AUDIT & RISK COMMITTEE

4 December 2025
16:30 - 18:30
Board room, Colchester Campus

ATTENDANCE

Present:	Stephanie Bettinson	Governor, Chair of Audit and Risk Committee
	Richard Block	Governor, Chair of Finance and Resources Committee
	Chris Donovan	Governor, Vice-Chair of Finance and Resources Committee
	Lisa Blake	Governor, Chair of Corporation Board
	Steve Blake	Co-opted Member of Finance and Resources Committee
	Sally Messenger	Governor, Audit and Risk Committee
	Simon Attwood	Governor, Audit and Risk Committee
	Marie-Ann Capps	Governor, Audit and Risk Committee
In attendance:	Alison Andreas	Principal and Chief Executive
	Mark Emerson	Vice Principal
	Gary Horne MBE	Deputy Chief Executive
	Alison Bennett	Head of Governance
	Leisyen Cox	Scrutton Bland (Internal Auditors)
	Mark Eagle	MHA (External Auditors)

ATTENDEES FOR JOINT PART OF MEETING WITH FINANCE AND RESOURCES COMMITTEE

Present:	Richard Block	Governor, Chair of Finance and Resources Committee
	Chris Donovan	Governor, Vice-Chair of Finance and Resources Committee
	Lisa Blake	Governor, Chair of Corporation Board
	Steve Blake	Co-opted Member of Finance and Resources Committee

1. APOLOGIES FOR ABSENCE

Apologies were received and accepted from Ali Davies.

The meeting was Chaired by the Audit and Risk Committee Chair due to being an extra-ordinary meeting of the Finance and Resources Committee which was being held jointly with the Audit and Risk Committee.

2. DECLARATIONS OF INTEREST

No members or staff declared a financial or other interest in the business to be discussed.

3. ANY OTHER URGENT BUSINESS

None.

4. REPORT AND FINANCIAL STATEMENTS 31 JULY 2025

MHA (External Auditors) will be present for this item

4.1 CICAR25301 - REPORT AND FINANCIAL STATEMENT 31 JULY 2025

Members of FRC were present for this item.

CICAR/25/3/01, Final Report and Accounts, was presented to the committee by the Deputy Chief Executive. The following areas were highlighted:

- The year-end outturn was in line with the Period 12 forecast and delivered the strongest operating surplus in 15 years. This positive result was primarily driven by increased income from 16–19 recruitment, growth in apprenticeship provision, and reduced Higher Education (HE) delivery costs.
- Overall income increased and savings were achieved across expenditure lines. Restricted cash continues to be held for planned estate works.
- Creditor balances reduced over the year.
- The College's financial health rating has improved to Good under the DfE framework.
- The pension scheme remains in a healthy position, with ongoing contribution levels decreasing.

The Committee noted its thanks to the Finance Team for their work throughout the year. The External Auditor endorsed these comments and acknowledged the team's responsiveness to audit recommendations over time.

<u>Non-Compliance Issue</u>
The Committee requested that the Finance and Resources Committee receive a detailed report explaining the non-compliance issue, including how it occurred, and the measures being implemented to ensure future compliance.

ACTION: Deputy Chief Executive to provide the March meeting of the Finance and Resources Committee with a report detailing the nature of the non-compliance, how it arose, and actions to ensure future compliance.

The External Auditor confirmed that the issue related to a procedural breach of the rules in force at the time. Discussions with the DfE show that processes are being strengthened and controls put in place for severance agreements. It was explained that the audit recognises the errors made by the legal team who had not followed instructions relating to Managing Public Money (MPM). The Principal reported that the DfE has requested further information, including from the legal firm. When asked about potential consequences, the Principal advised that these remain unclear as the reporting framework does not fit the specific circumstances. Governors **QUESTIONED** whether the legal firm used by the College is fit for purpose. It was noted that the College is now out of contract and at liberty to go elsewhere for legal advice. The Principal confirmed that the firm has been asked whether they have appropriate MPM expertise, and they have stated that they do. The External Auditor commented that this type of regularity breach is relatively common in the public sector.

The Committee **QUESTIONED** whether governors should have oversight of all severance cases. It was agreed that this would be considered jointly by the College Executive and Governors.

ACTION: Committee members and College Executive to consider governance oversight for all severance cases.

The Committee **REQUESTED ASSURANCE** from the External Auditor on the wording of the disclosure. The External Auditor confirmed they were satisfied.

The Committee agreed that the Strategic Report should include reference to the College estates plan, the condition of certain estate assets as a key risk, and links to health and safety and business continuity. The Deputy chief Executive agreed this could be included.

ACTION: Deputy Chief Executive to include reference to the estates plan, estate condition, health and safety, and business continuity risks in the Report.

In reviewing the Governance Statement, the Committee noted that risks were referenced but not clearly listed, and requested the inclusion of wider risks such as safeguarding.

ACTION: Deputy Chief Executive to list risks explicitly, including safeguarding and other wider risks.

The Committee **QUERIED** the reference to pension fund value, the use of the term “impaired”, and the netting-off of funds. The External Auditor advised that they had no strong preference regarding terminology and confirmed that netting-off is standard practice.

VAT Repayment. With reference to paragraph 109 of the Strategic Report, the Committee **QUERIED** the VAT repayment received in November 2025 and whether its receipt altered the accounting recognition policy. The Deputy Chief Executive explained that, following discussions with the External Auditor, it had been agreed that due to the potential for further legal challenges, the income remained at risk and should not yet be fully recognised. The External Auditor confirmed that specialist tax advice supported this approach. The Committee was informed that the first repayment has been recognised as it is now outside the repayment time limit.

Reserves Policy. Governors questioned whether the Reserves Policy, approved in November 2024, should be updated to reflect more recent discussions within the Finance and Resources Committee. It was agreed that the policy wording should be amended to clarify the intended use of reserves in support of College objectives.

ACTION: Deputy Chief Executive to amend the reserves policy wording to reflect discussions around the use of reserves to meet college objectives.

The Committee reviewed paragraph 25 (p.34) and noted that it was solely finance-focused and did not sufficiently reflect the Committee’s resource responsibilities. It was agreed that all committee-related sections would be updated to reflect the Committee’s Terms of Reference and meeting attendance.

ACTION: Deputy Chief Executive and Head of Governance to update committee-related sections to reflect Terms of Reference and attendance.

Following full review and discussion, the Committee unanimously agreed to recommend the **Report and Financial Statements for the year ended 31 July 2025** to the Board for approval.

DECISION: The Committee agreed to recommend the Report and Financial Statements (year ended 31 July 2025) to the Board meeting on 15 December for approval.

4.2 CICAR25302 - EXTERNAL AUDITORS REPORT TO THE AUDIT AND RISK COMMITTEE

Members of FRC were present for this item.

CICAR/25/3/02, External Auditors Report to the Audit and Risk Committee 2025, was presented to the Committee.

The External Auditor presented the audit report and outlined the matters arising. The audit concluded with a true and fair opinion and no new matters arising, with only previously reported recommendations carried forward.

DECISION: The Meeting agreed the External Auditor's Report for recommendation to the Board.

4.3 CICAR25303 - LETTER OF REPRESENTATION

Members of FRC were present for this item.

CICAR/25/3/03, Letter of Representation, was received by the Committee.

The External Auditor presented and recommended the Letter of Representation, confirming they were satisfied with the wording.

DECISION: The Meeting approved the Letter of Representation for recommendation to the Board.

4.4 CICAR25304 - REPORT ON GOING CONCERN

The meeting agreed that this item would be recorded as a confidential minute.

5. CICAR25305 & CICAR25306 - ESSEX PENSION FUND REPORTS

Members of FRC were present for this item.

CICAR25305 and CICAR25306, Essex Pension Fund and Reports, were received and noted by the meeting. There were no questions or comments from governors.

6. DISCUSSION WITH EXTERNAL AUDITORS

Members of the Finance and Resources committee left the meeting.

The Committee met confidentially with the External Auditor, without College staff present, to discuss and seek assurance on the Report and Accounts.

7. CICAR25307 - MINUTES OF THE PREVIOUS MEETING

CICAR25307, minutes of the meeting held on 10 July, were received and **APPROVED** as a true and accurate record of the meeting.

8. CICAR25308 - ACTION TRACKER AND MATTERS ARISING NOT COVERED ELSEWHERE ON THE AGENDA

CICAR25308, Action tracker, was received and the committee noted that there were no outstanding actions.

9. INTERNAL AUDIT

9.1 CICAR25309 - RISK AND ASSURANCE PROGRESS REPORT

CICAR25309, Risk and Assurance Progress Report, was received by the Committee.

The Internal Auditor introduced the report, providing an update on progress against the annual audit plan.

The Committee were informed that Risk Management and Health & Safety audits have been completed.

The Committee noted a change to the planned audits. Sector updates were highlighted, by the Committee, as useful.

The report provided a substantial assurance opinion, with consistent findings on how risk is managed across the organisation. A best practice point was noted regarding deep dives conducted at Senior Leadership Team (SLT) level.

One low-risk recommendation was made concerning the dates on the Risk Register and four added-value points were highlighted for consideration:

- Adding RAG ratings to the Risk Register
- Sharing the Risk Register with other committees to obtain input
- Enhancing the Board Assurance Map
- Considering a more concise summary document to accompany the Risk Register

The Internal Auditor thanked the Deputy Chief Executive and the team for their support during the audits.

Governors **ENQUIRED** about the audit process, including the number of auditors assigned, and were informed that assignments are made based on auditors' skills.

Governors **COMMENTED** positively on the readability and clarity of the report.

9.2 CICAR25310 - AUDIT STRATEGY 2025-26

CICAR25310, Audit Strategy 2025-26, was received by the Committee.

The Internal Auditor presented the paper outlining the audit plan for 2025-26 which has been developed in discussion with College leaders, taking due consideration of the Corporate Risk Register. Proposed audit areas include:

Financial Controls, Risk Management, Health and Safety, Human Resources - Absence Management, Human Resources - Staff recruitment, selection and retention, Ofsted Education Inspection framework.

The Committee were advised that the Health & Safety and HR Sickness Absence Management audit reports are scheduled for consideration at the next meeting.

DECISON: The Committee **APPROVED** the Audit Strategy 2025-26

10. CICAR25311 - ASSURANCE DASHBOARD INCORPORATING AUDIT TRACKER

CICAR25311, Assurance Dashboard incorporating Audit Tracker, was received.

The Committee were **ASSURED** that the level of audit and assurance coverage undertaken during the year is sufficient to help inform an overall opinion at the close of the year on the adequacy and effectiveness of internal controls.

The College has performed very well during 2024-25 with 8 positive assurance reports currently reported and 1 negative assurance opinion.   Good progress has been made on implementing recommendations.

Actions remain on the Governance Review report delivered in 2023-24.

The Committee **ASKED** whether recommendations received have been put in place. The Deputy Chief Executive confirmed that all but one have and the remaining recommendation would be covered by in house skills following appointment of expert practitioners.

11. CICAR25312 - REGULARITY AUDIT SELF ASSESSMENT 2024/25

CICAR25312, Regularity Audit Self Assessment 2024/25, was received.

The Committee was **ASSURED** that the College takes compliance with regulatory requirement extremely seriously and were provided with a copy of the annual Regularity Self-Assessment questionnaire for reference. The Deputy Chief Executive reported that, with the exception of one previously noted matter of non-compliance, the College has complied with the relevant Regulatory Framework within which it operates.

DECISION: The Committee **APPROVED** the Regularity Audit Self-Assessment for 2024/25.

12. CICAR25313 - AUDIT AND RISK COMMITTEE ANNUAL REPORT

CICAR25313, Audit and Risk Committee Annual Report to the Board was received and it was noted that:

- The Committee has fulfilled its Terms of Reference during the year.
- The College maintains adequate and effective assurance arrangements, supported by a robust framework of governance, risk management, and internal control. These arrangements provide confidence in the efficient and effective use of resources, the College's continued solvency, and the safeguarding of its assets.
- The responsibilities assigned to the Corporation Board, as set out in the financial statements, have been satisfactorily discharged.

The Committee was also advised that:

- Attendance and membership are being closely monitored by the Head of Governance, the Governance, Remuneration and Search Committee, and the Chair of the Corporation.
- Active recruitment is underway to strengthen the resilience of the Audit and Risk Committee.

DECISION: The committee **AGREED** the Audit and Risk Committee annual report for recommendation to the 15 December meeting of the Board for approval.

13. CICAR25314 - VALUE FOR MONEY REPORT 2024/25

CICAR25314, Value for Money Report 2024/25, was presented by the Deputy Chief Executive who reported that:

- College management seeks to ensure value for money in all purchases.
- A proactive procurement team is in place to support value for money initiatives.
- The Senior Team continues to pursue all opportunities to secure new revenue and capital funding, both locally and nationally.
- In addition to financial quantifiers the report also reflects on non-financial factors, including quality, stakeholder impact, and public benefit.

The Committee noted and was satisfied that the College consistently seeks to achieve value for money across all areas.

14. RISK MANAGEMENT

14.1 CICAR25315 - NOTES FROM RISK COMMITTEE

CICAR25315, Notes from the Risk Committee 21 November 2025, were received and noted. There were no questions or comments from Governors.

14.2 CICAR25316 - CORPORATE RISK REGISTER

CICAR25316, Corporate Risk Register, was received by the Committee who noted the update on the review of the highest-rated risks.

The Deputy Chief executive highlighted the following:

- the residual risk scores were significantly reduced during the review.
- concerns regarding increased competition resulted in one risk being escalated.
- all risks have been RAG-rated and reviewed within the last 12 months.

Governors **QUERIED** the reference to increased competition. The Principal explained that new funding arrangements will enable private providers to deliver apprenticeship training therefore increasing competitive pressures.

Governors also noted the existence of a Stakeholder Engagement Strategy and **ASKED** about the Employer Engagement Strategy. The Principal confirmed that this strategy is in place and is scheduled for refresh in the next calendar year.

14.3 CICAR25317 - ANNUAL ASSURANCE REPORT ON EFFECTIVENESS OF RISK FRAMEWORK

CICAR25317, Annual Assurance report on Effectiveness of Risk Framework, was received by the Committee who noted it outlines the College's risk management framework.

The Committee reviewed the process and was satisfied that it is suitable for the College's needs going forward. The Committee noted that an adequate and effective risk management process is in place, consistent with the assessment provided by Internal Audit. The report advised the Committee that risk management processes continue to work effectively and are embedded as a management tool.

14.4 CICAR25318 - BOARD ASSESSMENT OF FRAUD RISK

CICAR25318, Board Assessment of Fraud risk was received by the Committee and were informed that no additional concerns or issues had been since presented to the Board in July.

The Committee were **ASSURED** that College Management have no knowledge of any actual or suspected fraud undertaken during the year.

The Committee were advised that the report is completed annually and passed to the FSA to assist with their external audit review.

There were no questions or comments from Governors.

DECISION: The Committee **APPROVED** the Board Assessment of Fraud Risk.

15. HEALTH AND SAFETY

15.1 CICAR25319 - MINUTES OF THE HEALTH AND SAFETY COMMITTEE

CICAR25319, Minutes of the Health and Safety Committee meeting held on 17 November, were received and noted.

Governors raised a concern regarding the impact of staff turnover on Fire Marshal recruitment. The Deputy Chief Executive replied that this is under review.

15.2 CICAR25320 - HEALTH AND SAFETY ANNUAL REPORT

CICAR25320, Health and Safety Annual Report, was received and provided the Committee with an overall summary of the College's compliance programme and an overview of activity over the past year.

Governors **QUERIED** the scope of the report. The Deputy Chief executive confirmed that it covers the whole organisation, including both staff and students.

The Committee noted the year-on-year improvement in compliance and was **ASSURED** that the College is actively managing Health and Safety.

It was also noted that incidents of vandalism are on a downward trend.

16. REVIEW OF MEETING

The Committee agreed that the following would be recommended to the Board:

- Report and Accounts
- Corporate Risk Register

The following would be circulated to Committee Members for information due to omission from the papers:

- Internal Audit Report

The following items would be recorded as confidential:

- Report on Going Concern

17. MEETING DATES

The Committee noted the forthcoming meeting dates:
3 March 2026
16 June 2026