

MINUTES

**Audit and Risk Committee Meeting
held via Microsoft Teams
Tuesday 18 June 2024 at 18:00**

Date and timings: 18:00 to 20:05

Location via Microsoft Teams

Present (Governors): Paul Gribbon (PG) (Chair)
Roland Anderson (RA)
Sue Leonard (SL)
Linda Everard (LE) Co-opted Governor
Aaron Thompson (AT)

Clerk to the Corporation Lana Jackman

In attendance Denise Brown (DB) CEO and Principal
Zed Mohammed (ZM) Chief Finance Officer
Paul Goddard (PGO) (Scrutton Bland)
Helena Wilkinson (HW) (Price Bailey)
Stuart McKay (SM) (MHA)
Ansar Mahmood (AM) Vice Principal MIS, IT and Marketing
Rick Olver (RO)

**Apologies
Quorum (4)**

Item

0.0 Agenda

1.0 Preliminary items.

1.1 Apologies for Absence.
None

1.2 Declarations of Interest.
There were no other new declarations of interest other than those already standing *(in accordance with the requirements of section 177 of the Companies Act 2006)*.

1.3 Urgent items of other business.
None.

2.0 Minutes of previous meeting.

2.1 Minutes of the meeting held on 12th March 2024.
The Minutes of the meeting held on 12th March 2024 were **APPROVED** as an accurate reflection of the meeting.

2.2 Matters Arising.
PG notes that 28 May 2024 LE, DH and himself had a meeting to discuss the Internal Audit Plan with PGO Scrutton Bland.

ZM confirms that the action point around journal lines is now in place- this began post audit 2023-2024 addressing point in the management letter within the given timeframes.

3.0 2022-2023 External Audit.

3.1 Presentation of management letter and outgoing comments.

The Committee approve **REVIEW AND NOTE** the management letter and outgoing comments.

HW details the key areas from the management letter that she believes should be key areas of focus for SECG these were:

- Improved oversight and ownership of accounts production (which will improve with finance coming in house and not via ESS Ltd).
- Review of the subsidiaries and the necessity of each subsidiary at SECG.
- Lack of oversight of the balance sheet, control accounts and balance reconciliations- noting that after speaking with ZM SECG is how having this as a monthly process.
- Improvement of communication in journal postings.

RO asks how the plan transfers into next year? HW notes that this needs to be considered by the new auditors.

DB notes that SECG has decided to reduce the number of subsidiaries to close ESS and other subsidiaries.

ZM details that the finance team and SECG have a plan to address each issue in the management letter. RA details his assurance with this response noting that he is pleased that SECG is taking the recommendations seriously.

PG details his concern that the same issues came up two years in a row but did note that the time between the two audits was short.

LE asks if this will be an action plan with the list of the recommendations that the action that has been taken against each recommendation that comes to each Audit and Risk Committee to review. ZM confirms that this is the case and the main issue is to bring finance back in house, disband ESS and have further controls.

ACTION: ZM to bring an action plan with the list of the recommendations that the action that has been taken against each recommendation that comes to each Audit and Risk Committee to review

PG thanks HW for her time and report.

HW left the meeting.

4.0 2023-2024 External Audit.

4.1 Formal approval of auditor appointment.

The Committee **RESOLVED TO FORMALLY APPROVE AND RECOMMEND TO THE CORPORATION BOARD** the appointment of MHA.

4.2 Appointment of new auditors and their draft plan.

The Committee **RESOLVED TO FORMALLY APPROVE AND RECOMMEND TO THE CORPORATION BOARD** the appointment of MHA.

SM gives a presentation and notes that SECG cannot create any more subsidiaries again due to the reclassification so any reduction of subsidiaries would need to be carefully considered.

AT asks if the audit fieldwork would be possible in two weeks? SM details that this is a standard for a college of SECG's size- this also takes into account that this is the first audit year. SM doesn't envisage any balance issues due to the detail Price Bailey took.

AT asks about the team size and structure. SM responds that the team is overall 5-ish people this is a hybrid approach. AT asks that this audit is on site as much as possible to improve communication.

ZM details the conversations that he and SM have had about communication and having more on site days. SM echoes the Committee's concerns about the management letter having the same points two years running. ZM responds that he is working to ensure that each of these points are fully addressed. SM adds that he doesn't believe that these points can be fully cleared in time for this audit due to the time the audit was completed and the overlap with the timeframe for the 24-25 audit.

LJ praises MHA for their work and notes. LJ asks about the process for informing the ESFA about the change in auditors. SM confirms that SECG is under no obligation to inform the ESFA of the change in auditors as they pick this up upon the filing of the accounts at the end of the year.

5.0 Risk Register Review.

5.1 Review of latest Risk Register. Deferred.

6.0 Internal Audit Plan 24-25.

The Committee **REVIEW AND NOTE** the Internal Audit Plan 24-25.

PGO Scrutton Bland detailed how useful he found his meeting with PG, LE and DH. PGO Scrutton Bland details that this plan is a little more chunky as it maps against previous audit work and the risk register. PGO Scrutton Bland noted that last year was a 59 day plan and this is a 74 day plan.

RA asks if this audit plan is fully costed with the Executive Board and will this need reducing? ZM details that cost is important but Board assurance is also important he would like this plan to be slight reduced in line with that from last year.

ZM feels that the finance audit is slightly days heavy but would like an additional audit around the onboarding process for new staff.

AT 14 audits in one year seems a little heavy. AT felt that the plan lay out in terms of days was usual- following up what a day looks like? PGO Scrutton Bland notes that this is a full package for the audit process, this is based on a day rate.

AT detailed that he would like more assurance around the risk management framework.

SL flagged that environment sustainability needs to be considered. SL felt that the Governance Audit would not be necessary next year due to the closeness to the EBR.

LE felt that the audit plan needed more assurance around the strategic plan and the golden thread for this cascading around the organisation in addition to the risk management. LE felt that the business management process assurance was missing from this Board. LE also felt that there needed to be an additional audit on data quality.

PG notes that there has been an very recent audit on data quality.

AM responds that data is audited annually and the process is a DfE policy and this comes back with a 100% accuracy. AM directs LE to the data dashboards.

DB details that the audit plan is too much especially for an inspection year. DB notes that the Executive Team haven't had a chance to review this and this needs to focus in on key areas as it is too expansive. DB agrees that the Risk Register processes need to be reviewed.

PGO Scrutton Bland notes that this can be finalized at the end of September Audit and Risk Committee meeting.

DB asks if there is anything in common practice to stop this from becoming a two year audit plan with some scope for movement in line with what emerges. AT notes that he is used to seeing Audit Plans for over 3

years. PGo Scrutton Bland responds that a number of providers take this approach and he is happy to assist with this approach moving forward.

AM asks that the HR staff lifecycle audit includes HR data.

ACTION: Risk Register Audit to focus on the whole risk process.

ACTION: To reduce the finance element and use the days for an audit on the staff lifecycle including HR data.

ACTION: Executive Board to review the Internal Audit plan.

ACTION: Audit and Risk Committee to have a workshop meeting to discuss a 3 year Internal Audit plan and what this would look like and review the 2024-2025 Internal Audit Plan with a view to have it formally approved at the first Audit and Risk Committee meeting 24 September 2024.

7.0 Internal Audit Reports 23-24 Programme.

The Committee **REVIEW AND NOTE** the Internal Audit Report Programme summary paper.

7.1 Capital Programme Development.

The Committee **REVIEW AND NOTE** the Capital Programme Development paper which gives low risk factors.

LE reflects positively on this piece of work and thanked SECG for commissioning this work and asks about the previous procurement process. PGo Scrutton Bland notes these processes were in place and this was about more advancing the current processes.

8.0 Whistleblowing and Fraud Termly Report.

The Committee **REVIEW AND NOTE** the Whistleblowing and Fraud Termly Report.

AM presents this report noting that there have been no cases of whistleblowing this year and the four cases from last year have been resolved.

SL asks for assurance that staff are comfortable to whistle blow? DB responds that SECG has had a huge push to encourage staff to whistle blow via focus groups, staff briefings etc. DB details that too many staff responded negatively about the ability to raise concerns and a large amount of work has been done around this, DB pushes this at staff induction.

SL asks how staff from previous whistleblowing have been supported? DB responds that they have been support and some are still in the organisation.

ZM notes that the staff survey engagement is improving and that is showing staff comfort to raise issues.

DB details that a strategic KPI is the increased staff survey engagement and this is a part of the golden thread for the organisation.

9.0 Audit and Risk Committee Work Plan.

The Committee **REVIEW AND NOTE** the Audit and Risk Committee Work Plan.

LJ asks the Committee for any feedback via email etc.

SL details that this is a comprehensive and through piece of work.

AT asks if this is a forward looking plan or a year on year plan? LJ responds that this plan is to get Audit and Risk back on track.

LE asks why the headings were chosen? LJ notes that this headings come from a paper LE presented at the Audit Workshop.

RA praised the work plan and noted that this is the first time he has seen this piece of work at SECG.

ACTION: Audit and Risk Committee to discuss the Audit and Risk Committee Work Plan further at the workshop event.

10.0 Confidential Items.
11.0 Committee Evaluation.

The Committee to be done via email outside of the meeting.

12.0 Urgent other business.
13.0 Dates of future meetings.

Tuesday 24 September 2024, 18:00, MS Teams

Tuesday 3 December 2024, 18:00, MS Teams

Tuesday 4 March 2025, 18:00, MS Teams

Tuesday 20 May 2025, 18:00, MS Teams

There being no further business the meeting ended at 20.05 hrs

Signed.....Dated.....

Meeting of the Audit and Risk Committee Meeting
Matters Arising and actions from previous meetings.
Actions to be confirmed ongoing/completed

Actions confirmed completed will be removed from the table.

Item	Actions	Deadline	Lead	Status
Actions from 18 June 2024				
3.1	ZM to bring an action plan with the list of the recommendations that the action that has been taken against each recommendation that comes to each Audit and Risk Committee to review	Sept 24	ZM	
6.0	Internal Audit Plan to consider having a Risk Register process audit	Sept 24	PG/PGo	
6.0	Internal Audit Plan to reduce the finance element and use the days for an audit on the staff lifecycle including HR data.	Sept 24	PG/PGo	
6.0	Executive Board to review the Internal Audit Plan	June 24	DB	
6.0	Audit and Risk Committee to have a workshop meeting to discuss a 3 year Internal Audit plan and what this would look like and review the 2024-2025 Internal Audit Plan with a view to have it formally approved at the first Audit and Risk Committee meeting 24 September 2024. The workshop to also review the Audit and Risk Committee Work Plan.	Summer 24		
10.1	CB to email ZM with RO's questions to ask for a formal response.	June 24	CB	Completed awaiting a response.

ⁱ The code of conduct for Governors requires governors to be honest and open with regard to conflicts of interest (either real or perceived). Governors must not use their position for personal gain in business, political or social relationships. Therefore, a governor who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest, withdraw from all discussions relating to it and take no part in any vote on such matter.