

AUDIT AND RISK COMMITTEE MINUTES

25 NOVEMBER 2025 AT 10.30
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: Stuart MacKay & Sally Burford, McIntyre Hudson; Paul Goddard Scrutton Bland

The second hour of this meeting overlapped with a meeting of the PSR Committee.

	MATTERS	Action
1	<p>Confidential meeting with auditors and committee members only</p> <p>This was taken as a confidential item.</p>	
2	<p>Apologies for absence <i>Debs Hurst and David Warnes joined the meeting at 10.50</i></p> <p>Rak Rehal sent apologies as he had not been able to join the meeting for technical reasons.</p> <p>David Holmes welcomed Trevor Bolton who is joining this committee from PSR. He also welcomed Sally Burford from MHA and Paul Goodard from Scrutton Bland. Stuart MacKay, MHA would join the meeting at 11.30 with members of the PSR Committee to review and consider the Annual Reporting items.</p>	
3	<p>Declarations of interest and notify any confidential items</p> <p>There were none. Item one was confidential.</p>	
4	<p>To approve the minutes of the meeting held on 25 June 2025</p> <p><i>Correction: Risk 23 – should relate to a former employee rather than employer.</i></p> <p>AGREED: THE AUDIT AND RISK COMMITTEE AGREED THAT THE MINUTES OF THE MEETING HELD ON 25 JUNE 2025 WERE A TRUE AND ACCURATE RECORD.</p>	
5	<p>Actions arising</p> <p>Matters arising have all been addressed or are in process.</p> <p>Governors suggested that on a periodic basis the risk appetite should be reviewed by the Board and the risk management framework should be addressed on a continuing basis. They added that the doing deep dives into particular risks could be considered. The agenda for this meeting includes a focus on cyber security (Item 9) and this approach might continue on particular themes and then outcomes be reported to the Board. A member suggested that the appetite to risk will remain dynamic</p>	

as appropriate.

Item	Action or matter arising	Follow up
5.	<p>Risk Management (strategic risk register and risk assurance reports)</p> <ul style="list-style-type: none"> PG to add the 'dot plots' to the risk appetite report and share with the Committee and Board. Action: DH will work with PG to discuss how to include risk appetite in the regular risk reports. DH to discuss risk descriptions for the future risk appetite reports with JP 	<p>Risk appetite is shown on the risk register – based on DH interpretation of risk appetite. Audit Committee members can challenge if they believe the interpretation is incorrect.</p> <p>Risk descriptors have been amended to clearly identify the risk</p>
8.	<p>Cyber Security</p> <ul style="list-style-type: none"> DoG to arrange a cybersecurity twilight for the Board in the Autumn term. DH will investigate cybersecurity training at the College and report back. 	<p>Tim Grimwood (IT Manager) has presented an update on Cyber Security matters to the board on a regular basis</p> <p>Cyber security training is mandatory for all new staff to the college and then we have phishing testing throughout the year.</p>
11	<p>Internal Audit</p> <ul style="list-style-type: none"> DH to bring the cybersecurity audit forward to Spring 2026. An item on the broader student experience after 42 days will be considered for 2026/27 	<p>Cyber Security is planned for 12-14th January to be carried out by Scrutton Bland internal auditors and will come to Audit Committee in the Spring</p> <p>Internal Audit on Student Recruitment to the 42-day point has been completed in Oct 25, the final report will come to Audit Committee in the Spring term</p>
12.	<p>Update on national and statutory audit matters</p>	

	<ul style="list-style-type: none"> DH to review the fraud and finance policies to ensure that the College is compliant with the ECCTA A fraud risk assessment workshop should be considered for the new academic year. RHB to share the DfE on artificial intelligence with the Board in the July briefing to governors. 	<p>Policies have been updated and approved by the Board June 2025. ECCTA applies to Dovedale Nursery CIC and Chelmsford Training Service Ltd (Dormant) Confirmation statements are up to date.</p> <p>DH to arrange with Paul Goddard</p>	
13.	<p>Committee Self-Assessment</p> <ul style="list-style-type: none"> RHB to update the Audit and Risk Committee action compliance against Terms of Reference document and circulate it to Committee members with the end of year survey 	Complete	
The Committee noted the actions.			
TO DISCUSS AND APPROVE			
6	<p>Risk Management (strategic risk register and risk assurance reports)</p> <p>David Holmes commented that there are three red residual (post mitigation) risks: - legal claims associated with AI, agency costs and cyber security. It is interesting to cross-reference these against other institutions in Scrutton Bland's report who cite workforce recruitment and retention, funding cuts and financial sustainability which would indicate that Chelmsford College is more confident in relation to these risks than others.</p> <p>Debs Hurst highlighted that the key red risks are:</p> <ul style="list-style-type: none"> Safeguarding will always remain a red risk as it is fundamental to the College. The change of MIS has made this even more of a priority this year. Legal challenges – which is a new risk as it was previously referring to a claim from an ex-student. But, there has been an increase across the sector as learners use AI to see if they are able to reclaim funds from Colleges. Agency Cost control– the College has always had agency staff in some areas of provision. This mirrors a sector wide challenge and, 		

	<p>in some areas, this is ongoing and increasing</p> <ul style="list-style-type: none"> • HE learner growth – the numbers are lower than forecast and the College is looking at mitigations • Cyber security – this is a red risk as the challenge remains constant for the college and many other organisations in different sectors and there is a discrete item on the college’s arrangements for managing this risk at agenda item 9 <p>Two risks have moved from Red to Amber:</p> <ul style="list-style-type: none"> • Apprenticeship outcome – was much better than forecast • MIS system – timetables and registers have improved <p>A governor asked why complaints show as red on the graph but amber on the spider graph. DH explained that this was downgraded after the most recent Senior Leadership Team review.</p> <p>Governors asked if the AoC and other agencies are supporting the sector to mitigate against threats from AI and Cyber security and it was confirmed that this is the case. The Committee said it is key for the Board to be able to differentiate between sector-wide risks which are hard to mitigate against locally and those which are particular to the College over which there may be more control.</p> <p>ACTION: DH to add a column to the risk register identifying which risks are generic to the sector and which are college specific.</p> <p>AGREED: THE AUDIT COMMITTEE AGREED TO RECOMMEND THE RISK MANAGEMENT REPORT TO THE BOARD AT ITS DECEMBER MEETING.</p>	
7	<p>Fraud report (by exception)</p> <p>There have been no incidences of Fraud in the College and robust systems are in place. To ensure awareness is high, the report Fraud awareness: good practice for education and training providers - GOV.UK which provides information on the types of fraud, prevention, detection and reporting, developing counter-fraud policies, cyber related threats and practical tools, will be shared in the next staff newsletter.</p> <p>The financial regulations have been updated and are shared with all members of staff via the College intranet and induction. Updates are provided through newsletters or dissemination of information through line managers.</p> <p>The Financial Regulations will be reviewed by the Chief Operating Officer to update the Fraud Policy where necessary. Fraud awareness articles will be included in the next staff newsletter.</p>	
8	<p>Going Concern report</p> <p>The going concern assessment was made in accordance with the requirements of the Financial Reporting Standard (FRS 102) and the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) considers both the current financial position and the</p>	

	<p>projected performance of the College.</p> <p>The assessment of Going Concern considered the following information.</p> <ul style="list-style-type: none"> • Financial forecasts (CFFR) for the period to 31st July 2027 have been completed and were reviewed by the Board at its meeting in July 2025. • Cash flow projection covering the period to 31 December 2026 • Confirmed and anticipated funding allocations from the Department for Education and other key income streams have been received and 2026/27 is projected on the same basis at 2025/26 for prudence. <p>Cost control measures will be implemented if the cash position falls below minimum balances which are determined by bank covenants. Covenant compliance is reviewed regularly, and the College will be able to meet its financial obligations as they fall due.</p> <p>The College Financial Forecasting Return has been assessed by Department for Education and in accordance with this approach, the appropriate assessment grade, based on the CFFR, is:</p> <ul style="list-style-type: none"> • Good for 2024/25 (the latest outturn forecast year), and • Good for 2025/26 (the current budget year). <p>The Senior Leadership Team acknowledged the continued challenges facing the further education sector, including funding constraints, recruitment pressures, and inflationary cost increases. However, based on the evidence available and the mitigating actions in place they confirm that the College remains a going concern.</p> <p>David Holmes noted that the College has good financial health rating, that the College ended 2024-5 with £2.5m in the bank, there are cost control measures in the background that could be deployed, and the College budget has been prepared on a prudent basis.</p> <p>The chancellor’s budget this week could bring funding and other changes for the sector which are currently unknown.</p> <p>Debs Hurst reminded the Committee that the national budget will impact the timing of the College pay award once the outcomes are known.</p> <p>AGREED: THE AUDIT COMMITTEE AGREED TO RECOMMEND TO THE BOARD THAT THE COLLEGE IS A GOING CONCERN AT ITS MEETING ON 5 DECEMBER 2025.</p>	
9	<p>Cyber Security (si)</p> <p>Tim Grimwood had supplied a report stating that there had been zero successful, recorded cyber security attacks since June 2025.</p> <p>Chelmsford College employs a robust set of cyber security controls, including:</p> <ul style="list-style-type: none"> • External network monitoring by JISC and NCSC • Barracuda Email Gateway Defence • Barracuda Firewall and Web Security Gateway 	

	<ul style="list-style-type: none"> • Microsoft 365 Defender alerting and attack simulation training • Multi-factor authentication (MFA) for all external users • Annual Cyber Essentials Accreditation • Penetration testing • Cloud-based backups for OneDrive, Teams, and Emails <p>The risk level for attempted cyber-attacks is classified as high, consistent with sector-wide trends.</p> <p>The Committee noted that there will be a cyber security twilight session to the Board in the new year. The College is considering penetration testing with JISC in the new year too. Governors said that there is a risk classification of 10-10 and asked how this relates to the College risk register. Debs Hurst explained that the scoring mechanism is different, but the 'red' risk is similar.</p> <p>Governors expressed surprise that the report said the College blocked 34k logins from outside the UK which is an astonishingly high number. The policy is that nobody can access the system without permission of the Executive team. The Committee asked Tim Grimwood to give context to this number.</p> <p>Action: TG to offer context to the external login figures at the cybersecurity twilight session.</p>	
OPERATIONAL AUDIT ITEMS		
10	<p>Schedule of outstanding internal and external audit recommendations</p> <p>Funding Audit Chelmsford College was selected for a full funding audit for the financial year ending 31 July 2025. The audit commenced in late September and concluded on Nov 10 November. The outcome from the report is 'Satisfactory' with funding errors identified resulting in a £7,845 overclaim clawback, of which:</p> <ul style="list-style-type: none"> • £6,207 related to Adult Skills Funding • £1638k related to Apprenticeships • £0 for 16-19 full time provision. <p>There were several management point recommendations which the Director of MIS will address. These had not been added to the outstanding actions log as yet as the report had only just been received.</p> <p>Internal Audit Since the last meeting, Scrutton Bland has carried out two internal audits, and these are reported under item 11. The audit recommendations are aimed at strengthening operational controls, enhancing compliance and improving overall efficiency. The schedule in appendix 10 demonstrated the recommendations and action taken. Most of the recommendations have been implemented and are working effectively.</p>	

	<p>External Audit MHA will report on items raised during the external audit which are available at Item B with management responses included on the document. The Committee asked if the external audit recommendations will be added to this report for the Spring meeting Governors noted that there is relatively good progress. DH will look at debt recovery – mostly Dovedale nursery and she will follow this up with the manager. Stocktakes and asset reviews are also due to be included in an internal audit and the College will develop a robust policy of stock holding expectations.</p> <p>. Some of the actions in the progress report have been completed but are still amber so this needs to be amended for the next version.</p>	
11	<p>Internal Audit –</p> <p>Paul Goddard had three reports:</p> <p>Progress report Two reviews have taken place already this year.</p> <ul style="list-style-type: none"> • Stock control review • Student recruitment application to offer <p>Both have been completed, and they will come to the Spring meeting.</p> <p>The audit plan was presented, and the Committee was content with the schedule and timings.</p> <p>PG will correct the assurance ratings indicated in the 2024-25 column of the report for the Spring meeting. The report reflects Scrutton Bland's observations on themes within the FE sector. He thanked the finance team for their positive responses and timely turnaround. David Holmes thanked the Finance and Senior team for the hard work they have put in to improve the overall control framework.</p> <p>Annual report Scrutton Bland was pleased to give green assessments on risk governance, internal control, efficiency and effectiveness. None of the recommendations made in the report impact on the overall green assessment.</p> <p>Scrutton Bland had provided reports for seven areas (2024-25)</p> <ul style="list-style-type: none"> • The summary was as follows: <ul style="list-style-type: none"> ○ Risk Management – Significant assurance ○ Adult Recruitment & Business Development - Significant assurance ○ English and maths attendance - Significant assurance ○ T-Level Implementation - Strong ○ Environmental Social Responsibilities – advisory only ○ Health and Safety – significant assurance ○ Reintegration of finance services into the College – Significant assurance. 	

He thanked the management team for their engagement with the audits, help with the planning and made sure teams were available for audit visits. Timely turnaround of the reports are very helpful prior to committee meetings.

Internal audit reports

Paul Goddard reported on **reintegration of finance services into the College** which completed in August 2025. It was a large piece of work with 13 recommendations most of all were low risk actions with an overall Green significant assurance opinion. None of the recommendations are unexpected given the sector context and are not specifically due to the transfer from ESS. The management responses are positive, and it is evidence of the considerable work which has taken place to reintegrate finance services smoothly into the College.

- **Medium risk** is around reconciliation at month end – recommendation is to hold them in one place, and it is good practice to note the variances
- **Housekeeping** - There is a suspense account, and these should be closed down monthly rather than annually.
- There is only one recommendation that the management had not readily agreed to. The recommendation read that **contracts signed and dated before work commences**. This can be clarified to the College should get them signed and dated which is the critical issue rather than before the start date.
- **Recommendation 13**. The wider reflection of a team delivering finance services resulted in the recommendation of a skills and training review to ensure the correct knowledge base is in place.

David Holmes said this report again reflects the good work of Debs Hurst and the team to reintegrate the ESS into the finance team and was pleased that the recommendations are being implemented promptly. Debs Hurst said the key item is to formalize the month-end processes and this will be addressed. She added that having the finance team back in the College has improved the service and reliability of financial information. Governors recognized that there will be a formal process to support apprentices on the finance team to upskill and develop.

Governors suggested that a report against achievement of planned objectives for disbanding ESS would be a useful item for the Board at the end of the next financial year. Jaya Patten said he has been on the Board throughout the project and commented that he has noted the tremendous achievement and positive impact of reintegrating the Finance function into the College.

ACTION: DH/DW to draft a report against objectives of reintegrating ESS at the end of the year.

	<p>Update on 2025-6 internal audit visits</p> <table border="1"> <thead> <tr> <th>Audit</th> <th>Assurance level provided</th> <th>Status or agreed dates of the audit</th> <th>Audit Committee date for final report</th> </tr> </thead> <tbody> <tr> <td>Stock Control and Value for money</td> <td>-</td> <td>22 -24 October 2025</td> <td>Spring 2026</td> </tr> <tr> <td>Student Recruitment – Application to Offer Journey</td> <td>-</td> <td>27 – 29 October 2025</td> <td>Spring 2026</td> </tr> <tr> <td>Human Resources – Staff Recruitment</td> <td>-</td> <td>8 – 10 December 2025</td> <td>Spring 2026</td> </tr> <tr> <td>Cyber Security</td> <td>-</td> <td>12 – 14 January 2026</td> <td>Spring 2026</td> </tr> <tr> <td>Budgetary Control/ Cashflow Monitoring</td> <td>-</td> <td>9 - 11 March 2026</td> <td>Summer 2026</td> </tr> <tr> <td>Management Information and Data Quality</td> <td>-</td> <td>18 - 20 May 2026</td> <td>Summer 2026</td> </tr> <tr> <td>ALS and Bursary Spending</td> <td>-</td> <td>15 - 17 June 2026</td> <td>Autumn 2026</td> </tr> <tr> <td>Follow up of Previous Recommendations</td> <td>-</td> <td>3 August 2026</td> <td>Autumn 2026</td> </tr> </tbody> </table>	Audit	Assurance level provided	Status or agreed dates of the audit	Audit Committee date for final report	Stock Control and Value for money	-	22 -24 October 2025	Spring 2026	Student Recruitment – Application to Offer Journey	-	27 – 29 October 2025	Spring 2026	Human Resources – Staff Recruitment	-	8 – 10 December 2025	Spring 2026	Cyber Security	-	12 – 14 January 2026	Spring 2026	Budgetary Control/ Cashflow Monitoring	-	9 - 11 March 2026	Summer 2026	Management Information and Data Quality	-	18 - 20 May 2026	Summer 2026	ALS and Bursary Spending	-	15 - 17 June 2026	Autumn 2026	Follow up of Previous Recommendations	-	3 August 2026	Autumn 2026	
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12	<p>Update on national and statutory audit matters</p> <ul style="list-style-type: none"> • Updates were in the papers and the chancellor’s budget is awaited later this week. • FEHE SORP has now been published. MHA will commence supporting Debs Hurst with implementation of changes required to ensure compliance in the new year. 																																					
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13	<p>Committee Self-Assessment</p> <ul style="list-style-type: none"> • Summary of 2024/5 feedback had been presented. • A further self-assessment exercise had taken place at the October Development Day. Input from both will be incorporated into an updated Governance Improvement Plan which will go to the SGR Committee and then the Board. 																																					
14	<p>Any other business There was none.</p>																																					
15	<p>Date of Next Meeting</p> <ul style="list-style-type: none"> • 3 March 2026 at 16.30 • 9 June 2026 at 16.30 <p><i>The Committee was joined at 11.30 by members of the PSR Committee.</i></p>																																					

Second part of the meeting joined by the PSR Committee:

	ANNUAL AUDIT REPORTS	
A	<p>Annual report of the audit and risk committee to the Board 2024/5 AGREED: THE COMMITTEE AGREED TO RECOMMEND THE REPORT TO THE BOARD AT ITS MEETING ON 5 DECEMBER 2025.</p>	
B	<p>External audit management report and letter of Representation Stuart McKay said the report is almost complete with some finalization due for the Board meeting on 5 December 2025.</p> <p>Seven issues have been reraised from last year. MHA is not massively concerned but it is expected that these will be cleared by next year. Ten of the recommendations have been cleared.</p> <p>Stuart MacKay expressed considerable thanks to Debs Hurst and Taofik Olowosale for all the hard work in getting the report to this stage and said that MHA does not anticipate any issues in finalizing the report.</p> <ul style="list-style-type: none"> • Going concern - MHA has no concerns on the going concern assumption and will await the assessment of the governors. • The audit status – the report was drafted over a week ago and outstanding information is now with MHA who are expecting to clear it this week. • The draft accounts included on this agenda are very close to the final version and, following very minor presentational changes, the final versions will be available for the Board to review and approve on 5 December 2025. <p>The Committees thanked MHA for their report and update. David Holmes added that the outcome of the preparation of the financial statements and external audit process for 2024-25 is a positive endorsement of bringing Essex Shared Services in-house that the Board, ARC and PRS will continue to monitor. He thanked MHA for the comprehensive report and run through and was pleased to share the feedback of the auditors that the College team culture is to embrace recommendations and make adjustments.</p> <p>Governors commented that purchase orders are not relevant to the procurement of all goods and services and the process and financial handbook will be adjusted going forward. It is hoped that this will not continue to be flagged in the external audit management report once these changes are in place. Debs Hurst has a list of items which are exempt such as exam fees and she will revise the list. Agency staff have to be recruited at short notice so this can be an issue, but the cost of long-term agency hires should have a relevant PO.</p> <p>The Chair of PSR raised a concern about the sports hall partially belonging to the council and any possible issues this may raise in the future. MHA</p>	

	<p>said this was more about the accounting for the sports hall as the College owns the land and is only funding a percentage of the refurbishment of the building, so the question is 'how the College is going to recognise an asset in 2025/6'. Debs Hurst will monitor this and discuss with MHA. The Sports hall is subject to a joint use agreement and governors asked how long this will last and how it will limit the College in terms of agility for use of the asset.</p> <p>ACTION: DH and MHA to discuss the ownership and issues around the accounting treatment and agreements on the Sports Hall and make recommendations</p> <p>David Warnes said that he echoed the comments re Essex Shared Services, and the positive outcomes are a testament to the enormous work from Debs Hurst and the Finance Team, improvements to controls and operating procedures are done at speed.</p> <p>MHA confirmed that a final version of the letter of representation which largely reflects standard wording will be ready for the Board meeting.</p> <p>AGREED: THE AUDIT COMMITTEE RECOMMEND THAT THE AUDIT REPRESENTATION LETTER BE SIGNED BY THE CHAIR OF THE BOARD AND THE CHIEF ACCOUNTING OFFICER.</p>	
C	<p>Regularity Self-Assessment Questionnaire (RSAQ) Debs Hurst presented the report which provides evidence that the College and Board are discharging their duties and responsibilities.</p> <p>AGREED: THE AUDIT AND PSR COMMITTEE AGREED TO RECOMMEND THE REGULARITY SELF-ASSESSMENT QUESTIONNAIRE TO THE BOARD FOR SIGNATURE BY THE CHIEF ACCOUNTING OFFICER AND CHAIR OF THE BOARD.</p>	
D	<p>Draft Annual Report and Financial Statements 2024/5 (including Dovedale Nursery) to include regularity and management letter Debs Hurst was pleased to report that the Annual Report is in substantial draft format. The numbers are all correct and there are some minor typing errors to adjust for the final version. She thanked David Peace for his review and input.</p> <p>Governors should send any suggested amendments to Debs Hurst by 28 November 2025.</p> <p>David Holmes was pleased to note the progress made by the team in the year and offered his congratulations.</p> <p>Ra Hamilton-Burns sought permission to adjust the attendance reporting to include all committees and Board attendance at the request of a Board member. This was agreed.</p> <p>AGREED: THE AUDIT COMMITTEE AGREED TO RECOMMEND THE FINANCIAL STATEMENTS AND MANAGEMENT REPORTS TO 31 JULY 2025 BE APPROVED AND SIGNED BY THE CHAIR OF THE</p>	

BOARD AND THE CHIEF ACCOUNTING OFFICER.

Any other business

Funding Audit

As had been reported in Item 10:

Funding Audit

Chelmsford College was selected for a full funding audit for the financial year ending 31 July 2025. The audit commenced in late September and concluded on Nov 10 November. The outcome from the report is 'Satisfactory' with funding errors identified resulting in a £7,845 overclaim clawback, of which:

- £6,207 related to Adult Skills Funding
- £1638k related to Apprenticeships
- £0 for 16-19 full time provision.

There were several management point recommendations which the Director of MIS will address. These had not been added to the outstanding actions log as yet as the report had only just been received.

This was particularly pleasing during a time when the College is changing its MIS system. Noted that this was the draft and the final report is still awaited

ACTION: The final report of the full funding audit with recommendations will come to the next meeting of the ARC Committee.

The joint meeting ended at 12.18.

Members of the Audit Committee and auditors departed at 12.20.