Chelmsford College

Audit and risk committee minutes

3 March 2026

On TEAMS only

Members: David Holmes (Chair), Rak Rehal (Vice Chair), Jaya Patten, David Peace, Trevor Bolton.
Attendees: Debs Hurst, Chief Operating Officer; Ra Hamilton-Burns, Director of Governance
Auditors: Sally Bruford, McIntyre Hudson; Beth Pritchard, Scrutton Bland

	MATTERS	ACTION
1	**Confidential meeting with auditors and committee members only**	
2	**Apologies for absence** *Debs Hurst joined the meeting at 16.45.* • Apologies have been received from David Holmes • Ra Hamilton-Burns noted that Rak Rehal had kindly agreed to Chair the meeting as he is Vice Chair.	
3	**Declarations of interest and notify any confidential items** There were none.	
4	**To approve the minutes of the meeting held on 25 November 2026** **AGREED: THE AUDIT AND RISK COMMITTEE AGREED THAT THE MINUTES OF THE MEETING HELD ON 25 NOVEMBR WERE A TRUE AND ACCURATE RECORD**	
5	**Actions arising**	

Item	Action or matter arising	Follow up and status
1 **Confidential meeting with auditors and committee members only** .	**MHA.** • College Finance Team to consider knowledge and document processes to ensure that there is not one single point of reliance. • The Audit and Risk Committee will revisit the knowledge base and sharing during the year.	DH will work with the team to do a skills scan. The new DoF will have an impact.
6. 9	**Risk Management (strategic risk register and risk assurance reports)** • DH to add a column to the risk register identifying which risks are generic to the sector and which are college specific. **Cyber Security (si)** • TG to offer context to the external login figures at the cybersecurity twilight.	DH will update members on the generic risks separately. TG had delivered the cyber session on 26 Feb.

12	**Internal audit reports** DH/DW to draft a report against objectives of reintegrating ESS at the end of the year	DH advised that this report will come at end of 2026.

The COO told the Committee that the finance team is fully staffed at the moment. A Director of finance and estates will be recruited as a succession plan and deputy to the COO in time for the new academic year.

It was clarified that the new Director will report into the COO and the finance team and Taofik Olowosale will report to the DoF. DH reminded the Committee that the role needs to be affordable and the decision on whether to recruit will be made when the final funding is known.

TO DISCUSS AND APPROVE

6 Risk Management (strategic risk register and risk assurance reports)

I. Risk appetite (si)
II. Risk management Policy
III. Discussion on Board Assurance framework

The COO had based her scoring in the profile on the risk minimalist appetite of the Board on which she had never been challenged. She outlined the following generic risks:

- **Risk 3 – Failure to control agency costs** – the position is even more challenging than prior years. The situation is evening out but has an effect on the budget.
- **Risk 4 – Defunding of the qualifications** – the College is waiting for more detail expected in the White paper.
- **Risk 12 – Changes to high-needs funding** – this is still unknown.
- **Risk 14 – Risks associated with devolution of Essex** – this has been postponed and timings are not known.
- **Risk 19 – T&L quality affected by staff shortages**
- **Risk 23 – Risks to reputation from AI generated legal claims**
- **Risk 26 - Changes to employment law and reporting requirements from April 2026**

In future reports items will be coded blue when they are generic to FE.

The current risk register shows the College's operating environment is shaped by curriculum reform, technology transitions, financial pressures, and increased safeguarding complexity. Senior Leaders have established strong first and second line assurance mechanisms, although several key risks continue to require focused monitoring. Residual risks remain elevated in areas such as MIS implementation, staff capacity, safeguarding data quality and curriculum performance. The COO summarised the current risk profile, themes, assurance coverage and recommended areas for Audit Committee oversight.

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	Risk report - overview of Risk Profile (see detailed risk register Appendix 1) Across the 24 recorded risks within the register, eight held a residual score of 12 or above, representing heightened exposure. Common themes included the continued impact of staff shortages, the integration of the new MIS system, safeguarding information flow, reliance on high needs funding, and the operational risks associated with curriculum performance and recruitment. Cyber security remained a significant gross risk, though mitigations are in place to reduce the residual exposure. The pressure to select and install an MIS system was immense. Unit-E is a solid database but CEDAR front end is problematic. **Recommendations for Audit and Risk Committee** • Consider an internal audit deep dive into MIS stabilisation, data quality and training completeness. • Director of Learner Experience & Essential Skills to report progress against the safeguarding action plan at Quality & Learners' Committee with emphasis on data reliability and system performance. • Detailed report from Executive Director of People & Organisational Development to next PSR & Committee on long-term workforce planning to reduce reliance on agency staffing. • Undertake a cyber security penetration test on systems as recommended by internal audit report. The COO said there are a number of risks but work is ongoing to mitigate and manage these. **Action: DH will provide the spider diagram for the Audit and Risk Committee in future meetings.** The Committee noted that the current geopolitical situation is likely to create rises in energy costs. The COO confirmed that the College is currently in a contract for energy and she will review the timings on these. The energy consultant had reported to the Committee in recent years and made recommendations. **Action: DH to add potential increase of energy costs due to the geopolitical unrest to the risk report to the Board.** The Committee supported the suggestion that a deep dive on the MIS system should be undertaken. Beth Pritchard suggested a three-day scope from the 6 July 2026. The COO will work with Scrutton Bland to schedule this. **AGREED: THE AUDIT AND RISK COMMITTEE AGREED TO RECOMMEND THE RISK MANAGEMENT REPORT TO THE BOARD.** The risk management policy had been revised to make it less verbose and more easily readable.	

3.3.1 – the policy mentions risk averse or risk minimalist but this should also include risk neutral.

There was a discussion on the definition of risk appetite and the need for the Board to review it regularly. The Chair suggested that the A&R Committee might propose training sessions on risk appetite for Board members who may not have sufficient experience in risk. It was agreed that the risk appetite might be revisited every other year.

AGREED: It was agreed that at the next Audit and Risk Committee meeting the agenda would include a discrete item to review content and timings of risk training, risk appetite review and reporting. This would result in a recommendation to the Board.

The Director of Governance also reminded members of the letter received from the FE Commissioner raising the profile of the Board Assurance framework. She proposed that in addition to the comprehensive risk register, she would draft a document which provided a matrix of all activities from which the Board gains assurance.

The COO reminded the Committee that the risk register only details the ‘high level’ risks which naturally leads to these being red until mitigations are in place. She reiterated that she gets no challenge on her risk ratings from the Board and there that there are five levels.

Beth Pritchard said it is possible to add the risk register column populated with items from internal audit visits and offered to review items. The COO reminded the Committee that the risk register already offers comprehensive detail on risks and sources of assurance.

The wording in the policy would be updated to ‘the Corporation reviews the risk appetite on a regular basis’.

AGREED: THE AUDIT AND RISK COMMITTEE AGREED TO RECOMMEND THE RISK MANAGEMENT POLICY TO THE BOARD WITH THE CHANGES OUTLINED, AT ITS MARCH MEETING.

7 **Fraud report (by exception)**

There were no frauds to report.

8 **Going Concern report**

The COO presented the College’s Going Concern assessment based on the Management Accounts to 31 January 2026. The management accounts high level forecast showed current budget, revised budget at 31 January 2026 and a worse-case assumption.

- **Best case forecast** is a reduction from current budget of £23k because Essex County Council funding for SEND learners is assumed to increase by £100k and there is an additional expected Dovedale Nursery income of £50k. This will be offset by reduced income in business unit for NHS and bootcamps. There is also an assumption that savings in staffing costs continue to offset agency costs

- **Worse case forecast** is a budgeted operating income reduction of £355k from reduced nursery and business unit income, agency costs overspend by £200k and innovate staff are retained £60k and not offset with income.

Overall Going Concern Assessment

- Based on the current forecasts, year-to-date position, cash and covenant compliance there were key positive indicators.
- ‘Free’ cash forecast at 31 July of £1.952m which is £200k more than last year (free cash excludes restricted cash for capital and other purposes).
- Full year financial health forecast is ‘Good’.

The material uncertainties related to:

- High dependency on agency staff
- Risk of underachieving adult skills allocation
- Business unit volatility
- Nursery income is not greater than budget
- Additional staff not funded by income (innovate)

Conclusion Based on the 31 January 2026 management accounts and forecast scenarios; the College can be assessed as a Going Concern. The College has sufficient liquidity and the forecast year-end cash position provides £202k headroom above the bank covenant, even after excluding restricted cash. However, the College faces material uncertainties, particularly around agency staffing, Adult Skills income delivery and commercial performance. These uncertainties require:

- Continued close monitoring
- Regular reforecasting
- Active mitigation by the Executive Team

Governors asked if the worse case scenario would affect the ‘good’ rating. DH confirmed that cost controls will mitigate against this. The Committee confirmed outturn will therefore be the same under both the best and worse case scenario.

AGREED: THE AUDIT AND RISK COMMITTEE AGREED TO RECOMMEND TO THE BOARD THAT THE COLLEGE IS A GOING CONCERN.

9 **Cyber Security (si)**

- Tim Grimwood had delivered a twilight cybersecurity presentation on 25 February 2026.
- An internal audit cybersecurity report is in item 11.

OPERATIONAL AUDIT ITEMS

10 **Schedule of outstanding internal and external audit recommendations**

Debs Hurst reported that many of the outstanding actions are new from the four internal audit reports. Those that have been cleared off were listed.

There were 18 outstanding audit recommendations:

Red ratings x 0

	Amber ratings x 12 Green ratings x 6		
11	**Internal Audit** Beth Pritchard offered the following update against the planned audit visits: • Progress report at March 2026		

Audit	Assurance level provided	Status or agreed dates of the audit	Audit Committee date for final report
Stock Control and Value for Money	Reasonable	Final	November 2025
Student Recruitment – Application to Offer Journey	Reasonable	Final	March 2026
Human Resources – Staff Recruitment	Reasonable	Final	March 2026
Cyber Security	Reasonable	Final	March 2026
Budget Control / Cashflow Monitoring	TBC	9 – 11 March 2026	June 2026
Management Information and Data Quality	TBC	1 – 3 June 2026	June 2026
ALS and Bursary Spending	TBC	16 – 18 June 2026	First meeting of 2026/27
Follow up of Previous Recommendations	TBC	3 August 2026	First meeting of 2026/27

Beth Pritchard reported that they are halfway through the schedule and the remaining audits are scheduled to be on time. She outlined each audit that had taken place:

- **Stock Control** – reasonable assurance with 4 medium and 2 low risk recommendations. There was one added value point.
  One low risk recommendation related to an on-site visit when Scrutton Bland went on site and reviewed practice in departments where they saw that there were no major concerns but inconsistency on expectation on recording information. The value for money side of things related to regular small expenditures which might add up if not reviewed. The COO reminded the Committee that the areas that SB was invited to visit was Construction and Electrical where the consumables can be of high value. It became clear that there was not a standard format for stock taking and this will be reviewed.

- **Student recruitment 'application to offer' journey – reasonable assurance with** 1 medium recommendation and 8 low risk recommendations. The medium recommendation was to test the application process as one email domain was blocking external communications. There were no large concerns in this new system. Some information had yet to be incorporated and timeframe information would need to be manually collated.

Governors commented that a number of items were due by February 2026 and asked if these have been closed off. It was too soon to gauge this.

Action: DH to monitor that actions are completed by the dates given in the recommendations of the internal audit reports.

The Committee asked how Chelmsford College compares to other colleges and if there were lessons to learn. The fact that some data could not be collected made it difficult to report. The responsible manager was very knowledgeable and information provided to learners was as expected. The ‘keep warm’ activities are encouraging. Governors asked if the data is not collected as a practice or if it was due to the MIS system. Beth Pritchard explained that some are datasets that have never been collected such as KPIS for the application process but others used to be collated but the system is not currently configured for this. Sarah Hamilton had reported that the new system will include such data. The COO reminded governors that all of the prior systems were bespoke and written in house with all systems interrelated. This is no longer available. The recommendations are low level and progress will be monitored and an update will come to a future committee.

- **HR – staff recruitment – reasonable assurance** with four medium and four low risk. The medium risks were on the completion of mandatory induction training: update of the staff policy to include induction; Shortlisting completion and strengthening of interview process related to scoring and retention of interview notes.

Governors commented that it is essential that all induction training is completed 100%. Scrutton Bland has been conducting single central record audit in which induction training is reviewed and is a major focus.

The Committee was pleased to note the positive management responses. On the particular point of KPIs the response that there is no data will mean that this is hard to complete. The HR system was bespoke and the death of the HR Director last May had meant more loss of institutional knowledge. The new Director of People and Organisation is looking at potential new systems. Governors asked if July 2026 is a realistic target. The DPO will report back.

- **Cyber security – reasonable assurance -** one high, one medium five low risk recommendations.
  The high recommendations was around the College’s IT firewall and impact of this being breached is considerable as hacksters focus on this. There is even AI attempting to attack colleges. There is a recommendation that penetration testing and vulnerability reviews take place. The medium recommendation was completion of training on cyber security by all staff as the data on this was not available at the time of audit. The DPO had not completed this training despite being in the role for six months. Recommendations had come from cyber essentials. The sector has a number of areas of non-compliance as some of the activities are expensive to implement.

The Committee asked what Scrutton Bland is seeing at other clients in terms of Cyber recommendations. Most high recommendations come from the cyber audit as the potential impact is so significant. FE is underfunded and has a great deal of sensitive data which can be valuable in the black market.

Scrutton Bland now has only three ratings and this has changed the scoring of internal audits. Reasonable now appears more often and many clients have one or two reports that are limited. Chelmsford College places it in the middle.

- The Student Journey is in the lower quartile of scoring but this was due to the lack of data.

- The induction training was unusual and is not seen at other clients.

- Cybersecurity – 33% of clients are reasonable with 15% are limited.

Benchmarking is not always clear cut as clients often do 6-24 audits per year and some areas are not visited for several years at a time. Beth Pritchard recommended that the Committee focuses on their discrete reports rather than benchmarking as they give advice specific to the College.

Scrutton Bland has adopted a more agile approach to following up recommendations going forward and will consider if they are still pertinent and if the risk level is appropriate or if it is just a comment.

The COO added that the schedule is reported in Excel in order that it can be updated and reported back to future committees.

12 **Update on national and statutory audit matters**

Beth Pritchard outlined:

- Artificial Intelligence (AI) is a hot topic and there are some areas such as student use but areas such as including AI use protocols in the data breach policy in open fora. Safeguarding learners against AI where possible should also be addressed.

- There has been an update to fraud prevention legislation, specifically the Economic Crime and Corporate Transparency Act (ECCTA) which came into force on 1 September 2025.
- Subcontracting – there is an update to reporting but this had been anticipated and subcontracting reports and policies at the College are compliant.
- Funding – there have been minor updates

The College is holding an AI conference on 27 March 2026 assisted by Sharp for all staff. The College is mandating use of co-pilot as its AI standard. The Governors have been invited.

Governors commented that AI encompasses many aspects and there is a risk in open systems.

The Board had received twilight training on ECCTA in October 2025 from Eversheds.

MHA reported:
- The main statutory updated was the new FEHE SORP which was published in November 2025 will come into effect for 2026/7. The Corporate world will be impacted sooner. MHA will circulate a report via the COO next week. The two main recommendations centre on revenue recognition and leases. The impact of these are not clear yet. A governor asked if the College is preparing for this. DH said that initial discussions are taking places. The only lease is for pcs and this may end next February 2027 and this might be below the minimal amount.

	• The white paper – is already well publicised but will formalise proposed changes. • The accounting year-end for FE colleges is going to be retained as July however but there is likely to be some sort of 'assurance'return for March in line with the government year-end. The requirements for this are unknown but it is thought this might be a supplementary return and audited on a sample basis. It will not come into effect until 2027 year. • The tax status of colleges is still being reviewed. Rak Rehal thanked Beth Pritchard and Sally Bruford for the reports and updates.	
	OTHER ITEMS	
13	**Any other business** There was none. Governors thanked the COO and Beth Pritchard for the informative and comprehensive internal audit programme and reports which support College and Board improvement. The areas were well chosen and add value for focus. The meeting closed at 18. 25	
14	**Date of Next Meeting** • 9 June 2026 at 16.30	