

AUDIT AND RISK COMMITTEE

CONFIRMED MINUTES FROM THE MEETING HELD ON 4 MARCH 2025 AT 4:00PM EASTON COLLEGE, ROOM JB031

Present:

Philip Pearce	PP	Chair
Marcus Bailey	MB	Governor
Nikki Gray	NG	Governor (<i>remote via Teams</i>)
Sean Green	SGr	Governor (<i>remote via Teams</i>)

Attendees:

Jen Eves	JE	Chief Operating Officer (<i>until 5:54pm</i>)
Jerry White	JW	Principal (<i>until 5:54pm</i>)
Jodie Mitchell	JM	Director of Governance and Legal
Martin Colbourne	MC	Deputy CEO (<i>until 5:54pm</i>)
Paul Goodard	PGd	Internal Auditor, Scrutton Bland (<i>remote via Teams, until 5:38pm</i>)
Stuart McKay	SM	External Auditor, MHA (<i>remote via Teams until 5:38pm</i>)
Claire Harber	CH	Governance and Legal Officer

Apologies:

Leisyen Cox	LC	Leisyen Cox
Phil Gormley	PG	Governor

1. **CONFIDENTIAL – Governor Meeting with Auditors**

This is an opportunity for informal discussion between Governors and auditors and is not formally minuted.

The Committee were advised that the meeting is being recorded for the purposes of the minutes.

2. **Apologies for Absence**

Apologies were received and noted as above.

3. **Declaration of Conflicts**

No declarations were made.

4. **UNCONFIRMED Minutes of the Meeting Held on 27 November 2024**

The unconfirmed minutes of the meeting held on 27 November 2024 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

5. **CONFIDENTIAL - UNCONFIRMED Confidential Minutes of the Meeting Held on 27 November 2024**

The unconfirmed confidential minutes of the meeting held on 27 November 2024 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

6. **Matters Arising**

Audit 1 Action 1: ACTION COMPLETE

Audit 1 Action 5: Use three lines of defence risk model and tailor it to the College. *The College has this process already with individual, policy and audit/regulatory lines along with the larger Assurance Framework in the Risk Management Policy. It was agreed that the Risk Management Policy will be amended to this effect during the next policy review and that the action would stay open until this is complete. Update due date.* ACTION ONGOING (Due: December 2025).

Audit 1 Action 6: ACTION COMPLETE.

Audit 1 Action 7: Ensure IA recommendations are considered at the Student Voice Working Group. *The next Student Voice Working Group is scheduled for April. It was confirmed that all IA recommendations relevant to the group will be considered at that meeting.* ACTION COMPLETE.

Audit 1 Action 8: Check whether the same issues flagged in the Funding Assurance IA recommendations for 2023/24 existed in records prior to 2023/24 and arrange to rectify where possible. *New apprenticeship contracts have been issued to all employers with live apprentices to rectify any remaining omissions.* ACTION COMPLETE.

Audit 1 Action 9: Make proposals for IA review cycles with SMT and bring proposals to the November A&R Committee. *On agenda for this meeting.* ACTION COMPLETE.

Audit 2 Action 1: ACTION COMPLETE

Audit 2 Action 2: ACTION COMPLETE

Audit 2 Action 3: ACTION COMPLETE

Audit 2 Action 4: Consider ways in which the Annual Report and Financial Statements can be made more accessible for future years. *Action not yet due.* ACTION ONGOING (Due: June 2025).

Audit 2 Action 5: MB to meet with PP to discuss the A&R Committee's role in assuring financial risk and how the recovery plan should be reported to A&R. *It was agreed that 'Financial Recovery Plan' would be added to the Schedule of Business for the A&R Committee as a standing item. Update action.* ACTION ONGOING (Due: June 2025)

Audit 2 Action 6: ACTION COMPLETE

Audit 2 Action 7: Consider ways in which staff training on fraud can be strengthened. *The College's bank has previously provided online training on fraud awareness and will be contacted to see what material they currently have available. PGd informed the Committee that Scrutton Bland provide a fraud training service if required.* ACTION ONGOING (Due: March 2025).

Audit 2 Action 8: ACTION COMPLETE

Audit 2 Action 9: ACTION COMPLETE

Audit 2 Action 10: SG to meet with JW/MC to discuss possible frameworks and external expertise required to gain greater assurance on outstanding recommendations. ACTION ONGOING (Due: March 2025).

Audit 2 Action 11: ACTION COMPLETE

7. Internal Audit Reports

7.1 IAS Reports for 2024/25

The IAS Progress Report and individual reports for Business Continuity, Mental Health and Wellbeing and Cyber Security and Asset Management were circulated prior to the meeting.

PGd reported overall good progress on Internal Audit with three reports having been completed. It was highlighted that the examinations audit is still live and due to be completed in May.

Individual reports were discussed as follows:

Business Continuity

PGd reported a 'Green – Significant Assurance' result. He reported that they found a robust framework in place with effective communication and good awareness surrounding business continuity. The Committee were informed that one low recommendation was raised in relation to scenario testing.

It was noted that the IT-specific Business Continuity Plan is due to be presented to Board for approval during 2025.

There was a brief discussion around cyber desktop exercises. Use of gold, silver and bronze thresholds was suggested by one Governor. The Committee were informed that there will be exercises planned as part of the Strategic Plan and Accountability Targets for next year. It was reported that JE is seeking advice from the police in relation to cyber security due to the high cost of running JESIP exercises.

Mental Health and Wellbeing

PGd reported a 'Green – Significant Assurance' result. They found an effective framework in place. It was highlighted that there is a need to continue seeking feedback from both students and staff to inform new initiatives due to this being such a high-profile and fast-moving area. The Committee were informed that one low recommendation was raised to introduce new mechanisms to obtain feedback on support available to students and staff.

It was noted that work to strengthen mental health and wellbeing support will continue despite the 'Green' rating.

Cyber Security and Asset Management

The discussion was confidential and is recorded within the confidential minutes (set 1).

7.2 CONFIDENTIAL - Progress Report on Outstanding Internal Audit Recommendations

The discussion was confidential and is recorded within the confidential minutes (set 1).

8. CONFIDENTIAL - Internal Audit Universe Assessment Matrix

The discussion was confidential and is recorded within the confidential minutes (set 1).

9. Artificial Intelligence - Update

The Artificial Intelligence Update was circulated prior to the meeting.

JW presented the paper highlighting the following points:

- The Artificial Intelligence (AI) Framework has been launched.
- AI was the focus of the recent Staff Development Day.

- The three areas of development outlined in the paper are:
 - (i) Co-Pilot (element of the Microsoft 365 suite).
 - (ii) MS Teams Premium – under trial for capturing meeting action points.
 - (iii) Teachermatic – the College is assessing how the tool can support teaching and learning.

It was recognised that costs are a consideration when assessing the value of what AI tools can offer.

ACTION 3: JE to consider including an AI ‘Hints and Tips’ section in the ICT updates within College News.

10. CONFIDENTIAL - Fraud Discussions

The discussion was confidential and is recorded within the confidential minutes (set 1).

11. Statutory, Regulatory and Sector Updates

The following verbal updates were given:

- The ESFA is being wound up and subsumed back into the DFE at the end of March. This is creating delay in decisions and funding announcements from the ESFA.
- Ofsted is consulting on changes to the way they report on the quality of institutions. Under the new proposal, there are 20 judgement statements (compared to the current 10). The AoC response is awaited. It is unclear at this stage whether the College will be engaging with the consultation.
- There is a consultation around new OfS registration requirements, which includes requirements relating to effective governance.
- The ESFA counter-fraud and prevention arm are supporting institutions and providing useful advice.
- The DFE together with the Education and Training Foundation are running training on managing money throughout March.
- Due to the recent announcement of the Crown guarantee for LGPS, there are reductions being made to employer pension contributions. The College have secured a 3.1% reduction in employer contributions effective December 2024.
- VAT – auditors are following the Colchester Institute case, the result of which could affect how colleges are considered for VAT purposes.
- A new College Financial Handbook is due in 2025. This will see the phasing out of the Audit Code of Practice to be replaced by an internal and external audit regime.
- The new Employment Rights Act setting rights in relation to sick pay, zero-hour contracts etc. is due to come into force later this year. Further detail is expected at the end of March.

12. CONFIDENTIAL - Risk Register Review

The discussion was confidential and is recorded within the confidential minutes (set 1).

12.1 Risk Reporting to A&R (Discussion)

It was confirmed that the Risk Management Policy as recently reviewed sets out that the Senior Management Team will assess risks termly, the Audit and Risk Committee at every meeting and the Board annually. The Committee indicated that this is sufficient.

ACTION 5: JM to add Risk Reporting as a standing item on A&R Schedule of Business for 2025/26.

The Chair informed PGd and SM of Nikki Gray's departure from the Board.

PGd and SM left the meeting at 5:38pm.

13. CONFIDENTIAL - Auditors Performance Indicators

The discussion was confidential and is recorded within the confidential minutes (set 2).

13.1 CONFIDENTIAL - Assessment of Auditors Performance Indicators for 2023/24

The discussion was confidential and is recorded within the confidential minutes (set 2).

13.2 CONFIDENTIAL - Approval of Auditors Performance Indicators for 2024/25

The discussion was confidential and is recorded within the confidential minutes (set 2).

14. Other Urgent Business

No matters were raised under this item.

15. CONFIDENTIAL - Meeting Review and Summary

The discussion was confidential and is recorded within the confidential minutes (set 2).

16. CONFIDENTIAL - Review of SPH Expenses Claims and Credit Card Data

The discussion was confidential and is recorded within the confidential minutes (set 3).

17. Date of Next Meeting

The next Audit and Risk Committee Meeting is scheduled to take place on 23 June 2025 at 9:00am

All formal business having been concluded; the meeting closed at 5:55pm

Signed Date
(Chair)