

MINUTES

**Audit and Risk Committee Meeting
held via Microsoft Teams
Tuesday 19th September 2023 at 18:00**

Date and timings:	18:00 to 19:40
Location	via Microsoft Teams
Present (Governors):	Roland Anderson (RA) (Chair) Paul Gribbon (PGr) Incoming Chair of Audit and Risk Committee Sue Leonard (SL) Linda Everard (LE) Co-opted Governor Aaron Thompson (AT)
Clerk to the Corporation	Lana Jackman
Minutes	Carrie Brown (CB) Clerking and Policy Officer
In attendance	Denise Brown (DB) CEO and Principal David Hughes (DH) Chief Operating Officer Zed Mohammed (ZM) Executive Director for Finance Paul Goddard (Scrutton Bland) Rick Olver (RO)

Apologies Quorum (4)

Item	Action lead
0.0 Agenda	
1.0 Preliminary items.	
1.1 Committee Chair appointment for the year. The Corporation Board voted that Paul Gribbon would Chair the Audit and Risk Committee for the year post this meeting.	
1.2 Apologies for Absence. None	
1.3 Declarations of Interest. There were no other new declarations of interest other than those already standing <i>(in accordance with the requirements of section 177 of the Companies Act 2006)</i> .	
1.4 Urgent items of other business. There was notification of one confidential urgent item of business.	
2.0 Minutes of previous meeting.	

2.1 Minutes of the meeting held on 19th June 2023.

The Minutes of the meeting held on 19th June 2023 were **APPROVED** as an accurate reflection of the meeting with one amendment to reflect that the Terms of Reference were referred to Governance and Remuneration Committee.

2.2 Matters Arising.

There were no outstanding matters arising from the minutes that were not discussed elsewhere on the agenda.

It was noted a number of the matters arising need to be encompassed in the workplan.

3.0 Terms of Reference.

3.1 Committee to review Terms of Reference (ToRs).

To be reviewed at the next meeting alongside the workplan.

ACTION: PG Scrutton Bland asked that the ToRs refer to subcontracting in line with the Post 16 Audit Code of Practice.

4.0 Internal Audit- Scrutton Bland.

4.1 Subcontracting Standards.

The Committee noted this report which is fully compliant.

PG Scrutton Bland notes that SECG are the only College to have a clear subcontracting standards audit due to the work that took place in advance via a prior audit in this area. PG Scrutton Bland adds that this report is shared with the ESFA. PG Scrutton Bland thanks Jayne Sheehan, Vice Principal Innovation for taking on board all of the advisory points from the earlier audit to facilitate this clean audit.

AT asked if the same team undertook both of the audits? PG Scrutton Bland noted that some of the team were the same but this was not felt as a risk from a quality point of view.

RO asks for clarity that this covers all subcontracting including apprenticeships which PG Scrutton Bland confirmed it does.

DB asks if this is an annual requirement in the Audit calendar. PG Scrutton Bland notes that once this audit is clear the organisation only needs this every 3 years, unless SECG decide otherwise.

DB notes that subcontracting work has been expanded at SECG and asked that additional audits in this area are undertaken outside of the audit plan, once a year, as this is a high risk area. PGr agrees that this should be as a minimum bi-annual audit.

ACTION: Subcontracting Standards Audit to be completed in 2023-2024 in addition to the Audit plan.

4.2 Funding Assurance.

The Committee noted this report which is fully compliant.

PG Scrutton Bland notes that this was a very detailed audit, covering all funding elements and has come through clear and has some low risk recommendations. PG Scrutton Bland noted that it is rare that a College has so few and low risk audit recommendations. PG

Scrutton Bland notes that this Audit will form part of the Price Bailey finance sign off. PG Scrutton Bland thanks the MIS team for their support with this audit.

LE notes one of the recommendations was drawn up due to an error in a 1/25 sample, which is a small error rate, however the recommendation doesn't focus on trying to resolve the issue in a SMART way. PG Scrutton Bland responded that the one incident was a challenge to root out the cause of the issue.

AT echoes LE's concern that the recommendation doesn't quite address the issue.

The Committee felt that one of the recommendations needed to be SMARTER and more specific to give SECG direction to improve practices.

4.3 Risk Assurance Report- follow up of previous recommendations.

The Committee noted this report which gives reasonable progress.

PG Scrutton Bland details that 2021-2022 audit recommendations are reviews in this audit report of the 21 audit recommendations 10 have been fully concluded.

PG Scrutton Bland notes the standout risks are the estates management (which is in progress of being resolved) and the legionella survey risk. PG Scrutton Bland notes the not implemented audit recommendation is around the manual process for payroll and SECG is looking to be resolved in a long term solution with a new payroll system.

PG Scrutton Bland comments that the reasoning for the lack of conclusion on the audit recommendations is reasonable however for audit purposes Scrutton Bland couldn't conclude anything other than not implemented at the time.

SL notes from the audit report that there is no current annual review of existing cardholders and this agreements and asks if this is a cause for concern regarding fraud. DH responds that this was a cause for concern and GPC cards have been rationalised (26 down to 10) which a tighter controls process coming in from August 2023.

ZM echoes DH and adds that the PO process is being reviewed to ensure that there is value for money.

PG asks why the legionella survey date has moved to January 2024 and asked why there is this timeframe? DH notes that this is due to obtaining a final contractor and however SECG is compliant in this area.

LE asks for detail on the online anti-fraud, corruption and bribery training and the sampling process for audits. PG Scrutton Bland gives a technical response regarding the sampling process. DH gives a full response regarding the current and future online training detailing what is covered.

RA summarises that the three audits presented are positive but additional work needs to be done for subcontracting given the SECG increased subcontracting offer.

DB notes that the RAAC situation can be added to the risk register alongside some additional building material risks. DH confirms to the Committee that RAAC is not a risk for SECG.

ACTION: RAAC/Building materials to be added into the SECG Risk Register.

DH detailed that there are three additional reports that will come to the next Audit and Risk Committee (Income and Expenditure Forecasting, HR Recruitment and Curriculum Planning). **ACTION:** CB to add the Audits to Governor Hub as soon as they are available.

5.0 Corporate Risk Management

5.1 Risk appetite.

DH presents his report on risk appetite noting that this will feed into the development of a full risk register.

RO asked for timescales for the risk register- DH detailed that it will be available by the next meeting- the approach being taken to the Risk Register is bottom up, in addition to top down for the strategic risks.

PGr positively reflects on the Risk Appetite paper noting that the way it is broken down and defined is a good approach to explain the appetites against the different activities. DH adds that he wants to have a clear and structured approach to risk and accepting that some risk is required to ensure the strategic plan is deliverable.

LE felt that this is not a Risk Policy and felt that a policy, strategy and framework model would give more assurance. DB responds that this paper is not a risk policy or framework, the paper is a conversation starter. DB reflects that in the Colleges she has worked at they haven't had a Risk Policy but this is something that could be considered in the future to help to tidy up the risk process- this would need to be approved by the Corporation Board.

ACTION: SECG to review implementing a Risk Policy.

AT asks for the rationale around cyber security having a cautious approach opposed to minimalistic? DH responds that this is due to the ever developing nature of cyber security and its inherent risk that cannot be avoided however SECG has low residual risk due to having Cyber Essentials Plus.

LE thanks DH for his paper (reflecting positively on the reference to best practice), notes the positive steps forward in the risk conversation and how productive the conversation has been. RA echoes this sentiment.

6.0 Final Accounts Year End 31 July 2022.

The Committee reviewed and **APPROVED** the Financial Statements Year End 31 July 2022 as presented noting that these were not the final version.

DH notes the two outstanding issues pensions and historic accounting for the ProCat acquisitions which have impacted the balance sheet- the change in partner at Price Bailey has also added further delays as they have taken the opportunity to look more in-depth at the issues. DH notes the frustration surrounding the lack of progress on this matter concluding that SECG have been given no timescale for completion of this work.

7.0 Audit recommendations monitoring report.

The clarification of non-green assurance issues were noted.

The Committee asked about the assurances and action plans for the service level areas actively address the audit concerns. PGr Scrutton Bland noted that this was reviewed as part of the external audit process in the follow up reports.

ACTION: PGr asked that the date of the audit is added into the document- DH agrees to this action.

LE positively notes the improvement in this report.

LJ comments to PGr, that to align with the Risk Management Policy, if it was a good time to review insurance strategies across the organisation and whether this would be part of the work plan for Scrutton Bland. PG responds that if it was required it could be incorporated. LJ comments, especially as valuations of assets have changed in response to inflation and procurement and insurance are interlinked that it was important to review insurance strategies as part of an overall risk mitigation strategy as it seemed to have been overlooked within the overall change management structure since merger. PGr noted LJ's understanding that making good decisions on risk, resilience and insurance enables the governors to make better strategic decisions in ARC. DH responds that a summary of the organisation insurance policies will be drafted in time for the November meeting to formulate a strategy.

ACTION: DH to draft a summary on insurance policies across the organisation.

PG Scrutton Bland left the meeting at 19.06

8.0 Committee Evaluation.

The Committee had the following comments about the meeting:

- SL commented that she welcomed the framework for the Committee evaluation.
- RO asked that the evaluation takes place once the other attendees have left the meeting.
- PGr notes that this moment of reflection is important to move forward with. PGr positively reflected on the meeting noting that Chairing was positive and the meeting didn't feel at all rushed.
- AT echoed PGr's points adding that the responses to questions were good.
- LE asks how the framework could be used in a more structured way? LE reflected that this has been one of the best since she joined the committee and the reports were fantastic.
- SL detailed that this was effectively Chaired.
- RA notes the increased transparency between the officers and the Governors.

9.0 Urgent other business- item moved to CONFIDENTIAL.

ZH left the meeting at 19.15

10.0 Dates of future meetings.

28th November 2023 17:30- MS Teams
12th March 2024 18:00- MS Teams
18th June 2024- MS Teams

There being no further business the meeting ended at 19.40 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 19 September 2023				
3.1	ToR refer to subcontracting in line with the Post 16 Audit Code of Practice.	November 2023	LJ	
4.1	Subcontracting Standards Audit to be completed in 2023-2024 in addition to the Audit plan.		Scrutton Bland/DH	
4.3	RAAC/Building materials to be added into the SECG Risk Register.	November 2023	DH	
4.3	CB to add the Audits to Governor Hub as soon as they are available.	ASAP	CB/DH	
5.1	SECG to review implementing a Risk Policy.			
7.0	PG asked that the date of the audit is added into the Audit Recommendations Monitoring Report	November 2023	DH	
7.1	DH to draft a summary on insurance policies across the organisation.	November 2023	DH	

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.