

Audit and risk committee Minutes

4 MARCH 2025 AT 16.30

MS Teams

Members: David Holmes, Jaya Patten, David Peace, Sarah Atkinson, Rak Rehal

Attendees: Debs Hurst, Deputy Principal Finance and Corporate Services; Ra Hamilton-Burns, Director of Governance

Auditors: Keri Williamson, Scrutton Bland

	MATTERS	Action
1	<p>Apologies for Absence Sarah Atkinson had sent apologies that she would be late.</p> <p>David Holmes welcomed Rak Rehal to his first meeting of the Audit and risk committee. He also welcomed Keri Williamson from Scrutton Bland, the College's internal auditors.</p>	
2	<p>Declarations of interest and to notify any confidential Items There was none.</p>	
3	<p>To approve the minutes of the Meeting held on 18 November 2024 David Peace commented that in Item 6 Debs Hurst had said that there were four red items of the risk but only three were itemized.</p> <p>Action: DH will check the risk item on the minutes of 18 November 2024 and report back.</p> <p>AGREED: THE AUDIT AND RISK COMMITTEE REVIEWED AND AGREED THE MINUTES OF THE MEETING HELD ON 18 NOVEMBER 2024</p>	
4	<p>Actions arising All items are completed. Data protection will be included in the plan for 2025/6.</p>	
	TO DISCUSS AND APPROVE	
5	<p>Risk Management (strategic risk register and risk assurance reports)</p> <p>This is reviewed each week by the senior management team.</p> <ul style="list-style-type: none"> The risk register was updated by the senior leadership team on 3 January 2025. The risk articulation was reviewed by the CEO and DPFCS subsequently 	

- The next meeting to review with the SLT is on 3 April 2025
- Risk assurance needs to be expanded.

The key changes from the last report are:

- **Wider Leadership Recruitment.** Wendy Johnson has been appointed as Head of Electrical and Engineering as well as BEST. The College has successfully recruited to the Head of Learning Skills Academy, the Manager of Inspire and a Business Development Manager in the business unit. This risk is therefore mitigated, and it is now 'Green' on the register and will be removed from the dartboard at the next iteration.
- Due to changes in the Senior Leadership Team, opportunities had arisen to evaluate the structure of the team. This has led to the College to recruit to the following positions:
 - **Director of Learner Experience and Essential Skills**, leading on our wider philosophy of education to embed Life Skills, competitions, Changemakers and Skills Builder essential skills, as well as being the Designated Safeguarding Lead and driving excellence in student support services.
 - **Director of MIS & Digital Transformation** will continue to build on the legacy, implementing the College's digital strategy, and fully embedding the new MI system and reporting. The first round of applications has not found anyone who can take on this role so this risk will remain at red.
 - Each campus will be supported by a new **Director of Campus**, responsible for leading the curriculum and quality, with oversight of student and staff safety, well-being and building community relations. Jo Styles will take on a new leadership role as **Director of Campus (Moulsham Street)**, including strategic oversight of our Inspire provision, along with the Health, Care & Science Department and the Creative Arts, Business and Digital Industries Department. Interviews for these roles will take place shortly.

Governors asked if there is a sense of timescale for the readvertisement of the MIS role. Recent applications majored on digital and IT infrastructure skills but lacked the knowledge of MIS and funding. If the current agencies are not able to attract suitable candidates, the pool will be widened. The Committee recognized that it is a difficult role to which to recruit and asked if there is a plan B. This might be the next stage if a person with the correct combination of skills cannot be found. A senior leader with a strategic view on how funding is likely to be shaped going forward is needed. Governors suggested that two post holders might be required.

Governors asked if agencies are being used for the recruitment to other roles. Debbie Garroway that she has been additionally taking on the other roles such as DSL and other areas being covered by Mark Emerson since Christmas. There are operational managers, but she is heavily involved in safeguarding and leadership aspect. There was a lot of applications and interviews will take place on 17 March but if no suitable candidate is appointed, the team will have to reconsider the way forward as the current position is not sustainable.

There had been one assistant principal overseeing curriculum, but this responsibility has been split across two post holders. The College is committed to making the correct appointment to these key roles.

	<ul style="list-style-type: none"> The College has reduced the risk on qualification reform from RED to AMBER due to recent Government communication. There are three new risks relating to <ul style="list-style-type: none"> Risk 18 - assessment tracking following the Curriculum Area Review Boards Risk 19 - the successful recruitment to the Director positions Risk 20 - Essex County Council Devolution The MIS system risk 13 remains a RED as this is a key information system for the College. The data from the existing system has been migrated to the new UNIT-e platform and training will begin on 17 February 2025 to allow the College to produce ILRs. An interim manager is in place predominately to assist with migration to Unit-E. Agency cost control is an issue particularly in BEST (Built Environment and Sustainable Technology) and engineering and electrical departments and costs continue to grow. Inclusion coaches are a key cost. <p>Governors asked if the College is content that it is adequately addressing the cyber and digital risks. These are common risks to risk registers not just in FE but in other corporate and charity organisations. The College is heavily supported by JISC and additionally implements a great deal of back-end mitigations to defend the College. The College has cyber essentials in the curriculum.</p> <p>Action: DH will draft a paper on the College's management of cybersecurity risks.</p> <p>Update on risk appetite analysis from February development day The risk appetite had been the topic of a session at the February development day and by those absent since the meeting. It was agreed that Paul Goddard and Debs Hurst would share the outcomes to the June audit and risk committee.</p> <p>Governors suggested that the rate of completion by governors is an important metric and should be included. The risk register has been updated to make it more accessible, and this should enable members to complete it.</p> <p>Action: Scrutton Bland to provide an update on the risk appetite exercise to the June Committee.</p>	
6	<p>Fraud report (by exception) Debs Hurst assured the Committee that there is nothing to report.</p>	
7	<p>Going Concern report Debs Hurst gave the following update:</p> <ul style="list-style-type: none"> The College is still forecasting £1.8m cash at bank at 31 July 2025 but this is under pressure. The College is still assuming additional income to cover the National Insurance and a proportion of the £50m as indicated in press releases. The College is assuming this funding will be provided between April and July 2025 less any clawback for under recruitment of T Levels The increase in the minimum wage will encompass 80 people and no raise is budgeted for other staff. The College has refinanced the Barclays loan with the Department for Education (DFE) over 6.7 years which will not change the payment profile Capital expenditure is being curtailed except for urgent items although we are planning for summer works. The management accounts at 31 January 2024 are tracking the year-to- 	

	<p>date budget.</p> <ul style="list-style-type: none"> • Meetings with budget holders have been held and amendments are being made. • The assumption currently is the budget is on track and there is the possibility of £35k additional surplus increasing the projection to £200k as some costs are being covered by grant funding not assumed in the original budget. • The College mitigated the cost of the Management Information System (MIS) from savings within the budget. <p>Governors asked if £1.8m reserves is sufficient or if the target should be more. On the 31 July 2023, the College had £509k and last year the reserve was £1.3m. The target is to get to £3m to offset any changes required. Building this reserve has been problematic due to a number of reasons – Covid, inflation, war in Ukraine, salary costs, changes to national minimum wage etc. Debbie Garroway added context to the position and said the College has grown curriculum substantially, but this had led to additional costs. The Senior Team is not complacent, and this is an area of focus.</p> <p>The Committee thanked Debs Hurst for this report which was useful and suggested that this might be RAG rated going forward.</p> <p>ACTION: DH to provide a RAG rating against targets and levels of risk.</p> <p><i>Sarah Atkinson joined the meeting at 17.05</i></p> <p>Governors commented that the reduction of a demographic fall of 16–19-year-olds will be significant and asked when this is likely to fall. This is likely to be in two years and the SLT will research this further. The College will look at building cash reserves appropriately, but this is predicated on the promised three-year funding deal from the DfE.</p> <p>AGREED: THE AUDIT AND RISK COMMITTEE AGREED TO RECOMMEND THAT THE BOARD RESOLVES THAT IT REMAINS A GOING CONCERN AT ITS MARCH 2025 MEETING.</p>	
	OPERATIONAL AUDIT ITEMS	
8	<p>Schedule of outstanding internal and external audit recommendations</p> <p>Many of the actions listed in the external auditors report have been resolved however there are three actions that need to be confirmed to the Deputy Principal Finance & Corporate Services.</p> <p>Governors recognized that there have been many demands given the re-assimilation of the finance team into the College and the current uncertainties around funding. DH said that the leadership team is being bolstered by an in-house finance team with excellent expertise. This is starting to have a very positive effect.</p> <p>The outstanding actions relating to internal audits have been reviewed as part of the audit service by Scrutton Bland. A report on current progress was presented as 'Follow up on previous actions'.</p>	
9	<p>Internal Audit</p> <ul style="list-style-type: none"> • Progress report <p>Kerri Williamson, Scrutton Bland presented the progress report against the plan</p>	

for 2024-25 which offers a snapshot of the position to date.

Four reports have been completed – two with significant assurance, one was an advisory report and one with reasonable progress for ‘follow up on prior recommendations’.

Four additional visits are planned by the end of the academic year:

- Adult recruitment and business development
- Human resources – has been pushed back until June
- Reintegration of finance services into the College
- Procurement, value for money and inventory management

Completed visit reports:

Environmental and social governance responsibilities

- Good consideration in place
- Sustainability strategy in place
- 13 suggested areas for improvement

Governors welcomed the report and said the ESG recommendations are useful. This area is a focus for the College who use the AoC roadmap to sustainability and is a member of [EAUC](#) (Alliance for sustainability leadership in Education). There is a discrete sustainability committee which includes student changemakers who will monitor these recommendations. The CEO will report back to the Board regularly on progress.

Governors asked if students are making suggestions of how to engage with peers. The students had supported many initiatives including the student exchanges shop for many items including clothes and plants.

The Committee welcomed the addition of the ESG risks to the risk register.

Health and safety

- Overall, there is a robust framework in place and significant assurance was given.
- There were five low risk recommendations

Governors welcomed the outcome and the assurance that Scrutton Bland has been able to provide. Kerri Williamson commented that this is a positive report and added that Scrutton Bland sees variable assurance in other clients.

Follow up of past recommendations

- Reasonable assurance opinion
 - 5 implemented
 - 3 not implemented
 - 3 it was not possible to implement.

Governors asked if this will be repeated. In prior years, the DFO had produced this report and this year an independent review was introduced. In October 2025 all the reports can be reviewed and included in the annual internal audit reports.

The Committee asked if the outcome of this follow-up of past recommendations should offer the College comfort. Keri Williamson said Scrutton Bland offers benchmarking in all their reports and in her opinion the College is sitting reasonably well, and it is fair to say the outcomes are good.

	<p>The recommendations will be followed up on an ongoing review basis.</p> <p>The recruitment of the procurement officer is on hold whilst the College reviews its position. The College's next contract will be for cleaning and Crescent consortium will be used for this process. Governors requested that the College keeps environmentally friendly products as a focus. This will be part of the tender process.</p> <p>The Chair asked if the remaining reports can be completed by the end of the year. The plan is to complete them by the end of June 2025 and the reports may have to come to the Autumn Audit Committee.</p>	
10	<p>Update on national and statutory audit matters</p> <p>Scrutton Bland gave an update on national and statutory audit matters and it was noted that the current delayed announcements from the DfE are having a knock-on effect on issue of the accounts direction, Casterbridge and other audit related matters.</p> <p>Debs Hust will attend the Finance Directors' conference on 14 May and report back any findings.</p> <p>David Holmes thanked Kerri Williamson who left the meeting at 17.43.</p>	
11	<p>Review and appointment of auditors</p> <p>Scrutton Bland</p> <ul style="list-style-type: none"> Review 2023-4 <p>Debs Hurst explained that the College is still in contract with Scrutton Bland for the College's internal audit service and will check the terms . The College is very satisfied with the service as they are both responsive but appropriately challenging. Finance, HR and Estates are very satisfied and Debbie Garroway concurred and said curriculum and quality have found the audits challenging and supportive. The Chair added that he, too, has had excellent support and their support to the Committee is vital to providing that third line of defence. The team are both experienced and friendly.</p> <p>Action: DH to check when the contract is due to be reviewed.</p> <p>AGREED: THE AUDIT AND RISK COMMITTEE AGREED TO RECOMMEND THAT THE BOARD APPOINTS SCRUTTON BLAND FOR 2025-26</p> <p>McIntyre Hudson – external auditors.</p> <ul style="list-style-type: none"> Review 2023-4 <p>The prior external auditors, Price Bailey, resigned suddenly at the end of audit in 2023 and withdrew from the FE sector. MHA was one of two contenders and were appointed for the year-end. This has been the first year and performed extremely well and delivered on time. The College's annual statements were uploaded on 16 December in comparison to being finalised late in March under Price Bailey.</p> <p>The challenge from the MHA s robust and DH said that the fee charged by others is a lot more and continuity is also to be valued. She recommended that the Audit Committee recommends to the Board that it appoints MHA for the three-year term. The Chair said that it is a difficult market in which to attract audit firms and MHA has a great deal of FE sector expertise.</p>	

	AGREED: THE AUDIT AND RISK COMMITTEE AGREED TO RECOMMEND THAT THE BOARD APPOINTS MHA FOR THREE YEARS FROM 2024-2027	
	OTHER ITEMS	
12	<p>Committee Self-Assessment methods</p> <p>There was a discussion about how the Committee could best self-assess as post-meeting questionnaires had not been successful in past years. It was agreed that a short questionnaire would be circulated with the papers in advance for completion at the end of each meeting.</p> <p>ACTION: RHB to draft an end-of-meeting questionnaire based on sector best-practice for inclusion with papers.</p>	Clerk
	Policies	
13	<p>Financial regulations linked to Financial Handbook</p> <p>DH said that there are a number of financial regulations to update, and this will be brought to the next meeting.</p> <p>It was suggested that Debs Hurst would draft a report highlighting the changes and a joint twilight meeting of Audit Committee and PSR Committee might be held to review the new draft.</p>	
14	<p>Any other business</p> <p>David Holmes advised that the Search and Governance Committee has asked for each Committee to have a Vice Chair. He invited expressions of interest. Rak Rehal agreed to act as Vice Chair.</p> <p>The meeting closed at 18.00.</p>	
15	<p>Date of Next Meeting</p> <p>25 June 2025 at 16.30.</p>	