

COLCHESTER INSTITUTE CORPORATION

AUDIT AND RISK COMMITTEE
held on
Wednesday 3 July 2024 at 4.30pm
at the Sheepen Road Campus

MINUTES - Part I

Members:

Lisa Blake – Committee chair
Simon Attwood - Governor
Varun Verma – Co-opted Governor
Sally Messenger - Governor

In attendance:

Alison Andreas – Principal/CEO
Gary Horne – Deputy Chief Executive
Claire Lavery – TIAA
Mark Eagle - MHA

Clerk – Alison Bennett

1. Apologies for Absence

Apologies for absence were received and accepted from Michael Asare Bediako.

2. Declaration of any conflicts of interest

No declarations of financial, or other conflicts, were made against any of the items listed on the agenda.

3. Agreement to Starred Agenda Items

As per the agenda it was agreed that only starred items would be discussed; all other items to be deemed noted and/or approved by the Committee as appropriate.

4. Minutes of meeting held on 14th March 2024

The committee approved the minutes of the meeting held on 14 March 2024 as a true and accurate record.

5. Action Sheet and Matters Arising from the Minutes that are not covered elsewhere on the Agenda

5.1. Appointment of Committee Vice Chair

To be considered following the July Board meeting.

5.2. Development of Committee Members

Following discussions at the meeting held on 14 March a new member has been appointed to the committee to bring an educational perspective to the discussions.

Audit training modules – Committee members were reminded to complete these if they had not already done so.

5.3 Internal Audit Briefing

The possibility of Internal Audit attending a Corporation Board meeting to update on emerging themes was discussed.

ACTION: Committee chair to discuss with Chair of the Corporation to agree a suitable date for TIAA to attend a corporation board meeting to update on emerging themes.

5.4 Public Meeting

The committee **ASKED** about the reinstatement of the Annual Public Meeting and when the College may look at doing this. The Principal suggested that a target time for this to take place would be late October 2024 and it was agreed this could be discussed further at the July Board meeting.

6. **Audit Planning Letter for the year ended 31 July 2024**

MHA were present for this item. The committee's attention was drawn to page 6 which outlines the audit scope and timetable.

Key audit risks have been identified as:

- Going Concern
- Fraud risk in revenue recognition
- Management override
- Related Party Transactions
- Entitlement and recognition of income
- Regularity
- Risk of clawback
- Capital expenditure
- Pension assumptions and staff costs
- Financial reporting

Governors **ASKED** whether the pension assumptions risk is due to interest rates. MHA replied there are a number of variables outside of the College's control that could impact the shape of the balance sheet within the financial statements. Guidance however has been issued this year with regard to the non-recognition of a LGPS scheme surplus, should this occur.

Governors **ASKED** about the ESFA letter that has been received giving notification of a Funding Assurance Review for the academic year 2023-24, and whether it would result in a duplication of work. MHA replied that there is likely to be an element of duplication and should the EFSA review take place before the audit, the external auditors would take assurance from that audit. The Deputy Chief Executive said that Governors could take some assurance from the work of the internal auditors in this area earlier this year.

The committee **ASKED** whether the College was happy with the audit scope and timetable. The Deputy CEO confirmed that they were.

Governors **ASKED** whether there were any concerns about meeting the assumptions in the scope. The Deputy CEO explained that they had worked with the auditors on this and therefore have no concerns and have every confidence that they can meet the assumption time frames.

Governors **QUESTIONED** why related party transactions had been included. It was explained that this is a sector wide issue and is highlighted regardless of whether the College has had any issues.

The committee **ASKED** for assurance that the College is meeting all of the requirements for managing public money. The College Executive confirmed that they are very aware of the limits, report on them monthly via the management Report, and the College Financial Handbook is very clear on the actions.

It was noted that the College Financial Handbook outlines the role of the Audit & Risk Committee (ARC) and it was agreed that it would be added to the next agenda to review and ensure compliance.

ACTION: Head of Governance to add College Financial Handbook/committee review to next agenda

7. **Framework Documents 2023-24**

The paper and links to framework documents had been circulated. The Deputy CEO explained that the College has started to implement the 'musts' ahead of the go-live date. There were no questions from Governors.

8. Internal Audit

The Committee noted the following Internal Controls Assurance reports:

8.1. Assurance Review – Individualised Learner Record – Substantial Assurance Opinion

8.2. Assurance review of Room Utilisation – Limited Assurance Opinion

Governors **ASKED** how the room booking system should work. The Deputy CEO replied that there are a number of systems which support college timetabling. The timetabling team will review the initial proposals proposed by curriculum areas and these are then adjusted again at the start of term. The Rooming and Timetabling Group are looking at whether areas should have more autonomy in the process and how the systems work best. Governors **ASKED** what the consequences are to rooms being persistently booked and then not being used. The College Executive will be ensuring that Area leaders are aware of the consequences of unused rooms in terms of the financial impact. The Committee was assured that work is being done on this area.

The Committee **ASKED** whether the system requires Area Head authorisation to make changes. It was explained that there has been a turnover of middle leaders and so they had not had the learning and support to understand the consequences of poor room booking habits.

Governors **ASKED** whether the end game is to create capacity for more enrolments. The Deputy CEO explained that it is to reduce accommodation requirements as the older buildings come with high running costs and so it is better to utilise the more modern buildings, contributing to a higher level of student satisfaction.

The Committee said that they were pleased to see substantial assurance on the Individualised Learner Record report and were assured that appropriate action is being taken on the limited assurance Room Utilisation report.

The Committee **ASKED** the Internal Auditor about the 2024/25 plan which does not show a follow up of the recommendations from the report. The Internal Auditor confirmed that an extra date has been added which will be for further testing and the follow up report from those recommendations.

The Committee **NOTED** that the progress report states that there were no overdue recommendations.

8.3. IA Update Paper – Progress Report

The report summarises progress to date. The committee were informed that the Safeguarding audit field work has been completed and the report will be presented at the next meeting.

8.4. Internal Audit Plan 2024-25

IA welcomed the Committee's comments on the plan. The Committee felt it was a good plan covering everything they expected to see in view of the current risk environment.

DECISION: The Committee **AGREED** to recommend the internal audit plan 2024/25 to the Board for approval.

9. Notification of Education and Skills Funding Agency Assurance review of 2023 to 2024

The committee **NOTED** that the college has received a notification of a ESFA Funding Assurance review for the academic year 2023-24.

This is an annual programme covering all ESFA funding streams including 16-19 provision, adult education and apprenticeships whereby the ESFA appoints an external audit firm to sample select a number of providers and undertakes a 'deep dive' into the evidence collected that supports the monthly and annual funding claims (via the Individualised Learning Record).

The programme will be undertaken by KPMG on behalf of the ESFA who are required to provide assurance to HM Treasury on the appropriate use of public funding.

The findings of the review will be communicated in writing and could potentially lead to some adjustment to our claims in-year which may impact the financial statements / predicted outturn. Our financial statement auditors (MHA) have been advised of the review which will help inform their external audit opinion. It is anticipated that this will take place early in the autumn term.

10. Risk Management

10.1. The Committee received the notes from Risk Committee which was held on 20 June 2024

10.2. Corporate Risk Register including review of highest risks.

The Deputy CEO took the committee through the risks highlighting the following areas to be aware of:

Risk no. 2 – This has been elevated directly as a result of the ESFA letter. A number of actions have since been brought in, ahead of the normal programme of work, by the funding and information team.

Risk no. 3 – There has been some success in staff recruitment following a well-attended recruitment event. There are still some gaps to be filled and the college is working with local NHS partners to support teaching in Health as well as exploring all options available as listed in the Risk Register.

10.3. Risk Management Policy

Discussion took place around the frequency of the Committee receiving the Risk Register. It was **AGREED** that it would be put to the Board to decide how they would like this to happen and the frequency of it. Governors **ASKED** whether the policy is specific enough in the areas of thresholds. The Deputy CEO explained that the framework outlines the financial thresholds.

DECISION: The committee **APPROVED** the Risk management policy for recommendation to the Board subject to the feedback given and input being received from the Board on the frequency and format of the risk register being provided to the committee.

11. Fraud Risk Review

10.1 Fraud Risk Assessment

Governors **QUESTIONED** whether there should be more controls around internal threats. The Deputy CEO explained there is little guidance around how the assessment should be written and so have developed the format based on best practice however would look at this further, and bring to a meeting in the new academic year.

10.2 Fraud Risk Log and any suspected

This item was taken as read.

12. Health and Safety

12.1. Minutes of the Health and Safety Committee held on 3rd June 2024

This item was taken as read.

12.2. Health and Safety Policy

DECISION: The committee **AGREED** to recommend the Health and Safety Policy to the Board for approval.

13. Business Continuity Policy and Disaster Recovery Procedures

Governors **QUESTIONED** whether a hard copy of the document should be held to mitigate computer system failures. Governors **ASKED** whether the document considers multiple issues happening at the same time and other issues such as grid failure and **SUGGESTED** this be considered for future drafts. The College Executive said they would look to expand the document to cover broader events which will be added to the appendices if considered necessary.

DECISION: The Committee **AGREED** to recommend the Business Continuity Policy and Disaster Recovery Procedures to the Board for approval.

14. Assurance Dashboard incorporating Audit Tracker

This was noted.

15. Review of Meeting

Assurance:

The Committee noted that, as in the past, where an audit report has received 'Limited' assurance the committee feel assured appropriate management actions are taken. There were no overdue recommendations indicating that the College Executive are responding accordingly.

Advice: Bring Risk Appetite to board briefing sessions

Actions: Approval of policies

16. Date of Next Meeting

To be confirmed

17. Any Other Urgent Business