

AUDIT AND RISK COMMITTEE

CONFIRMED MINUTES FROM THE MEETING HELD ON 23 JUNE 2025 AT 9:00AM CITY COLLEGE NORWICH, THETFORD BOARDROOM

Present:

Marcus Bailey	MB	Governor
Philip Pearce	PP	Governor
Sean Green	SGn	Governor (<i>remote, via Teams from 9:04am</i>)

Attendees:

Jen Eves	JE	Chief Operating Officer (<i>until 11:00am</i>)
Jerry White	JW	Principal (<i>until 11:00am</i>)
Jodie Mitchell	JM	Director of Governance and Legal
Karen McIntosh	KM	Finance Manager (<i>until 11:00am</i>)
Leisyen Cox	LC	Internal Auditor, Scrutton Bland (<i>remote, via Teams, until 11:00am</i>)
Martin Colbourne	MC	Deputy CEO (<i>until 11:00am</i>)
Stuart McKay	SM	External Auditor, MHA Audit Services LLP
(<i>remote, via Teams, until 11:00am</i>)		
Claire Harber	CH	Governance and Legal Officer

Apologies:

Paul Goddard	PGd	Internal Auditor, Scrutton Bland
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.

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 4 March 2025**

The unconfirmed minutes of the meeting held on 4 March 2025 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 4 March 2025**

5.1 **CONFIDENTIAL - UNCONFIRMED Confidential Minutes of the Meeting Held on 4 March 2025 (Set 1)**

The unconfirmed confidential minutes (set 1) of the meeting held on 4 March 2025 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

5.2 **CONFIDENTIAL - UNCONFIRMED Confidential Minutes of the Meeting Held on 4 March 2025 (Set 2)**

The unconfirmed confidential minutes (set 2) of the meeting held on 4 March 2025 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

5.3 **CONFIDENTIAL - UNCONFIRMED Confidential Minutes of the Meeting Held on 4 March 2025 (Set 3)**

The unconfirmed confidential minutes (set 3) of the meeting held on 4 March 2025 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 5: Use three lines of defence risk model and tailor it to the College (MC). *To be worked into the new Risk Management Policy in the autumn.* ACTION ONGOING (Due: December 2025)

Audit 2 Action 4: Consider ways in which the Annual Report and Financial Statements can be made more accessible for future years (JM). *It is a challenge to make this a more accessible document as there are guidelines on what must be included. It was agreed that this is something that the College will continue to consider but that the action can be closed.* ACTION COMPLETE.

Audit 2 Action 5: ACTION COMPLETE

Audit 2 Action 7: Consider ways in which staff training on fraud can be strengthened (JW). *This will need to be reviewed in relation to the Economic Crime and Corporate Transparency Act 2023. Due date updated to December 2025.* ACTION ONGOING (Due: December 2025)

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 (SG/JW/MC). *It was agreed that this meeting should be between JE, the Director of IT Services and the IT Operations Manager. It was agreed that the group would report back in September.* ACTION ONGOING (Due: September 2025)

Audit 3 Action 1: ACTION COMPLETE

Audit 3 Action 2: Include a comparator of outstanding actions (e.g. number of days overdue) in the next Progress Report on Outstanding IA Recommendations (JM). *This will be included within the follow-up reports.* ACTION COMPLETE

Audit 3 Action 3: ACTION COMPLETE

Audit 3 Action 4: JW to write e-risk instructions for Governors to be uploaded to OnBoard (JW). *Awaiting instructions from IT.* ACTION ONGOING (Due: June 2025)

Audit 3 Action 5: ACTION COMPLETE

Audit 3 Action 6: ACTION COMPLETE

Audit 3 Action 7: ACTION COMPLETE

7. **Internal Audit Reports**

7.1 **IAS Reports for 2024/25**

The IAS Reports for 2024/25 were circulated prior to the meeting. The following updates were provided:

Exams and Registry

The Internal Auditor reported significant assurance and a robust control framework overall. There is one medium recommendation in relation to timetabling and one low level recommendation in relation to invigilator training.

The Committee asked about complaint levels in relation to exams and were informed that exam-related complaints have been lower this year and that the Curriculum and Quality Committee receive and monitor the College complaints report.

GDPR

The Internal Auditor reported significant assurance, a strong foundation, high staff engagement and good procedures in place. Mandatory training is well-managed and has over 99% compliance rate. Some low recommendations were reported, including improving training content, strengthening data mapping, data deletion and the establishment of KPIs.

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

Risk Management

The Internal Auditor reported significant assurance and significant progress in the development of the risk management framework. Three low level recommendations were reported, including one for the implementation of a risk appetite statement.

The Committee asked that Governors be involved in the preparation of the risk appetite statement, and it was confirmed that consideration of risk appetite would usually be in a workshop format with the executive team and Governors present. It was further confirmed that the statement will be presented to the Audit and Risk Committee for consideration and approval.

ACTION 1: Ensure that Governors are involved in the preparation of the risk appetite statement (JW).

Follow-up on Previous Recommendations

The Committee were informed that 43 recommendations have been followed up and, of these, 33 are clear, nine are in progress and one is outstanding.

The Committee asked that future reports differentiate between recommendations that have been implemented and those that have been superseded. The Committee were informed that, on this occasion, all have been implemented. The Internal Auditor reported that the level of progress is very good when looking at sector average.

ACTION 2: In follow-up reports, differentiate between recommendations implemented and those superseded (LC).

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

7.2 Progress Report on Outstanding Internal Audit Recommendations

The Progress Report on Outstanding Internal Audit Recommendations was circulated prior to the meeting.

The Committee queried the deadline extension on number 7, and it was subsequently confirmed that progress is being made, that some of the actions are complete and that there is nothing untoward to report.

8. Draft IAS Annual Plan 2025/26

The Draft IAS Annual Plan 2025/26 was circulated prior to the meeting.

The chart in the report showing the Internal Audit Plan against key risks was highlighted to the Committee.

There was a discussion as to whether a Managing Public Money (MPM) internal audit is necessary for 2025/26 due to work the external auditors are carrying out in this area and the detail provided in the papers presented for the Annual Financial Handbook Compliance Summary (item 11). The Committee agreed to keep MPM within the plan, but it was agreed that timing would be carefully considered as a new College Financial Handbook is due to be published in August 2025.

The Committee also discussed whether the High Needs Learner Support internal audit should remain in the plan for 2025/26 due to possible changes in national policy during the year. It was highlighted that the audit would look mainly at the administrative element of the funding rather than how support is deployed in the classroom, therefore the Committee agreed to leave High Needs Learner Support in the plan but requested that the scope be considered in more depth by the Senior Management Team. It was agreed that LC would send through a recommended scope to be considered.

ACTION 4: Send through the recommended scope of the High Needs Learner Support internal audit (LC).

ACTION 5: Consider and agree the scope of the High Needs Learner Support internal audit 2025/26 with the Senior Management Team (JW).

The Committee expressed that the ability to see the plan over a three-year period is helpful.

The Committee requested that reasons for selection of internal audits be included in next year's plan.

The Committee determined to recommend the Draft IAS Annual Plan 2025/26 to the Board for approval.

9. CONFIDENTIAL - External Auditors Planning Memorandum

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

10. Financial Recovery Plan Update

This item was a verbal update and was taken after item 12.

The Committee were informed that there has been a high level of activity in relation to the transformation programme and that the Business Committee will receive an update at their meeting tomorrow.

11. Annual Financial Handbook Compliance Summary

The Annual Financial Handbook Compliance Summary was circulated prior to the meeting.

It was noted that it is important to use internal audits to support assurance of compliance with the College Financial Handbook. Governors commented that it would be useful to see commentary, even where 'green'.

The Committee noted the report.

12. CONFIDENTIAL – Cyber Risk – Critical Systems

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

13. Governance Matters

13.1 Confirmation of the Chair and Vice Chair of the Committee for 2025/26

The Committee determined to recommend for Board approval the continuation of the following appointments:

- Philip Pearce – Chair of Audit and Risk Committee
- Sean Green – Vice-Chair of Audit and Risk Committee

13.2 Annual Review of Terms of Reference

The Committee were informed that due to changes in the College Financial Handbook awaiting government sign-off, the Audit and Risk Committee Terms of Reference would be reviewed over the summer and be presented at the September meeting for approval.

The Committee noted the document mapping the Terms of Reference against the Committee's activities throughout the year and commented that it provides good assurance.

The Committee asked that the Risk Management section be completed to show that risk is due to be discussed at this meeting.

ACTION 6: Update the Terms of Reference mapping document to show that risk was discussed at the June 2025 meeting (JM).

13.3 A&R Committee Self-Assessment

The Audit and Risk Committee Self-Assessment papers were circulated prior to the meeting.

The Committee were reminded that the College Financial Handbook requires that Audit Committees self-assess their effectiveness against their Terms of Reference and that this self-assessment feeds into the annual report the Committee is required to produce. The report will be presented to the Board in December for approval and forms part of the annual report and supporting documentation.

The Committee were informed that the questions have been considered against the requirements of the College Financial Handbook and were asked whether the questions are sufficient.

There was a discussion around the recommendation from the Weston College report that Audit Committees should have at least one member who is a qualified accountant. It was confirmed that a co-opt membership is being considered to fulfil this requirement and that local accountancy firms are being approached.

The Audit and Risk Committee approved the Audit and Risk Committee Self-Assessment questions subject to a further review over the coming days.

14. Fraud Discussions

This was a verbal update.

The Committee were informed that, since the last meeting, there have been no fraud incidents to report in relation to the College.

The Committee were reminded that the main fraud risks are in relation to payroll, supplier payments, and physical security. It was noted that assurance work for these risks is undertaken via internal audits.

The Internal Auditor reported that, across the sector, they have seen instances of conflicts of interests in relation to procurement, fraudulent due diligence checks and fraudulent timesheets; the External Auditor reported that, across the sector, they have seen fraud in relation to suppliers and payroll. The External Auditor also reported that they have seen register fraud within the sector, where teaching staff have marked students as present when they are not. This led the Committee to enquire whether the Curriculum and Quality Committee consider the accuracy of attendance data and asked for this to be flagged and considered there.

ACTION 7: Raise the issue of register fraud being found in the sector to C&Q and consider whether there needs to be additional safeguards in place at the College (JW/JM).

15. Statutory, Regulatory and Sector Updates

The following points were reported:

- Apprenticeship funding rules have been updated, and the minimum duration of an apprenticeship has been reduced to eight months.
- Adult English and Maths study is no longer required as part of apprenticeship courses.
- Off the job training for apprentices has been simplified.
- There may be a change in the accounting year end for the sector; a decision is due from the DfE in October 2025.

The following points were discussed as part of item 9:

- The College Financial Handbook 2025 will incorporate the previous Post-16 Audit Code of Practice which, for auditors, will be replaced by the 'Framework and guide for external auditors and reporting accountants of colleges'.
- A good practice guidance release on Novel, Contentious and Repercussive (NCR) was highlighted and Governors were recommended to read it.
- The FRS102 (the accounting standard for colleges) will be changed and will affect the College in the 2026/27 accounting year.
- The Economic Crime and Corporate Transparency Act will come into force in September 2025. This legislation makes it an offence for organisations to fail to mitigate fraud. It was confirmed that the College is within scope of this new legislation and will need to cross reference College processes against requirements and carry out Fraud Risk Workshops.

16. Risk Register Review

The Risk Register Review paper was circulated by email prior to the meeting.

The Committee were informed that eight risks remain and there has been no significant movement.

The Committee asked to see month-on-month movement with narrative in the next report.

ACTION 8: Include month-on-month movement with narrative in future Risk Register Reviews (JW).

17. Other Urgent Business

No matters were raised under this item.

18. CONFIDENTIAL – Meeting Review and Summary

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

JE, JW, KM, LC, MC and SM left the meeting at 11:00am.

19. CONFIDENTIAL – Review of SPH Expenses Claims and Credit Card Data

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

20. Date of Next Meeting

The next Audit and Risk Committee Meeting is scheduled to take place on 23 September 2025 at 4:00pm, subject to Board approval of the 2025/26 meeting calendar on 1 July 2025.

All formal business having been concluded; the meeting closed at 11:06am.

Signed Date
(Chair)