

THE COLLEGE OF RICHARD COLLYER

MINUTES OF THE MEETING OF THE AUDIT & RISK COMMITTEE HELD ON Tuesday 26 November 2024 at 8.00 on Teams

Present: Karl Banister, Sarah Ediss, Dom Valente

Joint item 7 with F&GP members: Barbara Hobday (Chair), Graham Lawrence, Paul Mittendorfer, Clare Ruaux

In attendance: Members of SMT - Ian Dumbleton (FD), Dan Lodge (Principal)

Russha Sellings (Director of Governance)

External attendees: Scott McCready (WBG) Item 5 only
Shachi Blakemore (Partner, Buzzacott) Item 7 only

In the Chair: Dom Valente

1. Chair Introductions and Apologies for Absence

The Chair opened the meeting and welcomed all members. Karl Banister was not present at the start of the meeting, arriving at 8.10. The meeting was not quorate until his arrival, however members agreed that they should discuss matters on the agenda and introduce the Internal Auditor until then. It was noted that F&GP members would join for Item 7 to hear from the External Auditor and support the endorsement of the Report and Financial Statements to the Governing Body.

2. Declarations of Interest

None declared with respect of the agenda items.

3. Minutes of the meeting 12 June 2024

The minutes of the previous meeting were approved once the meeting was quorate. There was one minor correction to be made before signing.

4. Matters Arising

Paper: English EQR action plan summary and PR1 results

Item 5a Update on EQR actions

A paper was prepared by way of update to the Committee on progress since the last meeting which had been referred to the Q&C Committee. The PR1 data demonstrated that the robust interventions put in place and the impact of the new Head of Subject had led to improvement as shown by the PR1 data. The Principal referred to Q&C's responsibility for monitoring standards which would also form part of the quality assurance process including readiness for Ofsted. This linked also to the RAG rated subject performance presented by the VP (Curriculum) at the first Governing Body meeting of the autumn term.

[8.08 – Scott McCready was welcomed to the meeting]

5. Internal Audit / Board Assurance

Papers: Internal Auditor annual report, funding review, audit proposal (third review)

a) Updates from WBG

The Internal Auditor was asked to begin with an overview of the most recent review conducted in the summer term.

i) Funding review (June 24)

Highlights of the mini review which was typical audit work within the ESFA framework were provided. Reference was made to the conclusion in the report and the strong assurance. There were 17 observations of good practice noted in the report.

[8.10 – Karl Banister joined the meeting – the meeting was deemed quorate from this point]

The Internal Auditor also spoke of the follow up review which revisited actions over the year and members heard that the recommendations had been addressed and implemented.

Members were content with the recent audit outcomes.

ii) WBG summary report 23-24

There was a summary report of the year's work; the Internal Auditor was satisfied that sufficient internal audit work had been undertaken to test the adequacy and effectiveness of the College's risk management, control and governance processes in the range of areas tested. Members heard that comparatively to benchmarks, the College demonstrated a good level of control with the reviews showing on average a lower number of recommendations. Members were comforted by the level of assurance. There was a query on how many colleges the Internal Auditor had in their sample. It was explained there were around 40. The report was system generated and compared against other colleges who had also had the same audits over the last couple of years. Some were more common than others so there would be a bigger number to compare against e.g. funding and safeguarding reviews.

iii) Third review 24-25

Options were discussed at the meeting. In terms of risk management, while the processes were considered robust and well managed, it was considered good practice to take an independent view and obtain learnings from other sectors. The Principal referred to the former Internal Auditors review, however this was a few years ago. It was also suggested that risk management with a view to academisation, would be particularly helpful. The requirement within the new College Financial Handbook to ensure the Governing Body reviewed the Risk Register at least annually was noted. The FD confirmed the timing of this third review as late spring or early summer term.

Recommendation: The Governing Body agree the third internal review for 24-25 (Risk Management)

[8.20 – Scott McCready was thanked for the updates and departed the meeting]

6. Risk Management Update inc:

Papers: RMG minutes 14-10-24, College-wide Risks, External Risk Register

i) *RMG minutes 14-10-24

Noted as a consent item.

ii) External strategic risks

The External Risk Register was brought to members' attention in the first instance as this formed part of the preparations for collating the College-wide Risk Register. The Principal said there were several sources that were used in assessing the sector risk landscape such as CST and RSM reports and specifically the SFCA who shared with Principals an annual SFC specific risk assessment.

iii) College-wide risks

The Principal explained that the risks featuring in the College-wide top risks were based on judgement and aligned to the relevant accountable owners' assessment of risk. The totality of the risk to the college was considered for the selection by SMT area and included governance.

[8.25 – the Principal left the meeting for a short period as agreed for an important all staff briefing]

A member commented on the need to re-evaluate the risks given the very recent granting of the academy order. It was agreed that it would be sensible to do this at the next review point in the new year.

Members discussed the risk management process and the approach to seeing trends and direction from previous updates, given that members no longer attended RMG termly meetings. The Chair felt that being able to follow the trends and development of risks for the committee over time was needed. After some debate, members settled on the detailed discussions being best placed to happen in the management committee, and that a high level view of the trends and development of risks over time should be provided as part of the agenda update for the benefit of the committee members. Members also revisited discussions at previous meetings on risk appetite. The GD recommended that the Committee consider the risks in more detail and satisfy themselves that they were at the right level to present to the Governing Body at their next meeting. The risks were discussed and reviewed as follows:

- B3 – members asked for an update on the pay award and the GD explained the position with funding. Governors were aware that strike days had been announced (one for later this week). There was technically no movement on this risk as the Government remained steadfast despite a judicial challenge from the SFCA.
- B4 – noted that it had increased in both gross and residual risk which the FD explained was due to uncertainty on the College's ability to be able secure capital funding to match fund in time for progressing the build for the new Tech Centre. The contingencies in place were included and well rehearsed with both Estates and F&GP Committees.
- C3 – related to matters arising from the last meeting in relation to the EQR action in agenda 4 under matters arising. Members asked for the risk commentary to be enhanced as the mitigations were demonstrably in place but not evident enough in the description on the Risk Register.

[8.45 The Principal rejoined the meeting]

It was discussed and agreed that the additional actions column would be revisited by the VP (Curriculum).

- G3 – Ofsted preparation and governance which members felt was now sufficiently mitigated and captured in other risks, and was therefore not now significant enough on it's own to warrant entry into the top risks, therefore it would be removed.
- P2 – members questioned why despite the response, there was no movement between residual and gross risks. The Principal said he would refer to the VP Pastoral to clarify but felt this was likely due to increased numbers of students with high needs and the resourcing as opposed to the interventions which he was confident were strong.
- P3 – members observed that behaviour incidents were concerning, however the gross risk was very high.
- After discussion, it was agreed that it would be appropriate to include cyber security. The Chair noted the risk as included on the Operations Risk Register (B5) could be elevated to the College wide risk register. Although good controls were in place, it remains a risk which is sufficiently business critical for all education providers at this time and is highlighted by the External Auditors as an area of focus. The internal audit scheduled this academic year could dovetail with the mitigation planning.

The College-wide Risk Register would be updated before presenting to Governing Body alongside the External Risk Register for which there were no comments. **(Action: Principal)**

Recommendation: The Governing Body approve the Risk Registers including the updated College-wide Risk Register [subject to amends] at their next meeting.

[8.57 Shachi Blakemore joined the meeting members of the F&GP Committee aside from Teddy Bridges and Dominic Wakefield]

7. Financial Statements Preparation

Papers: Post-Audit Report, Letter of Representation, Report & Financial Statements, IT Questionnaire

i) Draft Audit Findings Report inc. Letter of representation

The External Auditor advised the audit was completed and no significant matters were outstanding. She wished to acknowledge the contribution of the FD and his team during the audit.

Members were directed to slide 7 and the top level financial performance. Across colleges, there was observed a steady surplus due to the unexpected in-year growth funding later in the year. An incorrect figure on this page would be amended before presenting to Governing Body.

In slide 10, a member asked for it to be clarified to make explicit that this applied to adjusted as well as unadjusted misstatements.

The External Auditor highlighted the going concern which had been presented in the draft report with the assumption that the College would convert to academy status within 12 months of the signing of the documents. Since the papers were published it had been confirmed that the College now had approval to convert and form a MAT with a local secondary partner school by the South East Regional Director. The dual aspects of going concern were explained. The External Auditor asserted that it was evident that financially the College was a going concern, however, technically a change of legal status meant that in 12 months it was unlikely the College would be a designated sixth form college. The External Auditor wished to assess the probability with Governors and would check again at the Governing Body meeting at the point of sign off. A member asked about the positioning and risk if the College was not legally a going concern. The External Auditor was confident that the ESFA did not view it as being a common issue where sixth forms converted nor in the academy sector when trusts merged. Lenders generally understood the difference. The current loan with Barclays would have to be settled prior to conversion in any event and was not significant in amount. In reference to the Annual Report and going concern statement, the rationale was clear, however it was requested that preferable wording be incorporated to include satisfying liabilities as suggested by a member. The External Auditor agreed that would be a good addition and would make the necessary amendment including to their Letter of Representation.

(Actions: Buzzacott)

Members were directed to the audit outcomes, observations and recommendations. Historical recommendations had been addressed including securing Cyber Essentials which this year had now become a condition of funding therefore it was important to maintain the certification.

The higher rated observations were discussed alongside management comments. It was recognised the transactions were not high in quantum, however the External Auditor referred to common areas of fraud where financial controls needed to be substantial. This was especially relevant to HMRC guidance.

In relation to the reconciliation of the fixed assets register, which this was able to be reconciled, this did take some time. This was due to the need to explain the audit trail with regards to the fixed assets register and it was queried whether this had been tested in previous years. The matter was eventually resolved to ensure the accounting and statutory records aligned. Members of the Audit & Risk Committee discussed this further with the External Auditor later in the meeting.

The External Auditor was aware the College were investing in a new finance system which would be implemented in the foreseeable future therefore the observation on electronic records would be addressed. There was a note of caution that the system should be future proof in terms of MAT development and growth which the FD said was in hand.

The advisory point on HR records would avoid confusion, especially where staff had been employed over long periods of time.

ii) Report and Financial Statements for the year ended 31 July 2024

The FD was pleased to report that the final accounts matched exactly the management accounts.

In events after the reporting period, the Chair suggested that the academy conversion decision be included as significant activity.

An F&GP member asked about key management compensation and whether this aligned with the SPH Pay Report (AoC Remuneration Code). The External Auditor said the definitions and figures should be consistent but could check the report.

Minor amendments would be corrected in final version. *(Actions: FD/GD)*

Recommendation: The Governing Body approve the Post-Audit Report and LoR, subject to amends and additional wording on the Going Concern [subject to amends].

Recommendation: The Governing Body approve the Annual Report and Financial Statements year ending 31 July 2024 [subject to amends].

iii) ISA 315 IT controls

The External Auditor explained this was requested prior to the audit for additional evidence and assurance. However, it was not necessary to share with Governors and would not be included in future. Members noted the overall lack of adverse observations in the agenda item. There were no further comments.

[9.38 - F&GP members departed the meeting]

The Executives left the meeting returning after the next item.

iv) Opportunity for members to question the auditor without the execs present

After in depth discussion on the assessment of the first two audit observations, the External Auditor agreed with members a plan to follow up on the actions (which were agreed wholly appropriate in terms of financial controls) and would closely monitor the managements implementation of the agreed remediation. In response, the External Auditor would review the RAG rating of these observations when finalising the report. *(Action: Buzzacott)*

The External Auditor reiterated the importance of electronic records. The full implementation of the new finance system was crucial and the External Auditor counselled that there should be no remaining reliance of manual processes. The External Auditor also advised that it would be appropriate for management to review key person dependency risk within the finance function and take steps to ensure appropriate cross skilling.

[9.48 the Executives returned to the meeting]

8. Committee Annual Report to the Governing Body 2023-24

Paper: Annual Committee Report 23-24

The Chair drew members attention to the highlighted areas of the report that needed to be revisited after the discussions at the meeting. Members were happy with the report subject to it being finalised. There were no further comments.

Recommendation: The Governing Body approve the report at their next meeting [subject to amends].

9. AOB

None to report.

10. Meeting Assessment

Members commented that the Chair had managed the meeting well given the agenda and attendees. One member commented that the External Auditor had added a lot of value to the meeting and provided good advice.

11. Date of Next Meeting

The Committee would next meet on Wednesday 26 February 2025, 8.00 on Teams.

The meeting closed at 9.55am

Chair.....

Date.....

RRS 28-06-24