee were reassured that the College's SMT were now monitoring progress more vigorously and asked that the list was carefully reviewed with any actions that have been overtaken by events removed accordingly and that the timeframes for action on those remaining were realistic.

ACTION 3: Current and Outstanding Internal Audit Recommendations to be updated by SMT and Implementation and revised dates to be reviewed. JW/JM to provide an update at the June 2024 meeting.

11. Board Strategy Day Conclusions and revised Risk Register

The Committee received three reports:

- a) the Governance and Risk Road Map as presented and agreed by the Board in December 2023.
- b) the current top 10 risks on the risk register with an update on mitigations and four new risks to be added to the register
- c) a first attempt at defining strategic risks facing the College

The Committee remain content that risk is well managed by the College. Members were content with the mitigations presented for the current top 10 risks and the addition of four new risks. Commencing the conversation on what might constitute a strategic risk was welcomed with strategic risks noted to be things that would threaten organizational success and reputation. The Principal was close to finalizing a Strategic Plan for the College and agreed to consider the suggestions when determining what risks might arise from the Plan. A set of draft Strategic Risks could be then considered by the Committee. The Committee were reassured that risks continue to be monitored and mitigated, whilst work was being undertaken on the updated strategic framework.

It was noted that the timeframes agreed in the Risk Roadmap have slipped and that an update should be presented at the next meeting.

ACTION 4: JW to update the timeline in the 'Governance and Risk Roadmap' document for the meeting on 4 June 2024.

ACTION 5: Two items - 'Strategic Plan Update with risk assessment' and 'Proposed Strategic Risks' to be added to the agenda for the meeting on 4 June 2024 (CJ/JM).

12. Annual Review of Risk Management Policy

The report was circulated prior to the meeting however, due to the delay in this paper being published, Governors were requested to send comments to MC by the end of March 2024. Governors queried the monitoring process for policies and requested this be reviewed to ensure all policies are up to date.

ACTION 6: 'Annual Review of Risk Management Policy' to be carried forward to 4 June 2024, and Governor's suggestions to be incorporated (CJ/JM).

ACTION 7: Policy Schedule to be reviewed and updated by SMT (JW).

13. Review of the Whistleblowing Policy

The report was circulated prior to the meeting and taken as read. The following points were noted and raised:

- *A substantial review of the Policy had been undertaken in 2022 with only minor amendments being proposed on this occasion.*
- The update will need to be shared with the union representatives for consultation.
- The Committee suggested
 - adding process flow charts,
 - making it clearer that if a more appropriate complaint process existed the complaint would be processed via that route
 - updating the text to use 'friendlier' language.
 - Reflecting on the purpose of an appeal and what an escalation processes might look like for a complainant dissatisfied with the response to their whistleblowing.
 - moving the process on-line
 - considering, whether, given the small volumes of whistleblowing complaints received whether there could be a single respondent on behalf of the College, with the normal caveats should they be the subject of the complaint.

ACTION 8: JM/CJ to update the Whistleblowing Policy as per the suggestions and share the tracked change version with the Committee for recommendation to Board.

14. Artificial Intelligence (AI) – governance of and governing with AI

The report was circulated prior to the meeting and taken as read. The following points were raised:

- The report was generated following a training session provided by the AoC, to encourage discussion around the impact and use of AI. AI will need to be embraced as it will be impossible to be 'distanced from' and it will impact all areas of the College's operations.
- It was recommended that a policy relating to AI be implemented across all areas of the College asap to mitigate risk around confidentiality and ownership/management of data as it was likely staff were using it already in their work and might be unaware of data ownership issues ,
- The Board required briefing on the risks and opportunities plus the benefits and potential AI has for the College..
- AI needs to be considered within the Terms of Reference and Scheme of Delegation, and include in policies and procedures such as Safeguarding and GDPR.
- JW confirmed further discussions will be had with SMT and a response provided the Committee.

ACTION 9: JW / SMT to review the questions within the 'Governing with AI' paper and provided a response to the Committee at the meeting on 4 June 2024 with a view to briefing the Board on 2 July 2024.

15. Sector Updates

A verbal update was provided by SMk noted that the Spring 2024 FE / HE Digest was shared as a supplementary paper and covers a variety of items including, treasury management, cyber risks and the Environmental, Social and Governance Journey (ESG). The sector is also awaiting confirmation on the release date of the financial handbook, accounting year end date and VAT status.

A verbal update was provided by LC noting that the delivery requirements for English and Maths will be changing in September 2024 potentially impacting funding. Previously, a clawback variance was honoured but this is being removed.

16. Fraud Discussions

A verbal update was provided by MC noting that there were no incidences of fraud or alleged fraud to disclose.

17. Updates from the National Audit Office and/or the Funding Agency

A verbal update was provided noting that the College is currently in the process of using the recently released DfE tools for estimating next academic years income which is critical for the financial recovery plan.

18. Membership and Terms of Reference for the Committee

The report was circulated prior to the meeting and taken as read. The following points were raised:

- The RemGov Committee will be reviewing the membership and Terms of Reference for all Committees and suggested feedback was requested from the Committee to share with RemGov.
- The Committee discussed
 - the need for consistency across all sets of terms of reference
 - clarity on requirements of each Committee and subsequent approval processes
 - that on the whole the Committee's Terms of Reference were in accordance with national guidance for Audit Committees
 - better use of verbs to make it transparently clear what actions the Committee are able to take and the delegated authority the Committee has to make decisions
 - to understand where the stance on Business Committee members not being appointed to the Audit and Risk Committee originates from and whether a member of the Business Committee should be appointed to A&R going forward, with a change to the I&A's.
 - the potential to utilise the co-opt'd governor role to the A&R Committee to support independence of the Board.
 - to understand where the stance on 'by proxy' votes originates from and whether this can be amended.
 - whether a preamble to the ToR could be implemented to give context.

ACTION 10: JM to investigate queries raised by governors in relation to the Terms of Reference / I&A's and report back to the committee.

ACTION 11: ABI to feedback back to the RemGov Committee comments raised by the A&R Committee regarding the Terms of Reference / I&A's.

19. CONFIDENTIAL – Review of SPH Expenses Claims and Credit Card Data

The discussion was confidential and is recorded within the confidential minutes.

SMk and LC left the meeting at 11:15am.

20. CONFIDENTIAL - External Audit Contract Extension

The discussion was confidential and is recorded within the confidential minutes.

21. CONFIDENTIAL - Internal Audit Plan 2024/25 and Update on Tender Process

The discussion was confidential and is recorded within the confidential minutes.

- 22. **CONFIDENTIAL - Assessment of Auditors Performance Indicators for 2022/23**
The discussion was confidential and is recorded within the confidential minutes.
- 23. **CONFIDENTIAL - Approval of Auditors Performance Indicators for 2023/24**
The discussion was confidential and is recorded within the confidential minutes.
- 24. **Other Urgent Business**
No matters were raised under this item.
- 25. **Meeting Review and Summary**
The discussion was confidential and is recorded within the confidential minutes.
- 26. **Date of Next Meeting**
The next Audit and Risk Committee meeting will take place on 17 April 2024 (single item agenda) followed by a full Committee meeting on 4 June 2024.

All business having been concluded; the meeting closed at 11:40am.

Signed Date
(Vice Chair)