exeter college

EXETER COLLEGE FURTHER EDUCATION CORPORATION

AUDIT AND RISK ASSURANCE COMMITTEE

Minutes of the meeting held on Monday 6 June 2022 via Zoom

Present	Sarah Brampton	Chair
	Neil Hitchings	Vice Chair
	Rob Hutchins	
	Adele Westcott	Co-opted
In Attendance		
To item 10 only	John Laramy	Principal/CEO
	Richard Church	Chief Financial Officer
To item 9 only	Nathan Coughlin	Bishop Fleming
To item 8 only	Lesley Heasman	Tiaa
	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 Lesley Heasman. There were no apologies or declarations of interest received.

Jade Otty and Lisa Smith joined the meeting for item 2.1 only

2. **Deep Dive**

2.1 R8 – Failure to sustain Ofsted outstanding

The Committee received a presentation of assurance related to the risk of sustaining Ofsted outstanding under the new EIF Framework. It was noted that T Levels will not be included in an inspection and that the notice period had increased from two days to six days. The presentation was subsequently circulated to the Committee.

The Committee questioned whether staff will be accompanied and supported when meeting with the Ofsted inspectors. It was advised that staff may be accompanies and that Ofsted rely on the College to nominate the most appropriate person to answer their questions. The College is working hard to ensure staff are confident through staff development days and has undertaken Ofsted style deep dives in preparation.

Governors requested information related to compliance in terms of the mandatory staff training. Although, it was understood that 100% compliance is not possible due to new starters, Safeguarding training has a very high compliance level of well over 90%. The College will be setting aside a day during enrolment dedicated to ensuring that the mandatory training is completed.

The Committee sought assurance that there will be support for governors in readiness for Ofsted. It was confirmed that there will be some key information shared at the Board meeting in July. There will also be some more in depth preparation with governors that Ofsted are likely to engage with.

The Committee understood the need for additional preparation but also believed that the Ofsted inspection is an opportunity to showcase what the College does as a matter of course.

The Committee thanked the presenters for the level of confidence provided by their presentation

Rob Bosworth and Lucinda Sanders joined the meeting for item 2.2 only

2.2 R52 – Declining numbers on Adult/HE programmes
The Committee received a presentation of assurance related to the risk of declining numbers on Adult/HE programmes and the presentation was subsequently circulated. Governors noted the key message that the reduction in numbers on the Adult/HE programmes did not reflect a decrease in the number of adult learners in College. There had been a significant increase in adult apprenticeships.

The Committee was pleased to acknowledge the excellent response from the College's ESOL provision for Ukrainian and Afghan refugees.

The Committee agreed that the current medium risk score remained valid although it is clear that the risk is being well managed.

The Committee thanked the presenters

3. **Minutes**

3.1 The minutes of the meeting held on 21 March 2022, as circulated, were agreed by the Committee.

3.2 The confidential minutes of the meeting held on 21 March 2022 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 Chief Financial Officer highlighted those risks that had been removed, added or amended. Following the earlier presentation related to Ofsted, the Committee was reassured that the challenges for staff resulting from the extended inspection notice period will be added to the next risk register.

The Principal highlighted a recent development whereby the government has requested that the ONS review the status of colleges which could result

in colleges being reintegrated into the public sector. The Committee believed that this development did present a risk and requested that it is added to the risk register and placed on the agenda of the next meeting for further discussion. **Clerk**

Following challenge at the Board meeting, the Committee reviewed the inherent risk of R1 - maintaining quality of provision through funding shortfalls. Following a discussion it was felt that the inherent risk should remain as high. Funding levels are significantly lower than schools and universities, the adult funding per qualification has not increased for twelve years and the rate of inflation is exacerbating funding challenges.

The Committee agreed the risk ratings and movement as presented and to recommend the risk register to the Board for approval on 1 July 2022 **Clerk**

6. **Internal Audit Service**

6.1 Internal Audit Programme (SICA report)
The Chair invited Lesley Heasman from Tiaa to present the report and noted that an annual plan for the following year was not included due to the service being retendered. The annual report would follow now that the final audit had been completed. The anti-fraud awareness training will be completed on 16 June 2022.

6.1.1 – Learner Numbers audit report
The Committee received the report and noted a substantial level of assurance with two minor operational effectiveness recommendations.

The Committee noted the report

6.2 Internal audit actions progress update

The internal auditor updated the Committee on progress against the recommendations and governors noted that all had been actioned.

The Committee agreed that all recommendations are now closed. **RC**

ITEM 7 WAS TAKEN AFTER ITEMS 8 AND 9

Adam Hart, Head of IT joined the meeting for item 7 only

7. **IT Security update**
The Committee received the report.

The Committee welcomed the new cyber security roadmap identifying actions taken and future priorities.

The Committee requested clarification of the 'interaction and verification at a senior level' output from the cloud and cyber security reviews. It was confirmed that this concerned risks related to change management in a growing organisation and the use of third parties where business justification and senior manager sign off would be required.

Governors requested assurance as to how the College would move to role based access permissions which can be complex. Strong integration with the People team would ensure the roles are clearly defined. Standardisation of role based access permission would also help to eliminate unnecessary accumulation of privileges and hardware.

The Committee enquired whether the College intended to achieve Cyber Essential Plus. The level of work required was acknowledged although it was confirmed that this would be an aspiration.

The Committee asked what the College's position was on 'mystery shoppers' to support staff awareness of phishing as it was believed to be effective practice. Although considered, the College had not engaged this testing to date.

Governors were pleased with the identified priorities but questioned whether lack of resources might risk success. It was confirmed that a new deputy had been recruited to support the Head of IT along with an additional senior resource. The College is also forging relationships with third party suppliers which is helping progress.

The Committee noted the report

8. **Post 16 Audit Code of Practice (ACoP)**
The Committee received the report and noted the amendments to the Audit Code of Practice (April 2022).

The Committee agreed:
a) to recommend the adoption of the updated Audit Code of Practice to the Board on 1 July 2022

9. Risk Management Policy
The Committee received the amended risk management policy and noted the minor amendments.

The Chief Financial Officer highlighted references to mapping the risks to the internal audit plan and reviewing the College's risk appetite. The Committee agreed these as actions that could be progressed. **RC**

The Committee questioned whether there is a need for a better interface with assurance mapping in terms of having the right system. The College does not have a bespoke system, however, is systematic in terms of the process it follows. There is a good communications structure feeding into the risk register.

The Committee agreed to recommend the Risk Management policy to the Board for approval on 1 July 2022

Lesley Heasman left the meeting

10. **Financial Statements Audit Plan for year ending 31 July 2022**

10.1 External Audit Plan 2021/2022

The external auditor set out the scope of work for the financial statements audit plan for 2021/2022. It was confirmed that Exeter College Apprenticeships Ltd will be treated as a dormant company and therefore only Exeter College and Exeter College Services Ltd will be considered.

The Post-16 Audit Code of Practice now states that regularity includes the activities of subsidiary companies and therefore the longer term viability plan for Exeter College Services Ltd will need additional scrutiny.

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 a slight change to the Bishop Fleming team structure however were confident that all members of the team have FE college experience.

Governors asked whether the auditor was satisfied with the College's process in terms of related parties. The auditor confirmed that the Clerk's data collection was satisfactory. The Clerk also confirmed that she had reminded the Board of the importance of declaring interests for themselves and also for connected persons.

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 2021/2022 to the Board on 1 July 2022 for approval

11. **Committee Business**

11.1 Membership 2022/2023

To support the independence of the committee, it is for the committee itself to approve its membership.

The Committee agreed its membership for the academic year 2022/2023

The Committee Chair thanked governors for their commitment and excellent attendance which resulted in an effective committee.

11.2 Committee Self-evaluation

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

It was agreed that the deep dives are an excellent method of gaining assurance and really add value. The Committee discussed its skill and knowledge level, challenging itself on whether it had a sufficient level of appropriate skills. It was acknowledged that the Committee could not be

expected to be subject matter experts, however it is effective in its challenge of where assurance is gained.

Governors questioned whether the Chairs of the Business Services Committee and Quality and Standards Committee should attend the Audit and Risk Assurance Committee deep dives where the risks are in their area. A conversation with the Chair of the Corporation was proposed. **Clerk**

The Committee agreed to receive an updated self-evaluation to consider by email which will feed into the Governance SAR. **Clerk**

Nathan Coughlin left the meeting

12. **Internal Audit Tender award**
This item was dealt with as a confidential item and recorded in the confidential minutes.

13. **Emerging Risks**
The Committee considered any material additional risks to add to the risk register that had emerged during the meeting and agreed the following:
- the challenges of a six day Ofsted inspection lead in time **RC**
- the future of the status of colleges (public/private)

14. **Future Meetings**

14.1 The Committee agreed to take the following items to the Board:
- Risk Register
- Risk Management Policy
- Financial Statements Audit Plan
- Post 16 Audit Code of Practice
- Internal Audit Tender Award

14.2 **Items for the next meeting**
The committee reviewed and agreed the items for the next meeting and noted that the cycle of business reflects the reduction to three meetings per year. Extra-ordinary meetings may be called and if appropriate decisions can be made by written resolution.

14.3 Meeting Dates:
- 14 November 2022
- 13 March 2023

15. **Items for Information**

15.1 Post 16 Audit Code of Practice

15.2 Anti-Fraud Register

16. **Any Other Business**
Rob Hutchins informed the Committee that he was leaving his role at Devon Audit Partnership.

Signed by the Chair:

Date: 14 November 2022