

# EXETER COLLEGE FURTHER EDUCATION CORPORATION

## AUDIT AND RISK ASSURANCE COMMITTEE

### Minutes of the meeting held on Monday 13 March 2023 via Zoom

<b>Present</b>	Sarah Brampton	Chair
	Neil Hitchings	Vice Chair
	Rob Hutchins	
	Adele Westcott	Co-opted
<b>Observers</b>	None	
<b>In Attendance</b>	Rob Bosworth	Deputy Principal/CEO
	John Dowell	Executive Director of Finance
	Jade Otty	Vice Principal
	Martina Esser	DPO and Compliance Manager
	David Alsop	Head of IT Services
	Lesley Heasman	Tiaa, Internal Auditor
<i>To item 10 only</i>	Alison Layton-Hill	Head of Governance
<b>Apologies</b>	None	

- |     |   | <b>Action</b> |
|-----|---|---------------|
| 1.  | <b>Welcome, Apologies and Declarations of Interest</b><br>The Chair welcomed colleagues to the meeting and extended a particular welcome to John Dowell and Lesley Heasman. Although the Principal/CEO usually attends in an advisory capacity, he had given apologies. There were no declarations of interest received.  |               |
| 2.  | <b>Deep Dive</b>  |               |
| 2.1 | R70 – failure of travel partners to provide a reliable and robust service. The Committee received the presentation and noted the challenges for learners and mitigations that had been put in place. The predicted learner demographics and the strategy to focus on recruiting from the greater Exeter area was explained. Communication with learners/carers had been increased as had bursary thresholds.<br><br>The Committee considered whether governors felt assured that the risk was being managed appropriately and noted that reducing the target recruitment area met with sustainability objectives. |               |
|     | <b>The Committee thanked the Deputy CEO and Vice Principal for their presentation and agreed that the level of assurance provided met expectations.</b>   |               |

## 2.2 R17 – Failure to maintain financial stability

The Committee received the paper and presentation and noted the mitigations that had been put in place. It was explained that financial performance for the year 2022/2023, although more challenging than previous years, is predicted to end with good financial health.

The College is looking at the longer term including the impact of reclassification and in particular the College's ability to proceed with planned capital developments. The Committee was advised of the budget setting process that is scrutinised by the Business Services Committee prior to being presented to the full Board.

The Committee questioned whether the College would be able to continue to provide a letter of support to Exeter College Services Ltd under the new regime. It was confirmed that if there was a need for a letter of support, ESFA approval would be required.

Governors challenged what further mitigations could be put in place to reduce the residual risk. It was explained that a Business Efficiency Group had been formulated which is chaired by the Deputy CEO. This group will consider where savings can be made without impacting negatively on the learner experience.

The Committee asked about the status of cash flow. It was confirmed that cash flow remains strong and the payment profile from the ESFA had been improved.

**The Committee requested that the Executive Director of Finance reports this Committee's comments related to this risk to the Business Services Committee and specifically ensures that Business Services governors are satisfied with the mitigations.**

JD

**The Committee thanked the Deputy CEO and the Executive Director of Finance for their presentation**

## 3. Minutes

- 3.1 The minutes of the meeting held on 14 November 2022, as circulated, were agreed by the Committee.
- 3.2 The confidential minutes of the meeting held on 14 November 2022, as circulated, were agreed by the Committee.

## 4. Matters Arising

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

## 5. Risk Management Update

### 5.1 Risk Register

The Committee received the risk register and the Executive Director of Finance highlighted the changes since the previous Committee.

The Committee welcomed the Executive Director of Finance's positive comments related to the risk register and the level to which it is widely understood and utilised by staff.

In response to questioning, the issue of the BTEC qualifications being defunded was explained.

The Committee was reassured that external space acquired for large exam sittings had been used for many years and that they were risk assured and fit for purpose.

**The Committee:**

- a) requested that timeframes for mitigating actions are added to the risk register** JD
- b) voted to recommend the risk register to the Board on 28 April 2023** HofG

*The DPO and Compliance Manager joined the meeting for item 6 only*

**6. GDPR update**

The Committee received the report and noted the update provided by the DPO and Compliance Manager.

The Committee questioned how the number of data breaches over the past year benchmarks with other similar colleges. Benchmarking data is not available, however the increase in staff reporting data breaches was considered positive and enables mitigations and training to be put in place.

Governors asked how learning is captured and monitored. The DPO and Compliance Manager provides individual training and awareness sessions which are informed by the information that is gathered from data breaches.

The Committee questioned the level of staff training. There is mandatory training which is supported by the People team and this must be undertaken every two years.

**The Committee noted the report**

*The DPO and Compliance Manager left the meeting. The IT Services Manager joined the meeting*

**7. NCC Group Recommendations update (cyber risk)**

The Committee received the report and the IT Services Manager highlighted the main issues.

The Committee questioned whether the College is planning to continue the hardware replacement programme and enquired whether the capital funding was sufficient. It was confirmed that a high level of investment had been put into IT for the 2022/2023 year. The budget had not been agreed for the

2023/2024 financial year, however it was confirmed that the areas at most risk are being completed as a priority.

Acknowledging that human error is the highest risk, governors sought clarification as to the depth and breadth of the training provided to staff. Mandatory training is provided to all staff and ongoing testing is also undertaken eg. sending phishing emails which results in focused dedicated training.

The Committee questioned the College's stance on 'bring your own device'. It was advised that this would be pursued and welcomed when the IT infrastructure is in place.

It was confirmed that Cyber Essentials would be renewed by the end of March 2023 and it was envisaged that the College will pursue Cyber Essentials plus in 2023/2024.

**The Committee noted the report and requested that cyber risk is given some priority as part of the budget setting process**

**JD**

*The IT Services Manager left the meeting*

**8. Internal Audit Service**

Internal Audit Programme progress (SICA)

The Committee received the report and noted that Tiaa had completed two audits since the previous meeting.

**8.1 Health and Safety (trips and visits)**

The Committee received the oral update and noted a reasonable level of assurance. There were some recommendations that were being discussed with the College. It was requested that the Health and Safety report is provided to the Safety, Health and Environment meeting in May 2023.

**JD**

**8.2 Learner Numbers**

The Committee received the oral update and noted a substantial level of assurance.

The Committee noted its disappointed that Tiaa's reports had not been completed prior to the meeting and was assured that future reports would be submitted in a timely manner.

**The Committee noted the reports**

**9. Policies**

**9.1 Anti-bribery policy**

**9.2 Anti-fraud policy**

The Committee received the updated anti-bribery and anti-fraud policies and noted the requirement for them to be reviewed annually, there were no amendments on this occasion.

Referring to the reference to internal audit in the anti-fraud policy, governors questioned whether the sampling would provide an appropriate level of assurance which was confirmed by Tiaa.

The Committee requested that the external auditor is consulted in advance of the audit into payroll and anti-fraud controls to ensure efficiency of spend.

**JD**

**The Committee approved the anti-bribery and anti-fraud policies**

*Lesley Heasman left the meeting*

**10. Review of Performance of External Auditor**

The Committee noted that Bishop Fleming were appointed in March 2022 for an initial period of three years, followed by a further two years subject to satisfactory performance. The Executive Director of Finance gave an overview of the performance of the external auditor.

**The Committee agreed to recommend the reappointment of Bishop Fleming as the external auditor for the year 2022/2023 to the Board for approval**

**11. Emerging Risks**

The Committee noted the heightened risk related to pressures on the IT budget over the following two years.

**12. Future Meetings**

**12.1 The Committee agreed to take the following items to the Board:**

- Deep Dives
- Risk Register
- Anti-bribery and anti-fraud policies
- Appointment of external auditor
- GDPR update
- NCC Group recommendations

**12.2 Items for next meeting**

The Committee reviewed and agreed the cycle of business for the meeting on 5 June 2023.

**12.3 Date of meetings**

- Monday 5 June 2023

**13. Items for Information**

**13.1 Anti-Fraud register**

**13.2 Register of Interests**

Signed by the Chair:

Date: 5<sup>th</sup> June 2023