

AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the hybrid meeting held on 30 June 2022 at 4.30pm

Present physically: J Wakelam, Vice Chair

Present virtually: H Nydam, co-opted
J Gazzard, Chair

K Chapman
N Roberts, co-opted (part)

In attendance: C Shepherd, Finance Assistant - Risk
C Sutherland, RSM
J Raffel, CFO
L Cox, Scrutton Bland
N Savvas, CEO
P Ewan, Finance Manager
S Gales, Governance Professional
S Graham, Chief People Officer [CPO] (part)

Apologies: A Mapana, co-opted

The agenda was discussed in the following order: 1, 2, 3, 4, 5, 6, 8, 9, 7, 10, 11, 12

1. **Declaration of Interests and Apologies for absence**
J Wakelam declared her role as a Trustee of Suffolk Academies Trust. No conflicts of interest in relation to the items of the agenda were declared.

Apologies were accepted from A Mapana.

2. **Minutes of the meeting held on 8 February 2022**
The minutes of the meeting held on 8 February 2022 were **agreed** as an accurate record.

3. **Matters Arising from meeting on 8 February 2022**
The matters arising from the meeting were complete.

4. **Risk Management Update**
There are currently **1 red**, **11 amber**, **14 yellow** and **0 green** risks on the register, of which 5 new risks have been added to the register, 6 risks have been removed from the register and 2 risks have changes in their post mitigation score.

The Committee discussed new risks R114 and R115 and noted that these risks are fairly broad; and queried what has changed or what evidence we have received to warrant these risks being added. The Committee asked the CFO to review these risks and determine if they are appropriate risks or should be removed.

S Graham joined the meeting at 4.42pm

The Committee discussed new risks R116 and R117 and noted that whilst these risks are environmental and therefore largely beyond our ability to influence it is prudent to add these to the register. The Committee queried the financial covenants of the College and the level of risk associated with these rising financial costs. The CFO summarised the College's exposure and agreed to include this within the register in future.

The Committee discussed new risk R118 and the CFO provided an update on the current status of the risk, following recent communication with the National Audit Office.

The Committee asked to receive a residual risks register, to enable the Committee to remain live to the complete risk register to aid decision making on emerging risks.

Action

CFO

CFO

CFO

The Committee noted trends in national labour markets and difficulties in recruiting and retaining staff across a variety of business support roles, and noting R098 queried the impact of this on the College's ability to recruit staff and fill vacancies. The CPO summarised the current recruitment efficacy rate, and provided assurance as to the mitigations in place to ensure the College remains able to recruit staff to ensure ongoing operations.

The Committee noted R117 and queried what the current status of discussions with unions regarding pay negotiations. The CPO summarised the relations with unions and status of pay negotiations.

The CFO outlined proposed changes to the Risk Register in Appendix 3; and the Committee approved this approach.

The Committee noted that version control has improved though asked the CEO and CFO to further review the risk register to determine if any risks could be removed to ensure the register remains live to the most pertinent risks.

CEO
CFO

The Committee discussed R093 and queried what was meant by 'data mismatches on the Apprenticeship Service'. The CFO explained that these arise as employers as well as the College can input data to the Apprenticeship Service and if the records do not align, the funding is not issued; hence there is an on-going process to align the data.

5. Audit Recommendations Tracking Report

The Committee received and considered the tracking report which shows that of the 33 recommendations; 4 are complete, 23 are ongoing and 5 are awaiting an update.

The Committee tasked the Executive with ensuring greater completion of recommendations by the next meeting.

Executive

The Committee noted the outstanding recommendation from the Internal Audit of Financial Controls and queried whether this should be a higher risk given the current economic climate. The CFO confirmed that the debtors are Grade A debtors so pose a limited risk of default; and P Ewan confirmed these debts have now been paid.

6 Internal Auditor's Findings Report

The Committee received and noted the progress report; along with a report following up the previous recommendations of Internal Audits, and Internal Audit Findings Reports for Human Resources, Office for Students Compliance, and Key Financial Controls.

The Committee discussed the status of 11 previous recommendations of Internal Audits; and noted that in the majority of cases significant progress had been made to implement the recommendations and where less progress had been made to implement the recommendations the CEO summarised the likely implementation date and the actions taken to reduce risk.

L Cox summarised the Internal Audit Findings Report for Human Resources, which resulted in two medium risk recommendations and three low risk recommendations. The Committee discussed the medium risk recommendations and the CPO summarised the new HR processes being implemented to improve onboarding of new staff and to overhaul the appraisal procedure and the pay progression procedure. The Committee noted that the Resources Committee have scrutinised the new HR procedures and were assured by the rigour of the collaborative approach used to form these procedures.

The Committee discussed how best to triangulate Committee members concerns and assurance, feeding back their insights and experience from other Committees. The Chair noted that we are continually evolving the mechanisms of feedback between

the Committees and this Committee, and invited all Committee member to proactively voice (both in and outside of meetings) concerns, assurance or feedback.

L Cox summarised the Internal Audit Findings Report for Office for Students Compliance; which resulted 'significant assurance' and in two low risk recommendations. The Committee discussed the two low risk recommendations and the management responses. The Chair, as Vice Chair of the HE Educational Excellence Committee, also noted that there is a need to continue to rigorously review the College's value for money for all students and the efficacy and impact of the spend of Access and Participation Plan funds. The Committee asked the Governance Professional and CEO to propose the KPIs to best monitor this at the HE Educational Excellence Committee and Finance Committee.

Governance
Professional
CEO

N Roberts lost internet connection and left the meeting at 5.30pm

L Cox summarised the Internal Audit Findings Report for Key Financial Controls (Payroll); which resulted in 'reasonable assurance' and in one medium risk recommendation and five low risk recommendations. The Committee discussed the recommendations and the management responses.

J Wakelam as Governor Lead for Safeguarding commended SAFE CIC's additional Internal Audit Findings Report for Safeguarding to the Committee. The Committee acknowledged the strength of this assurance which is further compounded by the assurance received by the 4-day full Ofsted inspection which found safeguarding to be effective. The Committee congratulated the Executive for their effective safeguarding practices.

7. **Appointment of External and Internal Auditors for 2022/23**

The Committee received and considered the proposal paper which summarised the outcome of the tender and panel interview process; and the panel's recommendation to appoint RSM UK as the College's External Auditor for 2022-23 onwards for a period of 3 years with extension based on acceptable performance for a further two 1-year periods; and to appoint Scrutton Bland LLP as the College's Internal Auditor for 2022-23 onwards for a period of 3 years with extension based on acceptable performance for a further two 1-year periods.

The panel members summarised the consideration given to the tenders and the assurance received from the RSM in regard to their internal corporate policies to protect independence and objectivity, whereby they replace the College's audit partner with a similarly experienced audit partner.

The Committee **agreed to recommend** to the Corporation that the College appoints RSM UK as the College's External Auditor and Scrutton Bland LLP as the College's Internal Auditor, for 2022-23 onwards for a period of 3 years with extension based on acceptable performance for a further two 1-year periods.

8. **Internal Auditor's Proposed plan of works for 2022/23**

L Cox summarised the proposed plan of Internal Audit work for 2022/23 which includes:

- Apprenticeships Recruitment and Employer Engagement
- Financial Controls (Payroll)
- Financial Controls (Ordering, Purchasing and Payments)
- Culture
- Health and Safety
- Cyber Security
- Mental Health and Wellbeing
- Examinations

The Committee discussed the plan and noted that the proposed mix of internal audit work reflects the risk register well, though queried whether there is need for additional contextual environmental risk reports such as considering the economic outlook. The

Committee noted that these contextual environmental risk updates will be discussed within strategic governance meetings throughout the year and, C Sutherland noted that RSM produce public reports which the CFO could use to inform the risk register.

The Chair noted that the Committee Chairs are meeting to discuss the risk register and the required scope of internal audit work, so asked the Committee to defer approval of the proposed plan. The Committee agreed to await the feedback of the Committee Chair's meeting and **agreed** to approve the plan electronically.

9. External Auditor's Proposed plan of works for 2022/23

C Sutherland summarised the proposed plan of External Audit work for 2022/23 which includes review of the following presumed and identified risks:

- Income recognition – ESFA recurrent grant income
- Completeness of other income
- Management override of internal controls
- Pension scheme liabilities
- Going concern
- Accommodation strategy
- Office for Student – capital grant
- Donated assets

The Committee discussed the risk of fraud and whether fraud should be added to the risk register. The Committee **agreed** to add fraud to the risk register and to propose the mechanism to formally report the efficacy of the fraud mitigations.

The Committee discussed the risk of going-concern and the current and proposed mechanisms for evidencing the Corporations robust challenge and consideration of financial data to ensure going-concern assessments.

The Committee **agreed** the proposed External Audit plan of work for 2022/23.

L Cox and C Sutherland left the meeting at 6.10pm

10. GDPR update

Governors received and noted the update report provided, and the CPO summarised the report and the feedback from the DPO audit. The Committee commended the work of the Executive and the high levels of assurance received.

11. Policies

- Whistleblowing Policy

The Committee received and considered the policy, and queried a few definitions and clauses. The Committee asked the CPO to seek advice to provide clarity on the queries raised and **agreed to delegate authority to the Chair to review and recommend** the updated policy to the Corporation for approval.

The CPO confirmed that there have been any instances of whistleblowing in this academic year.

12. Any Other Business

None.

The meeting closed at 6.33pm

CFO