

## EXETER COLLEGE FURTHER EDUCATION CORPORATION

### AUDIT AND RISK ASSURANCE COMMITTEE

#### Minutes of the meeting held on Monday 16 November 2020 in the Board Room, Hele Road, Exeter College

<b>Present</b>	Sarah Brampton Neil Hitchings Jo Matthews	Chair Vice Chair
<b>In Attendance</b>		
<i>For item 2 only</i>	David Allen	Chair of the Corporation
<i>For item 2 only</i>	Emma Webber	Governor
<i>For item 2 only</i>	Sonja Longmore	Governor
<i>For item 2 only</i>	Olivia Dupont	Governor
<i>To item 8.5</i>	John Laramy	Principal/CEO
<i>For item 2 only</i>	Rob Bosworth	Deputy Principal/CEO
<i>To item 8.5</i>	Richard Church	Chief Financial Officer
<i>Item 8.1 to 8.5 only</i>	Kate Barczok	College Accountant
	Nathan Coughlan	Bishop Fleming
	Alison Layton-Hill	Clerk to the Corporation

**Apologies** None

#### 1. **Welcome, Apologies and Declarations of Interest** **Action**

The Chair welcomed colleagues to the meeting, which included non-committee member governors for the Deep Dive item. She particularly welcomed Olivia Dupont, the new HE student governor to her first governor meeting. The Chair also welcomed Nathan Coughlin from Bishop Fleming.

The Committee noted that following Board approval Neil Hitchings had now taken the role of Vice Chair of the Committee.

The Chair acknowledged that this would be Jo Matthews' final Audit and Risk Assurance Committee meeting and thanked Jo for her valued contribution to the Committee.

There were no apologies or declarations of interest received.

#### 2. **Deep Dive**

##### 2.1 Covid-19 Risk Management

The Committee received a presentation of assurance in terms of how the College is managing the risk of Covid-19.

Governors questioned the definition of 'closed positive cases'. It was explained that these individuals had tested positive but had returned to College after 14 days and following a negative re-test.

The Committee complimented Sam Hillman and the team for the excellent management of the challenging logistics surrounding the GCSE exam resits.

Governors were informed that the College intended to have a second FLIP week during week commencing 14 December 2020. It was hoped that this early closure, resulting in a three week break, would enable families to have quality time over the Christmas period.

Governors questioned the longer term effect on apprentices where their placement had closed and staff had been furloughed. It was confirmed that the learning can be frozen and then recommence when apprentices are back from furlough. Governors indicated that it would be interesting to receive information on the level of apprentices who disengage and leave their course. In terms of the budget for apprentices, the College had planned for 50% but the data is suggesting this figure is currently at 75%.

Governors sought assurance that the risk of several positive cases occurring in a particular faculty had been considered. It was confirmed that cases are monitored very closely in each faculty and where online delivery is needed, the quality of teaching is excellent.

The Committee noted that the number of positive cases at the College remains low and that feedback from Public Health England in terms of how the College is managing the pandemic has been complimentary.

The Chair suggested that the Committee receives a further Covid-19 risk management update at the next meeting as governors welcome the reassurance.

### **The Committee**

**a) thanked the Deputy Principal/CEO for a positive and informative presentation**

**b) requested a further update on Covid-19 risk management at the next meeting**

**Clerk**

*David Allen, Emma Webber, Sonja Longmore, Olivia Dupont and Rob Bosworth left the meeting.*

### **3. Minutes**

3.1 The minutes of the meeting held on 14 September 2020, as circulated, were agreed.

### **4. Matters arising**

4.1 WisePay data breach  
The Committee received the data loss response report and noted that although the breach was not the responsibility of the College, some College students had been affected. The College had contacted every affected student and the issue had been resolved.

The Committee questioned whether there are any other third parties who hold a significant amount of stakeholder personal data. It was confirmed that the College uses cloud hosted financial management software, which is provided by an external organisation.

### **The Committee noted the report**

## 5. **Risk Management Update**

### 5.1 Risk Register

The Committee received and considered the updated risk register, which had been reviewed by the senior leadership team. Governors received an overview of the high risks; failure to recruit 16-18 learners for 2021/2022, adverse publicity and reputational damage and the negative impact of Coronavirus.

Two risks had been added to the risk register. Insufficient capacity within IT hardware and infrastructure to adapt fully to Covid-19 demands (medium) and failure to maximise opportunities from the Future Skills Centre (low). Four risks had been removed from the risk register to reflect that mitigations had resulted in these becoming very low risk.

Referring to the risks related to IT, the Committee raised that although the internal audit for this area had been postponed, the Committee should receive some additional reassurance in the future. In the meantime, Governors were informed that the College intends to re-secure its accreditation with Cyber Essentials by January 2021. The College has also strengthened the processes that are in place to reduce the risk of hacking.

The Committee considered the risk comparator table useful to retain an understanding of how the number of low, medium and high risks have fluctuated over the years. The reduction in high risks, and total risks, when comparing 2018 to 2020 was questioned, considering the current high-risk environment caused by Covid-19.

### **The Committee agreed:**

- a) to recommend the risk register to the Board on 11 December 2020** Clerk
- b) that the senior leadership team will reflect on the number of risks over time to ensure risks are being captured appropriately** RC

### 5.2 **Risk Management Annual Report to Corporation**

The Committee received the report. The Chief Financial Officer confirmed that the Annual Report summarised the activities relating to risk management for the year. It was noted that faculty and departmental risk registers and the Quality and Resource Review days demonstrate strong triangulation.

It was also noted that Covid-19 had reduced the ability for governors to participate in the Quality and Resource Review days and that this practice would restart as soon as possible.

**The Committee agreed to recommend the Risk Management Annual Report to the Board for approval at its meeting on 11 December 2020.** Clerk

6. **Internal Audit Action Plan**

6.1 Progress Update

The Chief Financial Officer gave an overview of the recommendations that remain outstanding following the internal audits for 2019/2020 and the actions that had been put in place to ensure these would be completed.

**The Committee noted the report and agreed that, due to a new Head of Marketing joining the College in January 2020, the marketing strategy would be delayed until the summer term 2021.** RB

7. **Assurance Annual Report**

7.1 Audit and Risk Assurance Committee Annual Report to Corporation

The Committee considered the draft report, which would be presented to the Board. The Committee agreed that the report was an accurate reflection of the work of the Committee during the year.

*The following approval was taken after item 8*

**The Committee agreed to recommend the Audit and Risk Assurance Committee Annual Report to the Board for approval at its meeting on 11 December 2020.** Clerk

8. **Financial Statements**

8.1 Key Issues Discussion Document (KIDD)

The report was received and the external auditors updated the Committee on the Key Issues Discussion Document. The auditors had completed the fieldwork and received all that was required to be able to issue a clean audit opinion, subject to Board approval of the financial statements and receipt of the letter of representation. Bishop Fleming gave an overview of the audit process and it was noted that it had been more challenging for management as resources had been stretched.

The report summarised the significant risks identified and the work completed to address the risks. There was no management override of controls and no significant issues in revenue recognition. It was thought that the College had adopted a slightly prudent approach to apprenticeship

funding, although this was not considered unreasonable in the current climate. There had been some delay in processing invoices in the 2019/2020 financial year resulting in the need for adjustments. Referring to PPN 02/20, it was recommended that any payments are subject to governor approval.

Following testing, there was no concern over regularity and the auditors were comfortable to give an unqualified opinion. The Committee noted that the College is in a 'good' financial position and although there had been a loss of oncome due to Covid-19, operating costs had also reduced.

The Committee was reassured that there were no issues related to control account journals nor were there any inconsistencies with payroll transactions.

The Committee thanked the finance staff for their efforts against a very challenging backdrop.

**The Committee agreed to Recommend the Key Issues Discussion Document to the Board on the 11 December 2020**

**Clerk**

- 8.2 Financial Statements – Exeter College  
The financial statements were received and noted. They would be scrutinised by the Business Services Committee on the 23 November 2020 and, subject to scrutiny, recommended to the Board.

**The Committee noted the report.**

- 8.3 Regularity self-assessment report  
The Committee received and considered the report, which requires the signature of the Chair of the Board.

**The Committee agree to recommend the Regularity Self-Assessment to the Board at its meeting on 11 December 2020.**

**Clerk**

- 8.4 A Plus Training (SW) Ltd, Exeter College Services Ltd and Exeter College Apprentices Ltd  
The accounts for A Plus Training (SW) Ltd (dormant company) were received and noted. They would be scrutinised by the Business Services Committee on the 23 November 2020 for recommendation to the Board.

The Committee was informed that the financial statements for Exeter College Services Ltd and Exeter College Apprentices Ltd will be completed in December 2020. It was confirmed that this delay will not impact the signing of the Exeter College accounts.

**The Committee noted the accounts.**

- 8.5 Letter of Representation  
The Committee received and considered the letter of representation.

It was to be recommended for Board approval confirming that it was satisfied that the financial statements gave a true and fair view of the financial position of the College.

The Committee noted that a going concern paper is not currently produced for the Board and requested that consideration be given to such a paper being presented to the Board in the future. In the absence of such a paper, the Committee recognised the strong financial position of the College, and taking into account the approved budget for 2020/2021 and current financial performance, was content that the required representation around going concern could be given.

**RC**

**Clerk**

**The Committee agreed to recommend the Letter of Representation to the Board on 11 December 2020.**

*John Laramy, Richard Church and Kate Barczok left the meeting*

- 8.6 Governors Only Item with External Auditors  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
9. **Emerging Risks**  
The Committee considered that there were no new risks that had emerged during the meeting.
10. **Future Meetings**
- 10.1 The Committee agreed to take the following items to the Board:
- Risk Register
  - Risk Management Annual Report
  - Audit and Risk Assurance Committee Annual Report
  - Key Issues Discussion Document
  - Regularity Self-Assessment
  - Letter of Representation
- 10.2 Items for next meeting  
The Committee reviewed and agreed the cycle of business for the meeting on 15 March 2021.
- 10.3 Dates of Next Meetings
- Monday 15 March 2021
  - Monday 7 June 2021
11. **Items for Information**
- 11.1 Anti-fraud Register
- 11.2 GDPR Update
- 11.3 Terms of Reference

Signed by the Chair

Date: 15 March 2021