AUDIT AND RISK COMMITTEE

CONFIRMED MINUTES FROM THE MEETING HELD ON 5 JUNE 2026 AT 1:00PM
CITY COLLEGE NORWICH, THETFORD BOARDROOM

Present:

Philip Pearce	PP	Chair
Hannah Stewart	HS	Co-opted Member
Jill Wade	JWa	Governor

Attendees:

Jen Eves	JE	Chief Operating Officer *(until 3:19pm)*
Jerry White	JW	Principal and Governor *(until 3:19pm)*
Jodie Mitchell	JM	Director of Governance and Legal *(remote, via Teams)*
Karen McIntosh	KM	Finance Manager *(until 3:19pm)*
Leisyen Cox	LC	Internal Auditor, Scrutton Bland *(remote, via Teams until 3:19pm)*
Martin Colbourne	MC	Chief Finance Officer *(until 3:19pm)*
Stuart McKay	SM	External Auditor, MHA *(remote, via Teams until 3:19pm)*
Claire Harber	CH	Governance and Legal Officer

Apologies:

Paul Goddard	PGd	Internal Auditor, Scrutton Bland
Sean Green	SGn	Governor

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1. CONFIDENTIAL – Governor Meeting with Auditors
This item is an opportunity for informal discussion between governors and auditors and is not formally minuted.

2. Apologies for absence
Apologies were received and noted as above.

3. Declarations of Conflicts
HS declared that the College have sought advice from Larking Gowen. She confirmed that the case is not being dealt with by her team and that she will not receive a referral fee.

4. UNCONFIRMED minutes of the meeting held on 3 March 2026
The unconfirmed minutes of the meeting held on 3 March 2026 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

5. UNCONFIRMED Confidential minutes of the meeting held on 3 March 2026

5.1 UNCONFIRMED Confidential minutes of the meeting held on 3 March 2026 (Set 1)
The unconfirmed confidential minutes (set 1) of the meeting held on 3 March 2026 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

5.2 UNCONFIRMED Confidential minutes of the meeting held on 3 March 2026 (Set 2)
The unconfirmed confidential minutes (set 2) of the meeting held on 3 March 2026 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

6. Matters Arising

24/25 Audit 1 Action 5: Use three lines of defence risk model and tailor it to the College (MC). *This action is in the process of being addressed as part of ongoing risk discussions.* ACTION ONGOING (Due: March 2026)

24/25 Audit 2 Action 7: Consider ways in which staff training on fraud can be strengthened (MC). *Training for budget holders has been identified and will be rolled out from September, and more accessible training will be arranged for all staff. LC highlighted that Scrutton Bland have developed a brief fraud training video for their clients, and it was agreed that this would be made available to CCN.*

ACTION 1: Send fraud training video to MC (LC).

24/25 Audit 4 Action 2: In follow-up reports, differentiate between recommendations implemented and those superseded (LC). *The follow-up reports will be presented at the autumn meeting.* ACTION ONGOING (Due: June 2026)

Audit 3 Action 1: ACTION COMPLETE
Audit 3 Action 2: ACTION COMPLETE

Audit 3 Action 3: Send Student Survey results to JWa (JW). ACTION COMPLETE.

Audit 3 Action 4: ACTION COMPLETE
Audit 3 Action 5: ACTION COMPLETE
Audit 3 Action 6: ACTION COMPLETE
Audit 3 Action 7: ACTION COMPLETE

Audit 3 Action 8: Ensure CC and Registry team are aware that DfE funding auditors are increasingly focusing on the apprenticeships end point assessment process (JE/JW). *Control of end point assessments is moving to the data team. Additional training is underway and should be completed by the end of July.* ACTION ONGOING (Due: June 2026)

Audit 3 Action 9: ACTION COMPLETE

Audit 3 Action 10: Feedback on report writing to PP (All). *The Chair expressed that this should be an ongoing consideration.* ACTION CLOSED.

Audit 3 Action 11: Issue feedback to report writers (PP). *The Chair expressed that this should be an ongoing consideration.* ACTION CLOSED.

Audit 3 Action 12: ACTION COMPLETE
Audit 3 Action 13: ACTION COMPLETE

7. Chair's Remarks

This item was not taken.

8. Risk Reporting (including Risk Register Review)

The Risk Reporting report and supporting papers was circulated by email prior to the meeting. The following points were highlighted:

- The Senior Management Team (SMT) have reviewed strategic risks; two have been added (student behaviour and meeting the standard of the new Ofsted framework) and one removed (employee relations and industrial disputes).
- There are now twelve identified strategic risks and 64 operational risks.
- The highest risks remain financial position, cyber security and staff sickness.

- Operational risks being closely monitored include exam pressures, press coverage in relation to an assessment data matter and the disadvantage block 2 understatement.

Governors queried the impact of the disadvantage block 2 funding and were informed that the understatement value is c.£700-800k. It was confirmed that a business case for technical error has been submitted to the Department for Education (DfE) and it is hoped that the understatement will be rectified. It was noted that this will be monitored by the Business Committee as part of the Finance Report.

ACTION 2: Include update on disadvantage block 2 understatement in finance reports to Business (MC).

It was noted that funding volatility and delayed announcements are making it difficult for the College to forecast and manage budgets.

The Committee discussed the proposal on risk appetite and risk tolerance, including definitions. The Committee agreed the definitions of risk appetite and risk tolerance were appropriate and were pleased that the proposed process was not too formulaic, but they expressed that more information on the decision making behind each ranking would be useful to include to provide a complete picture.

It was suggested by the Committee that the College consider short term external assistance on risk management, particularly to provide guidance on three lines of defence model and to gain third party input on the suggested processes. It was suggested that this could be looked at as part of the audit schedule and the internal auditor confirmed that there are people at the firm unfamiliar with the College's risk management system who could carry out the work. It was noted that a third party able to provide an independent and fresh perspective may be more beneficial. It was agreed that SMT would consider this further and liaise with the Chair outside the meeting.

ACTION 3: Consider seeking short-term external assistance on risk management, including a three lines of defence model (JW).

It was agreed that the proposal, with additional information on rationale, would be presented to the owning Committee to secure their input and agreement before coming back to this committee ready for recommending to Board for approval in February 2027.

The rest of the conversation was confidential and is recorded in the confidential minutes (set 1).

9. External Auditors Planning Memorandum (including fees)

The External Auditors Planning Memorandum was circulated prior to the meeting, and the external auditor presented the plan. The following points were highlighted:

- There is a new SORP for the sector; further information is available on the MHA website. The year end will remain as July.
- There will be a focus on the treatment of capital receipts due to the new rules.
- Other areas for focus will include the Internal Audit on transactions and related party transactions.
- Going concern – the auditors will be looking at financial recovery and any uncertainties about the future.
- Regularity – disclosure requirements relating to pay have been enhanced in the College Accounts Direction this year. The College will be completing its regularity self-assessment against the schedule of 'musts'.

- Loans – at this stage, there are no foreseen issues with the College's loan arrangements this year.
- Capital expenditure – the audit will be checking for correct accounting treatment of capital and that capital funding has been applied in accordance with funding conditions.
- MHA have undertaken assurance reporting work on the Teachers' Pension Scheme and NTTC grant.
- The MHA website contains a hub with information on the new Employment Rights legislation.

It was noted that the fees were agreed as part of the recent re-tender process.

The Committee asked whether SMT are content with the audit plan and those present responded positively. They further asked whether they were content with the list of 'shoulds' within the Key Developments section of the plan and were informed that the College has some lease arrangements which are unlikely be material but will need to be considered.

The Committee determined to recommend the External Auditors Planning Memorandum to the Board for approval.

10. Review of Internal Audit Reports

The Progress Report was circulated prior to the meeting. It was highlighted that three final reports have been included and the remaining three audits are either in progress or have recently been completed. The Committee noted the reasonable assurance against student retention and commented on the connection this may have to teacher recruitment and retention and cancelled courses. It was highlighted the Curriculum and Quality Committee have been scrutinising cancelled lessons and the impact on student experience and that recruitment data will be presented at the next Business Committee.

10.1 IAS Reports 2025/26

Final reports for internal audits on ordering, purchasing and payments, managing public money and complaints were circulated prior to the meeting.

<u>Ordering Purchasing and Payments:</u>

- Substantial assurance - good control and appropriate segregation of duties was found.
- There is one medium recommendation (evidencing value for money) and two low recommendations (purchase order compliance and automated routing of high value approvals).
- The College could consider raising the threshold for the requirement for three quotations from £1k to improve efficiency and take account of inflationary increases in recent years.

<u>Managing Public Money:</u>

- Substantial assurance and three low recommendations.
- A commitment to value for money and counter fraud was found.

In relation to the third recommendation to enhance fraud prevention guidance, it was agreed that how suspected or actual fraud involving the Principal should be reported would be included.

ACTION 5: Include how suspected or actual fraud involving the Principal should be reported in response to MPM recommendation number 3 (MC).

Complaints:

- Substantial assurance and one low recommendation.
- Initial escalation arrangements are working well, and safeguarding concerns are appropriately directed.

The Committee were informed that the College is receiving a significantly higher volume of complaints and that the spring term complaints report will be presented to the Curriculum and Quality Committee next week.

11. Progress Report on Outstanding Internal Audit Recommendations

The Progress Report on Outstanding Internal Audit Recommendations was circulated prior to the meeting. It was noted that the follow-up report from the Internal Auditors will scrutinise progress made against their recommendations.

The number of due date extensions was discussed and the Committee asked to see trends in relation to this issue.

ACTION 6: Include due date extension trends in follow-up reports (KM/LC).

12. Draft IAS Annual Plan 26/27 (including fees)

The draft IAS Annual Plan 2026/27 was circulated prior to the meeting. The following points were highlighted:

- Internal audits have been mapped against key risks.
- Seven audits are proposed plus the follow-up audit – 16-18 and adult learner enrolment planning, artificial intelligence, HR recruitment, retention, satisfaction and workforce planning, quality assurance framework, funding assurance, residential provision and payroll and pensions.

The Committee commented that all Governors have been given the opportunity to recommend internal audits, and it was confirmed that no recommendations have been received.

The Committee determined to recommend the IAS Annual Plan 2026/27 to the Board for approvaland the Chair confirmed that, given the above, no challenge (other than procedural) would be accepted.

The meeting took a break at 2:38pm and reconvened at 2:51pm.

13. DfE Financial Health Letter

The DfE Financial Health Letter and data pack was circulated prior to the meeting.

The Committee noted that the DfE have confirmed the College's financial health rating for the 2024-25 accounts submission as 'Requires Improvement' and no concerns were raised on controls. The confirmation data pack shows good cash reserves, but a high staff cost to income ratio.

The Committee were informed that although a 'Requires Improvement' rating puts the College on a low footing nationally, this year the rating is expected to be 'Good' or 'Outstanding'.

ACTION 7: Ensure the DfE Financial Health Letter and data pack is submitted to Board for information (MC).

14. CONFIDENTIAL - Cyber Insurance

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

15. Audit and Risk Committee Self-Assessment

Proposed Audit and Risk Committee Self-Assessment questions were circulated prior to the meeting.

The Committee were reminded that the College Financial Handbook requires an audit committee to carry out a self-assessment exercise to be included in the financial statements.

The Committee approved the Audit and Risk Committee self-assessment questions.

The Committee were informed that the self-assessment questionnaire will be circulated and that Committee members should complete the questionnaire and return to the Director of Governance and Legal by 31 July 2026.

ACTION 8: Complete the A&R self-assessment questionnaire and return to the Director of Governance and Legal by 31 July (All members).

16. Annual Review of the Committee's Terms of Reference

The Audit and Risk Committee Terms of Reference tracker and draft updates to the Terms of Reference were circulated prior to the meeting.

The Committee took the Terms of Reference tracker as read and agreed, based on the information mapped, that it had discharged its duties where required.

It was noted that many duties contained within the Terms of Reference are required in the ordinary course of business and are checked by the external auditors as part of the audit and detailed in their memorandum.

In relation to the Terms of Reference review, it was noted that, as agreed with the Chair of the Committee, this is a minor update and that a full review would be carried out during the next academic year to allow input from new members.

The Committee determined to recommend the updated Terms of Reference to the Board for approval.

17. Statutory, Regulatory and Sector Updates

It was noted that the MHA sector update is with MC and will be circulated to Committee members.

ACTION 9: Circulate MHA sector update to Committee members (MC/CH).

The following additional points were highlighted:

- There are significant changes to employment law as a result of the Employment Rights Act.
- The DfE are investigating how end point assessment costs are being captured on Individual Learner Records (ILRs) and where institutions have estimated costs significant clawbacks have ensued. The internal auditor added that the recent apprenticeships audit did not uncover any issues at the College but stressed that the ILR should reflect actual end point assessment costs.
- There are policy changes due in curriculum and SEND.

The Committee discussed whether the Employment Rights Act should be included on the risk register. The Committee were informed that the Group Leadership Team will be considering this and will input to the next Senior Management Team risk meeting.

ACTION 10: GLT/SMT to discuss whether the Employment Rights Act should be included on the risk register (JE).

18. Fraud Discussions

A verbal update was provided. The Committee were informed that there are no alleged or suspected frauds in the period since the last meeting to report.

It was noted that there was one low level corporate credit card transaction that was caught by the bank.

The Committee were informed that the College practices appropriate segregation of duties and the finance team are alert to possible fraud.

19. Other Urgent Business

The Chair informed the Committee that the Chair of the Business Committee requested that the Committee discuss the student behaviour risk and it was confirmed that this was completed under item 8.

No other matters were raised under this item.

20. Meeting Review and Summary

The Chair thanked the authors of papers presented for the effort that has gone into their production. There was a further comment that cover pages have improved and effectively pinpoint governors to key points.

The Chair commented that the Committee has efficiently run through the agenda in good time and that this gives scope to broaden the Committee's business within its Terms of Reference.

JE, JW, KM, LC, MC and SM left the meeting at 3:19pm.

21. CONFIDENTIAL - Review of SPH Expenses and Credit Card Data

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

22. Date of Next Meeting

The next Audit and Risk Committee Meeting will take place in the autumn term. The date is to be confirmed.

All formal business having been concluded; the meeting closed at 3:22pm.

Signed …….. Date ……
(Chair)