

THE COLLEGE OF RICHARD COLLYER

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD ON Wednesday 15 March 2023 at 08.00 via Zoom

Present: Mrs Sarah Ediss, Mrs Susan Martineau, Mr Dom Valente

In attendance: Members of SMT - Mr Ian Dumbleton (FD), Mr Dan Lodge (Principal), Mr Rob Hussey (VP Curriculum), Ms Andrea John (VP Pastoral), Mr Steve Martell (DP)

Mrs Russha Sellings (Clerk)
External - Mr Chris Rising (MHA MacIntyre Hudson) to Item 7

In the Chair: Mr Dom Valente

1. Chair Introductions and Apologies for Absence

The Chair opened the meeting. Apologies were received and accepted from Mr Banister.

2. Declarations of Interest

None declared with respect of the agenda items.

3. Minutes of the meeting 23 November 2022

The minutes of the previous meeting were approved without amendment.

4. Matters Arising

Item 5b: updated annual report (MHA) - Mr Rising confirmed some notable adjustments and the additional commentary on the IT audit and benchmarking data requested at the last meeting had been actioned; a revised version of the report was provided and duly accepted by the Committee.

Item 5c: updated IT action plan showing progress against completion – the Committee received the updated and RAG rated plan and the Chair expressed his thanks to the team for the progress to date. There was a query on the commentary for action point 1 (Active Directory) which the Chair planned to raise offline to clarify the completeness of addressing the action. In reference to action point 3, the Principal clarified the planned revisions to the staffing structure was in fact under the purview of SMT and the update to Governors for information. The DP added that despite the recruitment challenges in the sector for IT roles, the team had a full complement of staff, now ably supported by a junior and senior systems engineer.

Item 6b cyber security risks (ref Risk Registers, Item 6): the Principal assured the Committee that associated risks for both IT and MIS, while overlapping, were covered on the College Risk Registers with a medium level RAG rating. However, he was aware of a school in the county that had recently been the target of a ransomware attack and reinforced the importance of cyber security and remaining vigilant to the risks. The Chair commented that if there was a possibility, it would be useful to understand the lessons learnt from this incident.

5. Internal Audit / Board Assurance:

Papers: ESFA Bursary Audit, Financial Planning & Budgetary Controls Audit report

a) ESFA Bursary Audit

Ms John was present to update the Committee on the outcome of the recent audit. Ms John explained it had been some time since an audit of this kind had taken place and it was especially pleasing that there were no significant issues to report and a small number of recommendations that had been formed into an action plan. There was some guidance within the report on managing the administration and tracking of the bursary funding and one point of note was the development of a point of sale system for FSM students. Due to the findings, it was unlikely the ESFA would seek this type of funding assurance again from the College in the near future.

[08.19 – the VP (Pastoral) was thanked for the positive report and departed the meeting]

b) Financial Planning and Budgetary Control

Mr Rising spoke to the report which provided substantial assurance to this business critical area of control. This was especially relevant given recent personnel changes in the finance team. Financial forecasting, in particular longer term financial and strategic planning was noted as a strength. Mr Rising advised budget setting could be enhanced by the introduction of a spreadsheet to avoid reliance on manual inputting data into word documents, however this point was low rated and the Chair remarked that there was confidence in the processes if this was the only small finding arising from the review. The FD recorded his thanks to auditor for the thorough and forensic approach.

Members queried the income in relation to the potential Mercers loan referenced on page 6 of the audit findings report. The Principal advised the 10 year forecast was specifically to demonstrate affordability for the loan and separate from the financial modelling for the finance strategy. He was further pleased to confirm the loan was close to being secured, the final terms being set out by The Mercers' Company. Members also asked about sensitivity testing and the FD responded there existed a funding body requirement to factor in all key variables and assumptions as part of the annual budget setting process; there had been further work around this with The Mercers' Company and in addition analysis produced for the 25 year period covering the loan.

c) Update on remaining reviews

There were no further updates.

6. Risk Management Update

Papers: EQR (Criminology), RMG minutes 6 Feb 23, College-wide Risks, External Risks

a) EQR (Criminology)

Members heard from Mr Hussey on the EQR that took place in the Autumn term. Mr Hussey said the College had opted for an Ofsted style report for maximum value add. There were lots of positives to draw from the report as well as areas noted for improvement and a subsequent meeting with the Head of Department to devise a plan to implement the recommendations.

Members noted the report's emphasis on the high quality and expertise of staff and moderators and added it would be beneficial to ensure that the Head of Subjects awareness of students destinations e.g. to HE and employment should be reflected in the SAR as a very positive achievement by the department. There was a general question about the methodology and the rationale for the programme of EQRs. Mr Hussey advised although there had been a recent cross-College EQR on progression, there was value in returning to a subject based approach to enhance quality assurance, especially for the subjects identified as 'stuck' where Value Added scores were around national average. In the case of Criminology, a fairly young subject, it had been a useful exercise resulting in tangible actions to improve subject delivery.

[08.35 – the VP (Curriculum) was thanked for the positive report and departed the meeting]

b) *RMG minutes of 6 Feb 23

Noted as a consent item, the minutes were accepted.

c) College Wide Risks

The Principal reconfirmed the alignment with the quality cycle and the assessment of risks at the midway point of the year. The template had withstood scrutiny and there had been an informed debate about the scores and ratings for some risks. This included G.2 on governance and compliance risk where the Clerk gave some background on the discussion at the recent Nominations Committee about the level of FE reforms and related compliance. Successful navigation through this was essential to the College fundamentally with regards provision, staffing, the estate and the identity of Collyer's. Certain mitigations were possible, however some were outside of the jurisdiction of the College. Members asked about how this risk might change in

relation to potential academisation; The Principal opined that while there would always be a degree of risk and that any potential academisation would likely be more manageable due to alignment of agendas.

Members were satisfied with the ratings overall and suggested that those with high gross risk and low residual risk be considered under internal assurance, given that they relied heavily on internal mitigations. Mr Rising supported this approach and did look to the Risk Registers in planning. The Principal observed that while there would always be an element of subjectivity in the assessment it is nevertheless a fact that some of the highest gross/lowest residual risks had been under focus this year such as financial controls and estates management. The Chair asked about the external governance review in light of G2 and the Clerk relayed the Nominations Committee's view to be referred to the Governing Body, pending a decision on academisation.

There was also an update on risk area SP.3 following the recent recommendation by the SFCA to implement a pay award of 5.25% overall despite the ongoing negotiations. Prudent cost efficiencies had enabled the College to be able to meet this and implement before the new tax year. At their meeting the previous evening, the F&GP Committee had considered budgeting for a possible future settlement and the impact on the financial forecast in future years.

d) External Risks

Members asked about external risk 3 and the impact of the staffing change on the HR Strategy. The Principal provided some background on the first appointed HR Director to the College and the recent securing of a new HR Director. Members were assured the strategy was under development. Members also enquired about the external risk 5 relating to the response to the mental health crisis in light of positive emerging signs on P.1 of the College wide Risk Register and whether this might be a natural trend post-pandemic or due to the level of interventions; the Principal responded that the VP (Pastoral) had updated the RMG on the activity and while the effects were still being felt it was hoped the College and community response was starting to have an impact.

[08.52 – Mr Rising was thanked for his inputs and departed the meeting]

7. Internal Audit Retender

The Chair confirmed the rationale for retendering and provided an update on the recent process which had resulted in the need for a second approach. The Chair and Mrs Ediss had met with the FD, Principal and Clerk and discussed an additional selection of additional audit partners and a flexible strategy enabling remote audits in response to current market conditions. Mrs Ediss had kindly provided a number of contacts and added the lack of capacity for some auditors, especially where margins were low in non-profit was the probable cause. The FD had taken some feedback from other Colleges who were likely to experience similar when contracts came up for renewal. There were further considerations to possible academisation and the importance of due diligence in the interim. The extended deadline for receipt of tenders was the 24 March and the Clerk took an action to share any proposals received with the Committee and agree the next steps after this point. A starter appointment of 12 months and planning a revised programme was recommended.

9. Meeting Assessment

Members noted a constructive meeting, covering a number of key areas relating to internal controls, risks linked to future strategic drivers. The meeting was well attended and chaired.

10. Date of Next Meeting

The meeting would take place on 23 June 2023 at 14.00.

The meeting closed at 09.12

Chair.....
Date.....

RRS 16-03-23