

EXETER COLLEGE FURTHER EDUCATION CORPORATION

AUDIT AND RISK ASSURANCE COMMITTEE

Minutes of the meeting held on Monday 20 November 2023 via Zoom

Present	Neil Hitchings	Chair
	Rob Hutchins	
	Adele Westcott	Co-opted

In Attendance

<i>To item 10</i>	Rob Bosworth	Deputy CEO
<i>For item 8 only</i>	Bindu Arjoon	Corporation Chair
<i>For item 2 only</i>	Tim Quine	
<i>For item 2 only</i>	Sally Wolkowski	
<i>For item 2 only</i>	Lindsay Skinner	
<i>Item 8 only</i>	Kate Barczok	College Accountant
	Nathan Coughlan	Bishop Fleming
<i>To item 10</i>	John Dowell	Executive Director of Finance
<i>To item 2.1</i>	Steve Strang	Executive Director of Estates and Sustainability
	Alison Layton-Hill	Head of Governance

Apologies	None
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1. **Welcome, Apologies and Declarations of Interest** **Action**

The Chair welcomed colleagues to the meeting, his first as Chair. He extended a particular welcome to Nathan Coughlin from Bishop Fleming and non-committee members attending for item 2 only. The Chair of the Corporation joined the meeting for item 8. Rob Bosworth was in attendance deputising for the Principal/CEO. The Chair thanked Rob Hutchins for taking on the role of Vice Chair of the Committee.

There were no apologies or declarations of interest received.

2. **Deep Dive**

- 2.1 R2.62 Failure to control and deliver capital and revenue projects
- The Committee received a presentation of assurance related to risk R2.62 which was particularly pertinent as two major capital building works were due to commence in January 2024. Governors noted the overview of capital spend by funding source, the timeline related to project progress, overarching governance processes and capacity within the delivery team. It was also noted that planned revenue projects would be subject to usual budgetary control processes.

The Committee questioned whether projects were progressing as expected and whether there were any key issues of concern. There was confidence

expressed related to progress, capacity and partnership working with external teams. The contractor is known to the College and has proved to be dependable and confident.

Governors expressed caution in terms of the impact of inflation and building supply chain costs as financial risks. Reassurance was provided in that a level of financial contingency is built in and the College engages with contractors at an early stage.

The risk of capital grants being received subsequent to spend was raised. This risk was accepted although cash flow planning mitigates the impact of the delay.

The Committee challenged whether designs for future builds are being future proofed in terms climate risk; humidity levels, heat, flooding. The College expressed confidence that the designers have the appropriate expertise and are designing accordingly.

Governors sought assurance that the College is able to be responsive to external opportunities. It was confirmed that the College constantly has a range of projects ready for when funding becomes available.

The Committee agreed the proposed risk score and noted the assurance provided by the presentation

Steve Strang left the meeting

2.2

R2.16 Failure to detect fraud

The Committee received a presentation of assurance from the Executive Director of Finance and noted that fraud is a growing problem across the sector. Increasingly stringent checks are carried out by the DfE on the misuse of funding. Failing to prevent fraud has become a corporate offence which has further reinforced the importance of mitigating this risk. Despite attempts there have been no occurrences of fraud at the College and systems and processes have been effective. The Committee received an overview of how high risk activity is controlled and the sources of assurance were highlighted.

The Committee was assured that whistleblowing procedures are effective and the policy supports a culture where concerns are encouraged.

Governors questioned the quality assurance related to qualification checks for new staff. The People team have a standard check list which must be completed prior to contracts being issued. The internal audit service undertakes sample checks and peer review supports compliance.

Governors enquired as to the robustness of eliminating hardware and data theft when staff leave. A comprehensive asset register is maintained in mitigation and access to emails and files are closed on leaving. The access

to information across staff is structured and restricted by a hierarchy of access rights.

The Committee noted that the recent internal audit related to payroll and anti-fraud controls was found to provide reasonable assurance and governors requested information on what had prevented a substantial assurance outcome.

The Committee agreed:

a) the proposed risk score and noted the assurance provided by the presentation

b) to receive the outcome of the payroll and anti-fraud controls audit

HofG

3. Minutes

3.1 The open minutes of the meeting held on 5 June 2023, as circulated, were agreed.

3.2 The confidential minutes of the meeting held on 5 June 2023, as circulated, were agreed.

4. Matters arising

There were no matters arising

5. Risk Management Update

5.1 Risk Register

The Committee received and scrutinised the updated risk register, which had been reviewed by the senior leadership team. The Executive Director of Finance explained the amendments to the risk register since the previous meeting and the Committee noted that six risks were currently categorised as high risks.

Following a suggestion at the previous meeting it was confirmed that the Executive Director of Finance had shared best risk management practice with other colleges. The external auditor confirmed that his view was that the risk register supports decision making, is consistent and well organised.

The Committee noted the increased risk related to safeguarding and asked how that is being managed through the Quality and Standards Committee. It was confirmed that the Quality and Standards Committee will receive the Safeguarding Annual Report at its next meeting and that significant investment and additional capacity had been given to this area.

Governors challenged whether positive learner recruitment provides financial security for the current as well as the following financial year. It was accepted that despite the likelihood of receiving in year funding for the additional learners this would not equate to 100% of the cost. However, assurance was given that the financial planning had taken the cost of unfunded learners into consideration.

The Committee noted that the College is making good progress against the action plan following the external review of its IT security and questioned how the residual risk could be mitigated to amber. The challenge of IT security was acknowledged and that the high rating is likely to remain.

The Committee agreed to recommend the risk register to the Board for approval on 8 December 2023 **HofG**

5.2 **Risk Management Annual Report to Corporation**

The Committee received and reviewed the report. The Executive Director of Finance confirmed that the Annual Report summarised the activities relating to risk management for the year.

The Committee agreed to recommend the Risk Management Annual Report to the Board for approval at its meeting on 8 December 2023 **HofG**

6. **Internal Audit**

6.1 Internal Audit Annual Report 2022/2023

The Committee received the updates to the report it had received at the previous meeting and noted that there had been no significant amendments.

The Committee noted the report

6.2 Internal Audit Plan 2023/2024

The Committee received the updated internal audit plan for 2023/2024. The Board had approved the plan recommended by the Committee in July 2023 and agreed that the minor amendments did not require further approval. One audit had been completed for the data protection service which resulted in substantial assurance. The full report would be received at the next meeting.

The Committee noted the report and agreed to receive the data protection audit report to the next meeting **HofG**

7. **Assurance Framework**

The Chair led a discussion evaluating the robustness of the College's current assurance framework and the effectiveness of internal audit. The Committee discussed the merit of formulating an assurance map to understand assurance sources and any gaps in the assurance framework.

The Committee agreed to formulate an assurance map **All**

Bindu Arjoon, Chair of the Corporation joined the meeting

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 letters of representation. Bishop Fleming gave an overview of the audit process and confirmed that the audit had proceeded smoothly.

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. There were no issues relating to capital projects and capital grant funding and no material issues related to pension assumptions.

Following testing, there was no concern over regularity and the auditors were comfortable to give an unqualified opinion. In terms of the auditor's work related to risk, compliance and regulations they were content that key controls are in place.

The reclassification of colleges and compliance with Managing Public Money had added some complexity and extended work. However, the Committee was pleased to note there had been no new areas of actions raised.

The Committee enquired as to the impact of ISA 315. The auditors were required to undertake additional checks and in particular related to the College's IT systems. However, it was noted that no control weaknesses were identified.

This item was further discussed as a confidential item and recorded in the confidential minutes.

The Chair, on behalf of the Committee, extended his thanks to Kate and the team for their hard work in ensuring a smooth audit.

The Committee noted the positive report and agreed to recommend the Key Issues Discussion Document to the Board at its meeting on the 8 December 2023

HofG

8.2 Financial Statements – Exeter College

The financial statements were received and noted. They would be scrutinised by the Business Services Committee on the 27 November 2023 and, subject to scrutiny, recommended to the Board.

The Committee noted the financial statements.

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 2023 to the Board at its meeting on 8 December 2023.

HofG

- 8.4 A Plus Training (SW) Ltd, Exeter College Apprentices Ltd and Exeter College Services Ltd (including letter of support and going concern update)
The accounts for the subsidiary companies were received and noted. They would be scrutinised by the Business Services Committee on the 27 November 2023 for recommendation to the Board.

A Plus Training (SW) Ltd and Exeter College Apprentices Ltd are dormant companies. A letter of support related to Exeter College Services Ltd will be considered by the Business Services Committee prior to Board approval.

The Committee agreed to note the financial statements

- 8.5 Letters of Representation
The Committee received and considered the letters of representation. They are to be recommended for Board approval confirming that the committee was satisfied that the financial statements gave a true and fair view of the financial position of the College and its subsidiaries.

The Committee agreed to recommend the Letters of Representation to the Board on 8 December 2023 for approval. HofG

Bindu Arjoon left the meeting

9. **Assurance Annual Report**
9.1 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 Committee agreed to recommend the Audit and Risk Assurance Committee Annual Report to the Board for approval at its meeting on 8 December 2023 HofG

Rob Bosworth and John Dowell left the meeting

10. **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.

11. **Emerging Risks**
The Committee considered any emerging risks. Governors suggested that it would welcome additional assurance related to resilience in terms of business continuity and it was agreed to add this as a future deep dive item. HofG

12. **Future Meetings**
12.1 The Committee agreed to take the following items to the Board:
- Risk Register
 - Risk Management Annual Report
 - Key Issues Discussion Document
 - Regularity Self-Assessment

- Letters of Representation
- Audit and Risk Assurance Committee Annual Report

12.2 Items for next meeting

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

12.3 Dates of Next Meetings

- Monday 26 February 2024
- Monday 10 June 2024

13. **Items for Information**

13.1 Anti-fraud Register

13.2 Gifts and Hospitality Register 2022/2023

Signed by the Chair 

Date: 26th February 2024