

EXETER COLLEGE FURTHER EDUCATION CORPORATION

AUDIT AND RISK ASSURANCE COMMITTEE

Minutes of the meeting held on Monday 5 June 2023 via Zoom

Present	Sarah Brampton	Chair
	Neil Hitchings	Vice Chair
	Rob Hutchins	
	Adele Westcott	Co-opted
In Attendance		
<i>For item 2 only</i>	Sally Wolkowski	Governor
<i>For item 2 only</i>	Sue Clarke	Chair of Quality and Standards Committee
<i>For item 2 only</i>	Patrick Tigwell	Chair of Business Services Committee
	John Laramy	Principal/CEO
<i>For item 2 only</i>	Rob Bosworth	Deputy CEO
<i>For item 2 only</i>	Jade Otty	Vice Principal
	John Dowell	Executive Director of Finance
<i>To item 9 only</i>	Nathan Coughlin	Bishop Fleming
<i>To item 8 only</i>	Lesley Heasman	Tiaa
	Alison Layton-Hill	Head of Governance
Apologies	None	

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

As a trustee of the Ivy Education Trust, Sue Clarke declared an interest in item 2.2. | Action |
| 2. | Deep Dive
2.1 R69 – Failure to recruit 16-18 learners for 2023/2024
2.2 R6 – New and increased competition from schools with sixth forms and neighbouring colleges | |
| | The Committee received a presentation of assurance from the Deputy CEO and the Vice Principal Performance related to two linked risks of failing to recruit 16-18 learners and increased competition.

The Board was advised of the current status of applications and attributions, the marketing focus, the impact of transport links and the increase in | |

bursary thresholds. It was emphasised that the College is keen for learners to have a choice and that viable sixth forms in the locality are welcome.

The Committee asked at what point any reduced recruitment would impact on staff. Governors were reassured that variations would need to be significant before any effect on staffing.

Governors discussed the benefit of the wide-ranging offer of Exeter College, the College's appetite for competition and its commitment to always promote the right choice for learners. The Baker Clause was explained where schools must allow colleges and training providers access to every student in years 8 to 13 to discuss non-academic routes.

The Committee considered whether the risks are rightly articulated on the risk register and scored appropriately.

The Committee agreed that the risks were appropriately mitigated and graded

3. Minutes

- 3.1 The minutes of the meeting held on 13 March 2023, as circulated, were agreed by the Committee.

4. Matters arising

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

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. The Executive Director of Finance explained the risk process and highlighted those risks that had been removed, added or amended.

The Head of Governance explained how other committees reviewed the risks within their sphere of scrutiny and it was agreed that Committee Chairs would raise any issues with the Audit and Risk Assurance Committee.

HofG

Governors were concerned about the impact that train strikes could have on exams. It was confirmed that striking unions tend to avoid GCSE and A level exam days and the College ensures it communicates early to learners to make alternative arrangements for other exams.

The residual level of risk 2.17 – failure to maintain financial stability was challenged and it was agreed that this would likely be lowered when the risk register is next updated.

The Committee questioned whether the College compares its risk register with other providers. It was confirmed that the Executive Director of Finance

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would take the opportunity to compare the document with a neighbouring college.

The Committee agreed to recommend the risk register to the Board for approval on 7 July 2023

6. Internal Audit Service (IAS)

6.1 Project reports

- Capital expenditure
- Payroll and anti-fraud controls

The Committee received the reports, noted that both audits had resulted in reasonable assurance and acknowledged that the recommendations had been agreed with management.

Referring to overpayments, the Committee questioned whether there had been any suggestion of fraud. The IAS was confident that the few occurrences had been human error.

It was confirmed that payroll checks are undertaken. Governors suggested that possible duplicate bank accounts and suppliers details are audited in the future, which was agreed.

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The Committee noted the reports

6.2 2022-2023 Programme Review

The Committee received the internal auditor's draft annual report which detailed the work that the internal auditors had undertaken during 2022/2023. It was noted that the apprenticeship review was still to be undertaken and there were three contingency days that had not been used.

The Committee requested that the reviews from the previous year along with a cross reference to the risk register is included in the final report.

LH

Governors drew attention to two emerging themes that had been highlighted that were not covered by the internal audit programme - Net zero and Reclassification. It was agreed that consideration would be given to including these elements.

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The Committee noted the report

6.3 Internal Audit Programme 2023-2024 (SICA report)

The Committee received the proposed internal audit service programme for 2023-2024.

The IAS confirmed the outcome of the learner numbers and health and safety audits as substantial assurance. The Committee confirmed that it would like sight of the full audit reports as opposed to the summaries.

LH

It was confirmed that the three unused contingency days could be rolled forward if required.

The Committee agreed to recommend the plan to the Board on 7 July 2023

6.4 Internal audit actions progress update

The internal auditor updated the Committee on progress against the recommendations and governors were pleased to note that all had been actioned.

The Committee noted the report

7. **Post 16 Audit Code of Practice (ACoP)**

The Committee received the report and noted the amendments to the Audit Code of Practice (April 2023).

The Committee agreed:

- a) to recommend the adoption of the updated Audit Code of Practice to the Board on 7 July 2023**

Lesley Heasman left the meeting

8. **Financial Statements Audit Plan for year ending 31 July 2023**

8.1 External Audit Strategy 2022/2023

The external auditor set out the scope of work for the financial statements audit plan for 2022/2023 confirming that an audit opinion would be given to cover the College and the trading subsidiary.

Governors noted that work related to the impact of reclassification would incur additional cost and requested that additional fees are agreed in advance.

The risk areas of the Audit Plan were noted, most significantly; 'management override of controls' and 'fraud in income recognition'. 'pension assumptions', 'going concern of Exeter College Services Ltd' and 'fair value of embedded financial instrument' were identified as heightened risks, although not considered as significant risks.

The Committee noted the significant changes around ISO 315 and the additional work required in terms of IT reports and controls.

The Committee recalled a request the previous year that the financial statements auditor would liaise with the internal auditor. Governors were reassured that the financial statements auditor would instigate a discussion in the new year.

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The Committee confirmed that it was content with the scope and timetable for the audit and thanked the external auditor for his report.

The Committee agreed to recommend the external audit plan for 2022/2023 to the Board on 7 July 2023 for approval

Nathan Coughlin left the meeting

9. **Review of performance and re-appointment of the Internal Audit Service**

This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

10. **Committee Business**

10.1 **Membership 2023/2024**

To support the independence of the committee, it is for the committee itself to approve its membership. The Committee noted the Chair and Vice Chair elect subject to Board approval.

The Committee agreed its membership for the academic year 2023/2024

10.2 **Committee Self-evaluation**

The Chair led a discussion on the Committee's effectiveness over the past year.

The Principal/CEO offered his view that the committee is the most strengthened committee and sincerely thanked the current Committee Chair. The Committee Vice Chair echoed his thanks.

The Committee agreed the self-evaluation which will feed into the Governance SAR.

HofG

11. **Emerging Risks**

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

12. **Future Meetings**

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

- Risk Register
- Financial Statements Audit Plan
- Post 16 Audit Code of Practice
- Internal Audit programme
- Internal Audit re-appointment

12.2 **Items for the next meeting**

The committee reviewed and agreed the items for the next meeting.

12.3 **Meeting Dates:**

- 20 November 2023
- 26 February 2024
- 10 June 2024

13. **Items for Information**

13.1 Anti-Fraud Register

Signed by Chair: 

Date: 20th November 2023