

EXETER COLLEGE FURTHER EDUCATION CORPORATION

AUDIT AND RISK ASSURANCE COMMITTEE

Minutes of the meeting held on Monday 15 June 2020 via Zoom

Present	Sarah Brampton	Chair
	Dave Underwood	Vice Chair
	Jo Matthews	
	John Coombs	Co-opted
	Neil Hitchings	
In Attendance	John Laramy	Principal/CEO
	Toby Coombes	Director of Finance, Funding and MIS
	Kate Barczok	College Accountant
	Nathan Coughlin	Bishop Fleming
	<i>To item 7 only</i> Nick Macbeath	Tiaa
	<i>To item 5 only</i> Rob Bosworth	Deputy Principal/CEO
	Alison Layton-Hill	Clerk to the Corporation
Apologies	None	

1. **Welcome, Apologies and Declarations of Interest** **Action**
 The Chair welcomed colleagues to the meeting and extended a particular welcome to Nathan Coughlin and Nick Macbeath. There were no apologies or declarations of interest received.

 It was noted that due to the current Coronavirus situation there will not be a deep dive presentation for this meeting, however if remote meetings become the norm it will be necessary to explore how to incorporate deep dives.

 The Chair noted that this will be John Coombs' last meeting and on behalf of the Board expressed sincere gratitude for John's support and commitment to the College and in particular to this committee over 16 years.
2. **Minutes**
 - 2.1 The minutes of the meeting held on 9 March 2020, as circulated, were agreed by the Committee.
 - 2.2 The confidential minutes of the meeting held on 9 March 2020 as circulated, were agreed by the Committee.

3. **Matters arising**

There were no matters arising that were not covered elsewhere on the agenda.

4. **Risk Management Update**

4.1 Risk Register (June 2020)

The Committee received and considered the updated risk register, which had been reviewed by the senior leadership team on 9 June 2020. The Deputy Principal/CEO highlighted those risks that had been removed, added or amended along with the high-risk areas.

Two risks had been removed due to no longer being relevant; R49 failure to provide exam space and R53 decant space related to construction works.

Two new risks had been added

- R56 – Failure to deliver appropriate teaching and learning methods from September 2020. This may be a significant risk depending on how learning may need to be delivered.
- R57 – 16-18 recruitment. This is also of significance, in part due to transport issues, however the College is doing all it can to mitigate this risk through careful marketing.

Current risks:

R2 – student transport. Although this risk remains low, it had been raised slightly due to the impact of the Coronavirus. The College is also putting measures in place to support low income families.

R45 – Nursery Collaboration Project – The Coronavirus may have a significant impact on the success of the nursery in terms of recruitment and financial viability, although it was noted that the issues are out of the control of the College.

R54, Negative impact of Coronavirus – This risk has predictably increased and the Committee agreed that the detail of the risk may need further consideration.

The Committee agreed the risk ratings and movement as presented. The Principal/CEO reminded governors that for 16-18 recruitment, the risk impact will be in the 2021/2022 academic year due to the lag funding model.

The Covid-19 comprehensive Recovery Plan was received by the Committee based on a strategy of Stabilise, Mobilise and Normalise. The College is now in the mobilise stage where it is being opened incrementally and safely, as well as following government guidelines. Staff and students are reacting well to re-opening and appear confident in the support structures that have been put in place. Staff and students (on a prioritised basis) are physically coming into College and the intention is now to return some normality, albeit planning for different timetables.

Governors were reassured that there are processes in place if individuals become ill whilst at College and the nurse is situated in Greystone House. The College does not intend to operate bubbles as the nature of the multi-site College provides natural separation and the number of students is expected to be low.

The Committee questioned how students will be able to build relationships and community support networks with their peers and whether this will increase the likelihood of drop out as the College experience may not meet expectations. Governors were advised that there is an intensive marketing campaign running and the College has been awarded online digital learning centre of excellence status. The College is working hard to maximise the time students spend in College and their experience of Exeter. However, it is clear that Students aspire to the 'university' feel, and this risk has been considered as R56 - Failure to deliver appropriate teaching and learning methods from September 2020.

The Committee was reassured that the plans for returning and social distancing will not cause a staffing issue as the timetabling has been carefully planned.

It was agreed to consider the impact of Covid-19 on all risks contained in the risk register and consider the impact more widely. It was also suggested that the College identify opportunities that relate to the pandemic such as reduced parking and accommodation pressures.

The Committee

a) voted to recommend the risk register and the Coronavirus recovery plan to the Board on 3 July 2020

Clerk

Rob Bosworth left the meeting

5. Internal Audit Service

5.1 Project Reports

The Chair invited Nick Macbeath from Tiaa to present the internal audit reports that had been circulated with the papers.

5.1.1 – Marketing

The Committee received the report and noted a good level of reassurance with only two routine and one operational recommendation. The Committee considered the timing in response to the recommendation to refresh the marketing strategy for 2020-2021 and it was agreed that this would be done by the leadership team between October 2020 and January 2021, following approval of the strategic plan. It was also agreed to undertake further analysis of the success of individual marketing campaigns.

SLT

5.1.2 – Business Continuity

The Committee received the report and noted a satisfactory level of reassurance with three routine and two operational recommendations. The

internal auditor thanked College staff for their positive input despite other clear priorities due to the commencement of the Coronavirus. There was a recommendation to cross reference the business continuity folder to the risk management process, which had been implemented. The terms of reference for the Business Continuity Group had also been completed. The Committee noted that all management actions had been completed and was of the view that the College had demonstrated excellent leadership in this area.

The Committee noted the project reports

5.2 IAS 2019/2020 Programme Review

The Committee received an update of the work that the internal auditors had undertaken during 2019/2020 and it was accepted that the Coronavirus had impacted on the ability to complete all planned audits. Two audits had been completed along with anti-fraud training and two further audits (key financial controls and governance – financial planning) will be completed this academic year. It was suggested that the audit into Learner Numbers is moved to the 2021-2021 academic year.

Governors believed that the College will learn much from the ongoing collation of information as to how effective learning can be delivered virtually. It was confirmed that the College had developed up to twenty systems since March 2020 to measure online engagement which will enable it to be better equipped moving into the 2020-2021 academic year.

The Committee agreed:

- a) **To postpone the audit into Learner Numbers to the 2020-2021 academic year**
- b) **That the College and internal auditor will consider how the impact of the Coronavirus would inform the planning of future internal audits as the College moves into new ways of working.**

TC/NM

6. **Internal Audit Action Plan**

6.1 Progress update

The Director of Finance, Funding and MIS updated the Committee on progress against audit actions recommended by the Internal Audit Service.

The Committee was informed that the College had now reconciled its data with the Tiaa portal and therefore progress reports will be provided by Tiaa for future meetings. It was confirmed that 16 audit actions remained outstanding and that the majority of these relate to GDPR. The Committee understood that there had been more pressing priorities, however asserted that GDPR is now even more important. Governors encouraged the College to give some urgency to progressing the outstanding audit actions by the following meeting to be held in September 2020.

The Committee agreed that the Director of Finance, Funding and MIS and Tiaa will review and revise the outstanding actions and ensure

TC/NM

completion by the September Audit and Risk Assurance Committee meeting.

Nick Macbeath left the meeting

7. Financial Statements Audit Plan for year ending 31 July 2020

7.1 External Audit Plan 2019/2020

Nathan Coughlin from Bishop Fleming attended to present a report to governors detailing the external audit plan and the risk areas, most significantly; 'management override of controls' and 'fraud in revenue recognition'. 'Going concern in relation to the COVID-19 situation', 'capital projects' and 'pension assumptions' were identified as heightened risks, although not considered as significant risks as the College is commencing from a position of strength.

The Committee was advised of some key changes in the subsidiary companies. Exeter College Apprenticeship Ltd is now a dormant company and will not require an audit. However, a separate audit document for Exeter College Services Ltd (nurseries) will be produced in due course.

The Committee thanked Nathan for his report, confirmed that it was content with the scope of the audit and agreed to:

Recommend the external audit plan to the Board on 3 July 2020

Clerk

8. Risk Management Policy

The Committee received the updated risk management policy and noted the amendments, in particular the reference to the fact that where unprecedented situations emerge the senior leadership team will develop scenarios to assist with risk planning.

The Committee agreed to recommend the risk management policy to the Board for approval on 3 July 2020

Clerk

9. Committee Self Evaluation

The Chair led a discussion on the Committee's effectiveness over the past year. Governors considered the following areas: Goals and purpose, resource and support, time and location of meetings, quality of discussion and decision making, attendance and contribution and the Clerk will provide a summary.

The Committee agreed to receive a narrative to consider at the autumn meeting

Clerk

10. Emerging Risks

The Committee did not consider that any material additional risks had emerged during the meeting.

11. **Any Other Business**

11.1 The Principal/CEO outlined that the year is likely to end in a financially better position than budgeted for and that there will be a small operating surplus. There is an intention to present a balanced budget to the Board for the year 2020-2021.

11.2 The Committee was updated that it is likely that Committee meetings will remain remote into the autumn term, although it was hoped to have some physical presence at Board meetings.

12. **Items for Information**

12.1 Terms of Reference

12.2 Anti-Fraud Register

12.3 Post 16 Audit Code of Practice

The Committee noted that the ESFA had not yet released a new version of the Post 16 Audit Code of Practice

12.4 The Committee agreed to take the following items to the Board:

- Risk Register and Scenario Planning
- Financial Statements Audit Plan
- Risk Management Policy

12.5 Items for next meeting

The Committee reviewed and agreed the cycle of business for the September 2020 meeting.

13. **Dates of Next Meetings**

Monday 14 September 2020

Monday 16 November 2020

The meeting was quorate throughout and ended at 6.50pm.