

COLCHESTER INSTITUTE CORPORATION**Meeting of the
AUDIT AND RISK COMMITTEE
To be held on Friday 13 December 2024
3.00pm via Teams****Members:**

Lisa Blake – Committee chair
Simon Attwood - Governor
Sally Messenger - Governor
Michael Asare Bediako - Governor

In attendance:

Alison Andreas – Principal/CEO
Gary Horne – Deputy Chief Executive
Ali Davies – Deputy Principal
Mark Eagle – MHA, External Audit

Part I - MINUTES**1. Apologies for Absence**

Apologies for absence were received and accepted from Varun Verma.

2. Declaration of any conflicts of interest

None.

3. Minutes of meeting held on 3 July 2024

The minutes of the meeting held on 3 July 2024 (CIC/AR/24/4/1) were received and approved as a true and accurate record.

4. Report and Financial Statements 31 July 202

4.1 CIC/AR/24/4/2, Report and Financial Statements Year Ended 31 July 2024, was received, and presented by the Deputy Chief Executive. It was reported that:

- In a year when the College received a "Good" Ofsted rating, the financial outcomes suggested it is also nearing "Good" financial health.
- The College has moved from a deficit at the end of the previous financial year to a surplus this year, primarily due to additional funding and strong performance in adult learning and apprenticeships. There had been a near £1m turnaround in performance.
- The College continues to improve its efficiency as an organisation.
- Over £100,000 has been saved through energy efficiency measures.
- Cash reserves have slightly improved on last year, despite further strong investment in buildings and equipment.
- No significant events have occurred after the reporting period, as reflected in item 112.
- The College expects to make savings on additional pension deficit payments in 2025 as a result of FE Colleges now being included within the Local Government Pension Scheme Crown Guarantee.

The Committee **QUESTIONED** whether the positive Ofsted outcome would have a positive impact on finances. It was confirmed that the outcome was included within

the narratives and that it would likely assist future enrolment activities and eligibility for competitive bids.

The committee **APPROVED** Annual Report and Financial Statements Year Ended 31 July 2023 for recommendation to the Board for approval.

4.2 CIC/AR/24/4/3, External Auditors Audit Findings Report, was received and presented by the External Auditor. It was reported that:

- Early in the audit process, there were concerns regarding the Going Concern position, however there had since been significant national developments, and these have been acknowledged.
- In the scope of the review the audit team reviewed risks including fraud risk in revenue recognition, management override, and related party transactions.
- The audit was unqualified.
- Recommendations were made to overcome historical misclassification of some balance sheet postings.
- No issues were identified that would affect the regularity opinion during the audit.
- It was recommended that a specific audit be conducted on Employment Tax review, as this had not been undertaken for some time.

The Deputy Chief Executive said that, he was extremely pleased with the outcome of the audit.

The Committee Chair thanked the finance team for ensuring a smooth and successful audit. MHA was **ASKED** about the absence of disclosure comments in the report, to which they responded that the format used is a standard version provided by the technical team, but they are happy to include the comments in the finalised report.

The committee **APPROVED** External Auditors Audit Findings Report for recommendation to the Board for approval.

4.3 Letter of Representation

CIC/AR/24/4/4, Letter of Representation, was received.

The committee **APPROVED** the letter of Representation for recommendation to the Board for approval.

5. **EFSA Funding Assurance Review**

CIC/AR/24/4/5, EFSA Funding Assurance Review, was received and noted by the committee.

6. **Risk Management**

6.1 CIC/AR/24/4/6, Notes from Risk Management Committee of 11/11/2024, was received and noted. It was highlighted that 6 risks were downgraded at the meeting.

6.2 CIC/AR/24/4/7, Corporate Risk Register including review of highest risks, was received, and noted. It was reported that:

- The register had been produced before the Level 3 defunding announcement on December 12. This risk would now be downgraded.

- Accommodation capacity has been identified as a high risk due to increased growth in student numbers (+10%) and much higher course demand in areas such as Construction.
- The Maths and English condition of funding requirements for 2025/26 are now known. This remains a risk from a capacity perspective with additional hours' requirements now likely in the coming year.
- The external review risk has been reduced, following the successful Ofsted outcome.

The committee **ASKED** about the £300m funding allocated to Further Education (FE) and how colleges will be able to use the funds they receive. It was explained that this funding will not be available until the 2025/26 financial year. The Deputy Chief Executive referred to the £300m College Condition Capital announcement, explaining that the funds received from this allocation will be likely be used to consolidate trowel trades into one building, reducing carbon footprint and revenue costs but also acting as an enabling scheme towards completion of the 2030 masterplan.

CIC/AR/24/4/8, Annual Assurance Report on Effective of Risk Framework, was received and noted.

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7. **Audit and Risk Committee Annual Report to the Board and Chief Executive 2023/24**

CIC/AR/24/4/9, Audit and Risk Committee Annual Report to the Board and Chief Executive 2022/23, was received, considered, and **APPROVED** for recommendation to the Board subject to the addition of more definitive information on the current position of risk management.

ACTION: Deputy Chief Executive to supply wording to be added to Risk section of the Audit and Risk Committee Annual Report to the Board and Chief Executive 2023/24

8. **College Financial handbook**

8.1 CIC/AR/24/4/10, Committee compliance review, was received and reviewed by the committee.

8.2 CIC/AR/24/4/11, College compliance review, was received and reviewed by the committee. The committee **ASKED** that the document to be rag rated.

ACTION: College compliance review to be rag-rated.

9. **Review of Meeting**

- Items/papers to be reported to the next Board meeting:
 - Report and Financial statements.
 - Letter of Representation
 - Audit committee annual report.

- Matters discussed to be treated confidentially.
None

- Potential areas for improvement
None

11. **Any Other Urgent Business**

It was explained that the Committee Chair will take the role of Corporation Chair from 1 January 2025. Stephanie Bettinson will move from the Finance and Resources committee to become the Chair of the Audit and Risk Committee. The Principal took the opportunity to thank the Committee Chair for her contributions to the committee and wished her luck as she takes on the Corporation Board Chair role.

The Committee met in private with the Auditors. This part of the meeting is recorded as a separate, confidential, minute.