

AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the hybrid meeting held on 22 November 2022 at 4.30pm

Present physically in TG1.16:	J Wakelam, Vice Chair	K Chapman
Present virtually:	H Nydam, co-opted	N Roberts, co-opted (part)
In attendance:	A McGarel, CFO designate A Walker, Scrutton Bland C Shaw, Principal of Sixth Form Provision C Shepherd, FA - Risk C Sutherland, RSM G Grainger, CIO J Raffel, CFO N Savvas, CEO P Ewan, Head of Finance R Stevenson (part) S Gales, Governance Professional S Graham, CPO (part)	
Apologies:	J Gazzard, Chair L Cox, Scrutton Bland M Chatt, Deputy CFO P Goddard, Scrutton Bland S Mason, RSM	
Absences:	A Mapana, co-opted	
Governors in attendance	A Duffety C Higgins C Chua	E D'Souza L Blackaby S Daley

In accordance with clause 60 of the Post-16 Audit Code of Practice, all members of the Corporation were invited to attend the first part of the Audit and Risk Management Committee meeting to receive the external auditors' annual findings report.

- 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 J Gazzard and M Chatt, and the Committee noted the absence of A Mapana.
- External Auditors Audit Findings Report**
Governors received and considered the findings report provided.

N Roberts and C Chua joined the meeting at 4.40pm

C Sutherland summarised the key findings of the report including the areas still outstanding, materiality, unadjusted and adjusted audit misstatements, risks and recommendation on internal control. C Sutherland noted that due to IT issues the review of journals is still ongoing, but will be concluded in the coming days.

Governors discussed the accounting presentation to recognise an asset in the balance sheet in respect of the LGPS and asked how this will affect cash balances. C Sutherland noted that the triennial valuation is due imminently which will review this impact and inform the college on future contribution levels required, which is the primary influence on cash balance in respect of LGPS pensions.

Action

Governors queried whether the value of the asset is confirmed. C Sutherland outlined the mechanism of calculating this based on reviewing the year end valuations prepared for the College by Hymans Robertson LLP, reviewing the LGPS terms and conditions as well as challenging the Consumer Price Index (CPI) assumptions made by Hymans Robertson LLP (which had resulted in a reduction); and though the actuarial findings may differ slightly from RSM's view, the external auditors have reasonable assurance that the College would be able to reclaim the asset over a period of time through reduced levels of future contributions.

Governors discussed the potential ONS reclassification of Colleges and queried what impact this would have on the LGPS. C Sutherland gave a short response but agreed to provide additional guidance to the CFO. Governors noted that it would be helpful to quantify the potential impact this would have on cashflow, and for this to be considered by the Finance Committee.

C Sutherland
CFO

C Sutherland outlined the other risks identified at the planning stage and noted no new risks were identified during the audit.

C Sutherland noted that the version in the papers is slightly outdated and confirmed RSM have now received management responses. C Sutherland explained that the final version of this report will be updated slightly to reflect these responses and may combine some recommendations where appropriate. C Sutherland agreed to share a tracked changes document to show the changes made compared to the version in the papers.

C Sutherland

Governors noted that several of the risks relate to apprenticeships and queried whether this is indicative of systemic issues we should be concerned about. J Raffel noted that many of these followed a significant change in the funding rules for apprenticeships and therefore may be a time-related issue. C Sutherland also noted that across the sector these issues are quite commonplace given the complexity of the apprenticeship funding rules.

Governors queried the RAG rating methodology used for the recommendations on controls. C Sutherland explained that red denotes a funding error and amber denotes a non-compliance with the rules which does not impact the funding; and confirmed that the RAG does not reflect the quantum value.

3. **Annual Report & Financial Statements**

Governors received and considered the audited accounts provided

C Sutherland highlighted the new sections of the accounts to comply with the new funding guidance, including the reporting on the training of Governors and of the Governance Professional, confirmation of the governance self-assessment, change of signatory of the Corporations Statement of Regulatory Compliance, and statement on disclosure of related party transactions.

Governors noted that K Chapman is not listed as a member of the Audit and Risk Management Committee. The CFO to amend.

CFO

Governors queried the AEB clawback. J Raffel explained this.

Governors noted the HE student numbers and queried the current HE student numbers. N Savvas explained this.

Governors noted the addition of the streamlined energy and carbon reporting section and queried whether sector benchmarking data exists. C Sutherland noted that the AoC does some analysis which might be useful.

Governors noted that N Savvas is incorrectly listed as Principal on page 27 and asked this to be amended to read as CEO.

CFO

Governors **approved** the audited accounts and **agreed to recommend it to the Corporation.**

4. **Audit Committee's Annual Report**

Governors received and considered the annual report provided and J Raffel summarised the main items.

C Chua, C Higgins, L Blackaby and S Daley left the meeting at 5.11

Governors noted the re-tender and appointment of the Internal and External Auditors has not been referenced. CFO to amend.

CFO

Governors noted a tense typo and asked the CFO to amend.

CFO

Governors **approved** the annual report and **agreed to recommend it to the Corporation**, subject to the amendments above.

5. **Regularity Self-Assessment Report**

Governors received and considered the self-assessment report provided.

Governors noted that on appointments a sentence should be added to state the referencing checks for staff. The Governance Professional to amend.

Gov. Prof.

Governors **approved** the self-assessment report and **agreed to recommend it to the Corporation**, subject to the amendments above.

6. **Internal Auditors Annual Report**

Governors received and considered the annual report provided.

A Walker summarised the key findings of the report and noted their opinion is that the College has:

- **adequate and effective** risk management processes, adequate and effective governance processes,
- **adequate and effective** control processes, notwithstanding the issues relating to the high-risk recommendation raised within the Cyber Security report; and
- **adequate and effective** processes surrounding efficiency and effectiveness.

Governors noted that the College is performing well with a higher proportion of strong and significance assurance that the sector benchmark, though queried why the level of recommendations remain on par with the sector benchmark. A Walker noted that the assurance rating is more significant indicator though noted Scrutton Bland benchmark per audit area and would be happy to share this with the Committee.

L Cox

7. **Internal Auditor's Findings Report**

i. **Strategic Planning**

Governors received and considered the internal audit which took place in October 2022 and received **strong** assurance; with no recommendations.

A Duffety left the meeting at 5.24pm

8. **Minutes of the meeting held on 4 October 2022**

The minutes of the meeting held on 4 October 2022 were **agreed** as an accurate record.

E D'Souza left the meeting at 5.27pm

9. **Matters Arising from meeting on 4 October 2022**

All matters arising from the meeting were complete.

MA 3 - is complete, though the Finance Committee opted to not include the additional clause within the Committee's terms of reference

MA 8 – R Stevenson summarised the current status of the business continuity plan and the plans for continuous improvement.

10. Audit Recommendations Tracking Report

The Committee received and considered the tracking report which shows that of the 28 recommendations; 5 are complete, 1 is partially complete, 17 are ongoing and 5 are awaiting an update.

J Raffel summarised the report and noted that management of this document will be overseen by C Shepherd.

Governors noted the red recommendation is only partially complete and queried what is left to be done. G Grainger and R Stevenson summarised the progress to date and the outstanding work which is in progress.

S Graham joined the meeting at 5.42pm

Governors noted the recommendation relating to the new appraisal system for staff and asked if this has been implemented. S Graham confirmed that it has and that it will be reported to the FE Educational Excellence Committee and the Resources Committee.

11. Risk Management Update

There are currently **2 red**, **11 amber**, **13 yellow** risks on the register, of which 1 new risk (WSCR051 relating to the impact of rising cost of living impacts student intake and future income) has been added to the register and no risks have been removed from the register.

J Raffel summarised the report and key changes.

Governors discussed WSCR021 and queried the action to be taken. R Stevenson explained this.

Governors noted the feedback from the Committees review of the risk register extract, and feedback that this is working effectively and improving communication.

Governors **approved** the Risk Register and **agreed to recommend it to the Corporation.**

A Walker left the meeting at 5.52pm

12. GDPR update

Governors received and noted the update report provided, and the CPO summarised the report noting that since the last there have been 6 GDPR breaches/near misses (all of which have been investigated and any actions required have been carried out), report, as well as 2 Data Subject Access Request (which were responded to within the time frame) and no Freedom of Information request.

S Graham left the meeting at 5.55pm

13. Any Other Business

- Emerging issues report

Governors received the report and C Sutherland summarised the key issues.

Governors noted the ONS reclassification of Colleges could result in additional oversight from government and queried what this would entail. N Savvas and J Raffel explained the likely implications of a reclassification.

- Thanks and farewell to the CFO

The Committee thanked John Raffel for his outstanding contribution to the Committee.

The meeting closed at 6.02pm