EXTRA-ORDINARY FRC MEETING - JOINT FRC & ARC

4 December 2025
16:30 - 17:30
Boardroom, Colchester Campus
The first part of the Audit and Risk Committee will be a joint FRC/ ARC meeting for the Auditors to present the Report and Accounts

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
	Alison Andreas	Principal and Chief Executive and Member of FRC
In attendance:	Mark Emerson	Vice Principal
	Gary Horne MBE	Deputy Chief Executive
	Alison Bennett	Head of Governance

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

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

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

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

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