

COLCHESTER INSTITUTE CORPORATION

***Minutes of a virtual meeting of the
AUDIT AND RISK COMMITTEE
held on Wednesday, 28th April 2021***

Present

Mark Davies, in the Chair	Liz Goodall
Lisa Clampin	Terry Smyth

In attendance:

Alison Andreas	Principal and Chief Executive
Maeve Borges	Vice Principal: Student Services and Support (item 8.1 only)
Gary Horne	Executive Vice Principal: Finance and Corporate Development
Anna O'Keefe	RSM, Internal Auditor
Hazel Paton	Clerk to the Governors
Mark Smith	Scrutton Bland, External Auditor

Part I

1. Apologies for Absence

Apologies for absence were received from Irene Kettle.

2. Declaration of any conflicts of interest

None

3. Agreement to Starred Agenda Items

Members were invited to indicate any item which they wished to star for discussion or question. Items that were not starred were noted and/or approved by the Committee without discussion.

4. Minutes of meeting held on 2nd December 2020

The minutes of the meeting held on 2nd December 2020 (CIC/AR/21/1/1) were received and approved as an accurate record.

5. Matters Arising from the Minutes (not covered elsewhere on the Agenda)

5.1. Audit Leader Partner

The External Auditor updated the Committee on a proposed change to the rotation of audit leader partner, which had already been discussed with the Executive Vice Principal: Finance and Corporate Development. It was proposed that Adam Smith, who would be joining Scrutton Bland in July 2021, would take over from Tim O'Connor following the completion of the audit for 2021. Luke Morris would continue as second review partner.

6. Cyber Security

In the absence of the Director of Information and Learning Technologies, the oral report on cyber security was deferred until the next meeting. The Committee received and noted CIC/AR/21/1/2, Cyber Essentials Accreditation 2021. It was reported that the College was working towards re-accreditation of Cyber Essentials Plus.

7. **New Internal Audit Reports**

7.1. **Financial Planning and Budgetary Control**

CIC/AR/21/1/3, Financial Planning and Budgetary Control internal audit report 1.20/21, was received and presented by the Internal Auditor. It was noted that the audit had received a substantial assurance opinion. There were no management actions arising from the review.

7.2. **Payroll**

CIC/AR/21/1/4, Payroll internal audit report 2.20/21, was received and presented by the Internal Auditor. It was noted that the audit had received a substantial assurance opinion. Four low priority management actions had been agreed as part of the review.

7.3. **Student Experience**

CIC/AR/21/1/5, Student Experience – Remote Learning internal audit report 3.20/21, was received and presented by the Internal Auditor. It was noted that the audit had received a substantial assurance opinion. Two low and one medium priority action had been agreed as part of the review. The medium priority action related to the level of usage of the College's Connect mobile software. Feedback during the audit indicated that the Connect software was a useful tool and that the level of usage could be increased if all staff and students were reminded of the importance and the benefits of using the software.

Governors agreed that to receive three substantial assurances for these audits was exceptional, and a recognition of the efforts that had been made to keep the College operational during a period of significant disruption as a result of the pandemic. Feedback from the student focus group discussions (part of the Student Experience internal audit) and the College's own student surveys had been very positive.

8. **Other Audit/Assurance Reports**

The Vice Principal: Student Services and Support joined the meeting.

8.1. **ESFA Learner Support Fund Audit Report**

CIC/AR/21/1/6, ESFA Learner Support Fund Audit Report, was received and presented by the Vice Principal: Student Services and Support. It was reported that the audit had reviewed the College's 16-19 bursary fund with a specific focus on the Discretionary Learning Support Fund (dLSF) and Free School Meals (FSM). It was reported that the 16-19 bursary fund is ring-fenced out of the ESFA funding allocation, and that there may be a reduction in the 2021/22 ESFA allocation to take account of the errors discovered during this audit. It was pointed out that the guidance/funding rules for these funds is not clear in respect of the areas of non-compliance identified during the audit. There were four recommendations arising from the report. The Vice Principal gave a detailed oral report on each of the four audit findings including the context and the resulting actions, which were noted and accepted by the Committee.

The potential correction to the 2021/22 EFSS funding is the result of students under claiming on their FSM allocation (credit to the value of £3 per day to use on-campus to purchase food and drink). An action for next year will be to ensure that students make full use of their FSM allocation.

The Vice Principal: Student Services and Support left the meeting.

8.2. **Apprenticeship Funding Audit Report**

The Committee received and noted CIC/AR/21/1/7, Apprenticeship Funding Audit Report. It was reported that this had been a follow up apprenticeship audit. The previous audit, carried out by SRF 18 months previously, had resulted in a number of actions and recommendations, some of which were high risk. This follow up audit showed a much-improved position with only 2% error rate. A management action plan was being put together to address the issues raised during the audit which will be **shared with the Committee at the next meeting**.

The Committee Chair commented that issues around apprenticeship funding had been a concern across the sector in 2019, and it was therefore not surprising that the initial audit commissioned by the College had identified a 23% error rate.

9. **Internal Audit Progress Report**

The Committee received and noted CIC/AR/21/1/8, Internal Audit Progress Report.

10. **Assurance Dashboard 2020-21**

CIC/AR/21/1/9, Assurance Dashboard 2020-21 incorporating audit tracker, was received and presented by the Executive Vice Principal: Finance and Corporate Development. The dashboard had been put together at the request of this Committee to provide an overview of all the lines of assurance undertaken during the academic year by a range of providers and auditors, and the outcomes.

The Committee welcomed this new report, which included an update on implementation of previous recommendations on both internal and external audit. The Committee asked to receive an update as a standing agenda item, to be taken at the start of each meeting; and **AGREED** the report should also be received at each Board meeting.

11. **Risk Management**

11.1. **Notes from Risk Committee**

CIC/AR/21/1/10, notes from Risk Management Committee meeting held on 24th March 2021, was received and presented by the Executive Vice Principal: Finance and Corporate Development. Governors' attention was drawn to the discussion at the Risk Management Committee on specific risks (Covid return and organisational risk assessment; project risk – Salix scheme; and cyber security) and the review and updating of high-level risks on the Corporate Risk Register.

11.2. **Corporate Risk Register**

CIC/AR/21/1/11, Corporate Risk Register (last updated 20/04/2021), was received and presented by the Executive Vice Principal: Finance and Corporate Development.

The Committee received an update on the highest ranked risks:

- despite work undertaken by the contractor and an asbestos consultant there was still some uncertainty over the Salix decarbonisation scheme programme and cost.
- The FE Adult Education Budget (AEB) tolerance level had been confirmed as 90%. Because the campuses had been closed for a significant period of time due to the pandemic the College had been unable to use the full funding allocation itself and was now looking to working with sub-contractors, which will incur additional costs. This would be reflected in the Period 8 Management Report and Accounts.

The Committee:

- Noted the content of the newly updated Corporate Risk Register
- **APPROVED** the College Executive's classification of all risks (having reviewed the risk definition in the risk policy, the Executive had reclassified six risks as Strategic rather than Operational).
- **AGREED** that it was unnecessary duplication for this Committee and the Board to review the corporate risks at each meeting and that going forward the Board should review the Strategic Risks annually in line with the current Risk Management Policy. Any new risks or areas of concern which arise during the year can be brought to the attention of the Board through the Committee Chair's written report to the Board.

12. Framework Documents

The Committee received and noted:

- Post-16 Audit Code of Practice 2020 to 2021 (CIC/AR/21/1/12)
- Regularity self-assessment questionnaire 2020 to 2021 (CIC/AR/21/1/13)
- College Accounts Direction 2020 to 2021 (CIC/AR/21/1/14)

The External Auditor reported that he had attended an ESFA Audit Conference earlier that day and updated the Committee on key points of note relating to the above documents. One area of change this year relating to funding audit requirements was noted. Historically, Financial Statements Auditors have obtained a level of assurance from funding audits carried out by the ESFA (Education and Skills Funding Agency). That level of assurance will no longer be given by the ESFA, and External Auditors will need to look for alternative forms of assurance. Further guidance on this is expected to be published early summer 2021. Another area of discussion at the conference had been in respect of the requirement to retender for the external audit service every five years and whether this was a mandatory (must) requirement of best practice (should). The response given had been that the change had been introduced too late for 2021, but for subsequent years it will be a requirement to retest the market every five years.

13. Reports of Fraudulent Activity

It was noted that there had been no reports of suspected fraudulent or irregular acts under the College's Fraud Policy since the last meeting of the Audit and Risk Committee.

14. Data Protection / Freedom of Information Dashboard

CIC/AR/21/1/15, Data Protection / Freedom of Information Dashboard for the 12-month period April 2020 to March 2021, was received and noted.

15. Minutes of Health and Safety Committee

CIC/AR/21/1/16, Minutes of the Health and Safety Committee meeting held on 26th February 2021, was received and presented by the Executive Vice Principal: Finance and Corporate Development. It was noted that:

- accident rates had fallen due to reduced attendance on site.
- Basic health and safety training for all staff was now available online.
- Online fire marshal training was now taking place.

16. Review of Meeting

After discussion it was **AGREED** that the key points to bring to the Board's attention were the three substantial assurance internal audit reports and the Assurance Dashboard.

17. Date of Next Meeting

Wednesday, 23rd June 2021 at 4.30pm

18. Any Other Urgent Business

There were no items.