

**COLCHESTER INSTITUTE CORPORATION**

***Minutes of a virtual meeting of the  
AUDIT AND RISK COMMITTEE  
held on Wednesday, 23<sup>rd</sup> June 2021***

**Present**

Mark Davies, in the Chair                      Terry Smyth  
Irene Kettle

**In attendance:**

Chris Adams                      Director of Information and Learning Technologies (item 7 only)  
Alison Andreas                      Principal and Chief Executive  
Gary Horne                      Executive Vice Principal: Finance and Corporate Development  
Hazel Paton                      Clerk to the Governors  
Mark Smith                      Scrutton Bland, External Auditor

**Part I**

**1. Apologies for Absence**

Apologies for absence were received from Lisa Blake and Liz Goodall.

**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 28<sup>th</sup> April 2021**

The minutes of the meeting held on 28<sup>th</sup> April 2021 (CIC/AR/21/2/1) 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**

As a point of clarification, the External Auditor reported that it was his understanding that Adam Smith would be signing off the 2021 audit, rather than Tim O'Connor.

**5.2. Apprenticeship Funding Audit Report**

The Committee received and noted CIC/AR/21/2/2, Apprenticeship Funding Audit Report – Management Actions. It was reported that work was underway in terms of refreshing the College approach to the key outcomes from the audit.

**6. Assurance Dashboard 2020-21**

CIC/AR/21/2/3, Assurance Dashboard 2020-21 incorporating audit tracker, was received and presented by the Executive Vice Principal: Finance and Corporate Development. It was reported that the two remaining audits that were due to be undertaken by RSM as part of the internal audit programme had been delayed by the disruption to the IT services.

## 7. **Cyber Security**

On behalf of the Board the Committee Chair thanked the Director of Information and Learning Technologies and his team for all their work following the recent cyber-attack.

The Director of Information and Learning Technologies gave a brief update on the current position. The detailed discussion is recorded in the confidential minutes.

## 8. **Audit Planning Letter for the year ended 31 July 2021**

CIC/AR/21/2/4, Audit Planning Letter for the year ended 31 July 2021, was received and considered. The External Auditor drew the Committee's attention to the most significant points:

- Some additional disclosures will be required in the published accounts in respect of the impact of Covid-19. The guidance on what will be required has not been issued yet.
- Subject to any Government announcements both the interim and final audit work will be carried out on site this year.
- The full year forecast position at April 2021 compared to the full year budget was noted. There had been no downward movement as a result of the cyber-attack.
- The ESFA provides a statement on income which the auditors normally rely on, together with the work of the internal auditor. The ESFA has suggested that the external auditors may be required to carry out further work this year as part of the audit but have not yet issued guidance on what is required.
- The financial loss as a result of the cyber-attack will be considered during the audit. The Executive Vice Principal reported that the financial impact is the insurance excess of £25k. The College was unable to recruit as many adult learners through the Learning Shops as a result of the attack and may be able to make a claim through the business interruption insurance. The loss in terms of learners missing online activities is difficult to quantify.
- The interim audit has been brought forward to July at the request of the Head of Finance. The External Auditors have engaged with the Head of Finance in terms of what is expected during the audit.
- A small increase in fees had been proposed compared to the previous year.

It was **AGREED** that the Committee Chair should meet with the new Audit RI Adam Smith when he joins Scrutton Bland.

## 9. **Internal Audit Progress Report**

The Committee received and noted CIC/AR/21/2/5, Internal Audit Progress Report.

## 10. **Risk Management**

### 10.1. **Notes from Risk Committee**

CIC/AR/21/2/6, notes from Risk Management Committee meeting held on 9<sup>th</sup> June 2021, was received and presented by the Executive Vice Principal: Finance and Corporate Development. Significant areas of discussion at the Risk Management Committee included:

- Salix decarbonisation project – good progress was being made.
- Concerns over staff recruitment and staff pay. This risk has been elevated on the Corporate Risk Register.
- Risk appetite statement. Following a long discussion at the Risk Management Committee, the draft risk appetite statement was updated and has been included in the updated Risk Management Policy.

## 10.2. Corporate Risk Register

CIC/AR/21/2/7, Corporate Risk Register (last updated 15/06/2021), was received and considered. The Committee's attention was drawn to two risks where the residual risk rank had been revised:

- (i) Significant staff recruitment problems – the residual risk rank had been increased. A number of new task and finish actions were underway, and benchmarking data was being gathered to inform a future planning meeting,
- (ii) Failure of capital project – the Salix project was moving forward positively and the residual risk had been decreased.

Many of the other key risks had been updated with new task and finish actions, but there were no significant changes in terms of the risk rankings for these risks.

## 10.3. Risk Management Policy and Procedure

The Committee received and considered for recommendation to the Board the Risk Management Policy and Procedures (CIC/AR/21/2/8). The Executive Vice Principal reported that there were no changes in terms of the way risk is managed, but the risk appetite section had been revised. The aim of the risk appetite statement is to articulate to managers in particular what areas of risk they are empowered to take and sets out some examples of where managers can potentially work within a risk tolerance.

The Committee:

- Welcomed the risk appetite statement, which would provide a framework for Governors to challenge the College Executive, and asked the Executive Vice Principal to present this to the Board at the next meeting.
- **RECOMMEND** the Risk Management Policy and Procedure to the Board **for approval**

## 11. Data Protection / Freedom of Information Dashboard

CIC/AR/21/2/9, Data Protection / Freedom of Information Dashboard for the 12-month period to end May 2021, was received and noted.

## 12. Minutes of Health and Safety Committee

CIC/AR/21/2/10, Minutes of the Health and Safety Committee meeting held on 11<sup>th</sup> June 2021, was received and noted.

The staff sickness absence data was discussed. A Member noted that stress was one of the top six reasons for sickness absence. Commenting that stress is a natural part of life which can lead to other problems, the Member suggested that the category was inadequate because it does not tell the College how the person is being affected by the stress. The Committee was advised that people self-report and the data reflects how people choose to describe the reason for absence from work. The Member asked whether it would be possible to move to the next level and discover what is behind that person's absence, and how stress is affecting them. The College has a duty of care; without this information at a personal level Management are unlikely to be able to identify if there is a pattern and take action. The Principal reported that the data could be analysed in a number of ways to see if any patterns are emerging across the organisation. This is done from time to time, but not in a very formalised way, as part of senior management reviews. **ACTION: The Principal agreed** to take this forward through the Wellbeing Group.

## 13. Review of Meeting

The Committee considered:

- Items/papers to be reported to the Board: Risk Management Policy and Procedures and risk appetite statement

- Items to be treated confidentially: - update on cyber security attack
- Effectiveness of meeting and potential areas for improvement: none
- Feedback on papers: none

14. **Date of Next Meeting**

Wednesday, 1<sup>st</sup> December 2021 at 4.30pm at the Sheepen Road Campus

15. **Any Other Urgent Business**

There were no items.