

Colchester Institute Corporation

***Minutes of a virtual meeting of the
AUDIT AND RISK COMMITTEE
held on 28 June 2022***

Present

Mark Davies, in the Chair
Lisa Blake

Irene Kettle
Terry Smyth

In Attendance

Alison Andreas	Principal and Chief Executive
Gary Horne	Deputy Chief Executive
Clare Lavery	Audit Manager, TIAA, Internal Auditor
Hazel Paton	Clerk to the Governors
Fiona Roe	TIAA, Internal Auditor
Mark Smith	Scrutton Bland, External Auditor

Mark Davies reported that this would be his last meeting as Committee Chair, but that he would continue to be a member of the Committee. Lisa Blake would take over as Committee Chair with effect from August 2022.

1. **Apologies for absence**

Apologies for absence were received from Liz Goodall.

2. **Declaration of any conflicts of interest regarding any items on the agenda**

None.

3. **Agreement to Starred Agenda Items**

Members were invited to indicate any items 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**

The minutes of the meeting held on 9 March 2022 (CIC/AR/22/2/1) were received and approved as an accurate record.

5. **Matters Arising from the Minutes**

CIC/AR/22/2/2, Action Sheet Log arising from the Audit Risk Committee, was received and noted.

6. **Cyber Security**

The Committee received an oral report on cyber security. The detailed discussions are recorded as a separate confidential minute.

7. **Audit Planning Letter for the year ended 31 July 2022**

CIC/AR/22/2/3, Audit Planning Letter for the year ended 31 July 2022, was received. The External Auditor reported that there were no changes in the scope of the work compared to the previous year end. The Committee's attention was drawn to key points including:

- The summary forecast full year results based on the April management accounts, the starting point for the plan.
- The 97% tolerance requirement set by the ESFA for the adult education budget, which the College was not expected to meet.

- Regulatory developments. The College Accounts Direction for 2021/22 introduced two new requirements in respect of the statement of corporate governance and internal control, which must now include a report on activities undertaken over the year to develop governors and clerks/governance professionals, and a report on whether the corporation has conducted/commissioned an internal or external review of governance.
- Financial reporting developments. Changes in the SORP (Statement of Recommended Practice) for college financial statements are expected for 2023 year end, which may include the capitalisation of certain operating leases. The Deputy Chief Executive confirmed that the College had a large number of operating leases, including the franking machine and 130 photocopiers.
- Fraud risk. The External Auditors had discussed the risk of fraud with the Finance Team during the Audit Planning Meeting and were not advised of any significant instances of fraud during the year.
- Significant risks and other areas of audit focus. The risk of improper revenue recognition and of management override of controls, are standard and must be included in every audit plan.
- Audit timetable.

The External Auditor was questioned about the reference in the Plan to the reliability of the full year forecast, which could be materially different to the April Management Accounts, and whether there were any concerns over financial management processes. The External Auditor confirmed that there was nothing from prior year audits that would give cause for concern over the accuracy of the forecasts. The Deputy Chief Executive reported that the Financial Budgeting and Management Accounts internal audit report, received from RSM in the previous year, received a positive assurance opinion. It was further reported that the surplus in the Period 10 Management Report was not materially different to that reported in the April report.

The Committee questioned the External Auditor on the provision of non-audit services which were expected to be undertaken for the 2022 year end, and the safeguards to ensure there were no conflicts. It was reported that the ESFA Internal Controls Assurance was carried out by the Internal Audit Team as the External Audit Team did not have the required level of detailed knowledge.

The Clerk was questioned about the new requirements in respect of the Statement of Corporation Governance and Internal Control. It was reported that training records are maintained which will fulfil the requirements to report on activities to develop Governors/Clerk, and that the Governance, Remuneration and Search Committee were in the early stages of preparing for an external review of governance, to be commissioned during 2022-23.

8. Internal Audit

8.1. New Internal Audit Reports

The Committee received and noted:

- CIC/AR/22/2/4, Assurance Review of Key Financial Systems
- CIC/AR/22/2/5, Assurance Review of Risk Management
- CIC/AR/22/2/6, Follow-up Report
- CIC/22/2/7, Summary Internal Controls Assurance (SICA) Report

The Internal Auditor reported that:

- The Key Financial Systems review had received a substantial assurance opinion. The review found that the systems were well controlled and there were no recommendation arising from the audit.
- The Risk Management review had received a substantial assurance opinion. There was one minor recommendation arising from the audit, which had already been actioned.
- All the fieldwork for the annual plan 2021-22 was now complete.
- There was currently only one overdue recommendation with a revised target date.

- Recommendations are followed up every two months ensure they do not go overdue.

8.2. Internal Audit Plan 2022-23

CIC/AR/22/2/8, Internal Audit Strategy 2022/25 and Annual Plan 2022/23, was received and discussed. The Committee:

- Considered whether the plan had sufficient focus on education and the student experience. After discussion, the Committee asked for all audits to include consideration of the likely impact of what has been found on the student experience, and for outcomes to be contextualised in the report rather than just statements that this process works. **ACTION: TIAA**
- Noted the absence of any advisory reviews in the three-year plan and discussed whether there should be some advisory reviews as well as assurance reviews, for example a follow-up to the Ofsted report to look at areas where the College did less well and to maintain the focus on teaching and learning between Inspections.

The Committee:

- **APPROVED** to Annual Plan 2022/23 for recommendation to the Board
- Asked to the Internal Auditor to review the plan for 2023/24 and 2024/25 and include advisory reviews around teaching and learning and the student experience.

9. Assurance Dashboard incorporating Audit Tracker

CIC/AR/22/2/9, Assurance Dashboard 2021-22, was received and presented by the Deputy Chief Executive. It was reported:

- That TIAA had completed four of the planned internal audits and the reports had been issued. The follow-up work had just finished, and Management had received a debrief on the Business Continuity Plan audit, which had received a positive opinion. The Business Continuity Plan report would be received later at this meeting.
- All recommendations arising from internal audits undertaken in the current year had been completed. Some recommendations arising from internal audits undertaken in previous years were still outstanding.

10. Risk Management

10.1. Notes from Risk Management Committee

CIC/AR/22/2/10, notes of the Risk Management Committee meeting held on 20 June 2022, were received and noted. It was reported that departmental risk registers had been thoroughly reviewed, and feedback provided to the departmental authors on risks not already included in individual returns. The Corporate Risk Register had been reviewed and updated.

10.2. Corporate Risk Register

CIC/AR/22/2/11, Corporate Risk Register as at 21/06/2022, was received and the highest risks reviewed. The Deputy Chief Executive reported that:

- The risk around the defunding of Level 3 Applied General qualifications was starting to reduce. Recent Government announcements indicated that there would be some changes in the way BTEC and other qualifications would be treated in the future.
- Recruitment and retention were an ongoing challenge. The biggest risk facing the College was the significant number of extra lecturers that were required to teach the possible additional 400 16-18 students who were expected to enrol in September.
- Adult provision, remains an ongoing risk due to the level of competition locally.

- Inflation would now need to be considered as a risk as a budget assumption in the preparation of the budget for 2022-23.

The Committee asked if there was the potential any delays to current in flight projects to impact the operational running of the College when students return in September. It was reported there was only an eight-week window in which to complete substantial remodelling and the conversion of J Block from examination rooms into construction workshops, but it was expected to be concluded in time for the new term in September. The onus was with the College to vacate the space as quickly as possible and in some areas, this was proving to be difficult. Interim examination suites would need to be made available during the summer.

It was reported that there was an issue now impacting the finalisation of the Salix project. A meeting was due to be held with the Head of Salon Studies to plan interim arrangements for the beauty students.

10.3. **Risk Management Policy and Procedures**

CIC/AR/22/2/12, Risk Management Policy and Procedures, was received and considered. In response to a question, it was confirmed that the policy included any updated recommendations by the Internal Auditor.

The Committee **APPROVED** the Risk Management Policy and Procedures for recommendation to the Board.

11. **Business Continuity Policy and Disaster Recovery Procedures**

CIC/AR/22/2/13, Business Continuity Policy and Disaster Recovery Procedures, was received and considered. The Deputy Chief Executive reported that there four low priority recommendations arising from the recent internal audit review, two of which would affect the Business Continuity Policy (frequency of testing and frequency of review)

Subject to the above, the Committee **APPROVED** the Business Continuity Policy and Disaster Recovery Procedures.

12. **Framework Documents 2021-2022**

CIC/AR/22/2/14, Framework Documents 2021 to 2022, was received and the main changes to the College Accounts Direction, Post-16 Audit Code of Practice, and Regularity Self-Assessment questionnaire were noted.

13. **Reports under the College's Fraud Policy**

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. **Health and Safety Committee**

14.1. **Health and Safety Committee Minutes**

CIC/AR/22/2/15, Minutes of the Health and Safety Committee meeting held on 13 June 2022, was received and noted.

14.2. **Health and Safety Policy**

CIC/AR/22/2/16, Health and Safety Policy, was received, considered and **APPROVED** for recommendation to the Board.

15. **Review of Meeting**

The Internal and External Auditors were thanked for their contribution.

At this point the Chairman of the Committee welcomed Lisa Blake as the new Chair of the Committee and wished her luck in her new role. He thanked all the members, past and present for their participation and contribution during his tenure, but specifically he drew attention and thanked the contribution of Hazel Paton, Clerk for her attentive support, guidance and diligence during his appointment; the assistance, knowledge and experience that he had been able to rely upon had significantly contributed to the increased level of engagement and challenge that had been achieved by the committee. He also commented on the contribution of the Principal and Vice Principal who had worked tirelessly and diligently to support the increased level of engagement and questions raised. He noted that he felt that the changes and evolution of the committee over that time created a solid foundation for the future development and contribution of the committee to the governance, oversight and risk management of the Corporation. Whilst he would remain a member of the forum going forward he would merely participate from the 'wings', leaving the leadership and direction to the new Chair.

16. **Date of next meeting**
To be confirmed

17. **Any other Urgent Business**
There were no items.