

MINUTES

**Joint Policy & Resources and Audit & Risk Committee Meeting
held via Microsoft Teams
Tuesday 28 November 2023 at 18:00**

Date and timings:	18:00 to 20:38
Location	via Microsoft Teams
Present (PRC Governors):	Seye Awolusi (SA) Steve Collins (SC) Rick Olver (RO) Denise Brown (DB) CEO and Principal
Present (ARC Governors):	Paul Gribbon (Chair) (PGr) Roland Anderson (RA) Sue Leonard (SL) Aaron Thompson (AT)
Clerk to the Corporation	Lana Jackman
Minutes	Carrie Brown- College Group Clerking and Policy Officer
In attendance	Helena Wilkinson (HW) Price Bailey Paul Goddard (PG) Scrutton Bland Ansar Mahood (AM) SECG Vice Principal- MIS, IT and Marketing David Hughes (DH) SECG Chief Operating Officer
Apologies	Zed Mohammed (ZM) Linda Everard (LE) Lee Freeman (LF)

Quorum- meeting was quorate throughout

Item	Action lead
0.0 Agenda	
1.0 Preliminary items.	
1.1 Purpose of the meeting. PGr outlines the purpose of the meeting.	
1.2 Apologies for Absence. Zed Mohammed and Linda Everard.	
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 one item of urgent business notified in advance- 11.1 Audit and Risk Committee and Policy and Resources Committee Performance Measures.

POLICY & RESOURCES COMMITTEE SECTION

2.0 Minutes of previous meeting.

2.1 Minutes of the meeting held on 17 October 2023.

The Minutes of the meeting held on 17 October 2023 were **APPROVED** as an accurate reflection of the meeting.

2.2 Matters Arising.

RO asked that Performance Review compliance to be added to the agenda for the next meeting to see if the new process has improved compliance.

3.0 Finance matters.

3.1 Management accounts.

The Management accounts were **NOTED**.

DH presents the management accounts noting the worrying face value of the deficit (£1.2m on an income of £11.3) but this is due to timing issues of the funding drawn down, particularly for Advanced Learner Loans and the reporting of this is being reviewed to reflect this more fully. DH notes that ZM is forecasting from the quarter 1 accounts once he returns from Paternity Leave. DH notes that currently SECG is £200k adverse variance due to the slow start on the apprenticeships. DH adds that there has been additional costs for exams due to E&M retakes. DH notes the trading position for the first three months is poor but when the figures are fully reviewed the issues are less concerning, that said it will be a tight financial year to meet SECG's targets.

DH notes that pay negotiations are beginning with the Trade Unions however the living wage increase will impact the budget by £400k and staff savings will need to be found.

SC asks for a reforecast projecting the end position for the year- DH responds that the quarter 1 reforecast will do this.

SA asks how long the management accounts take to build? DH responds that the aim is to have these by day 11 but this is an area for improvement.

3.2 Financial Regulations.

The Financial Regulations were **APPROVED** including the financial delegations schedule with amendments regarding the use of petty cash.

DH presents the Financial Regulations noting that this has been followed up with training for budget holders and managers.

SA questions the financial delegations and why the CEO and COO can approve such small amounts- DH notes that this set of delegations covers all instances due to the special circumstances in SECG is currently in regarding finance and the approval of orders. DH adds that invoices for small amounts would not normally come to the CEO or COO, it would go through the normal finance functions as outlined.

SA questions the lines regarding petty cash- DH responds that petty cash is not utilised at SECG and this is a legacy line. DH offers to give reports on when petty cash is used and the amounts involved. AM notes that incoming cash is utilised in the enrolment process.

4.0 Other business.
None.

JOINT POLICY & RESOURCES COMMITTEE AND AUDIT & RISK COMMITTEE SECTION

5.0 Finance

2021-2022 Accounts.

5.1 Financial Statements and Regularity Auditor report.
Covered in 5.2.

5.2 Management Letter.

HW notes that management letter has not broadly changed since July (other than some additional points around supplier payment terms) therefore this will be followed up in due course. HW highlights the outstanding issues which are the pension asset ceiling reports, Anti-Money Laundering regulation documentation and some outstanding related parties forms.

SA asks for the root cause of the SECG HMRC fines. DH responds that this is due to the delay to the audits which has had an ongoing impact (draft accounts were filed with Companies House but the tax returns were unable to be filed as the SECG tax advisors will not do this until the accounts are signed off). DH details that the root cause is that SECG is now 18 months beyond the end of the July 22 period and the accounts are still not signed off. DH notes that RSM will deliver the tax returns within days of the audit being signed off. DH adds that the unpicking of accounts has given some accounting differences between those submitted at Companies House and the changes requested by Price Bailey for account sign off.

SA asks about the classification of the £8000 balance transfer. DH details the historic issues in the accounting processes from ProCat merger issue highlighting that this debt will now probably be extinguished as four years have now passed. DH notes the historic poor accounting practices which during this audit are being unpicked highlighting the improved accounting system that SECG currently has.

RA asked if there is an agreed plan to get this signed off and if this does impact on the ESFA income? DH details there is no impact on income at this stage, however this does need to be resolved by the end of December.

DB notes her frustration in the changing requirements from the auditors as the pension asset ceiling report may take some time to acquire. DB expresses her concern that further delay in the 21-22 accounts will create delay in the 22-23 accounts.

AT asks about the outstanding items and if these are new requests or historic? HE states that these were historic, but DH disagrees particularly regarding the pension asset statement. DH adds that most of the queries have been addressed and the auditors have tested and returned with more queries. DH notes that some of the queries have been responded to multiple times. DH continues that between December and May there was very little movement on this audit, however recently a lot of new queries have come through, particularly since the change in personnel at Price Bailey.

AT asks about the turnaround should all of the information be provided? HE responds that Price Bailey are very close to signing off. AT presses further for dates and turnaround times to

which it is agreed that the aim is to have this completed by 7th December before the manager overseeing the audit goes on Maternity Leave.

5.3 Letter of Representation (to include report and recommendations).

Deferred.

5.4 Draft Annual Report and Financial Statements.

ACTION: DH asks for detailed comments on this report to be forwarded to him directly within one week.

5.5 Regularity Audit Self-Assessment.

The Regularity Audit Self-Assessment was **NOTED** by the Committee.

DH highlights the point around the insurance claims for the fire at Stevenson Road which the insurance company have now agreed to pay the full costs from this.

5.6 Subsidiary draft audited accounts.

Deferred.

2022-2023 Accounts.

5.7 Draft annual report and accounts for July 2023.

HE highlights that work has begun on the 2022-2023 audit and this is progressing.

DH reflects positively on the 22-23 audit noting that the manager has been very helpful and the portal for submitting documentation is an improvement.

5.8 Update from the auditors.

Covered in 5.2.

AUDIT & RISK COMMITTEE SECTION

6.0 Private session with the auditors.

Management withdraw from the meeting.

HW notes that the 22-23 audit is going much smoother and generally progress has been much better.

HW adds that the speed of the documentation coming through has been much swifter. HW states that the South Essex Colleges Group Audit Manager- Sarah Richards- not working full time does cause some restriction.

PG Scrutton Bland gives very strong and positive feedback on ZM and DH's engagement in the audit process in terms of their understanding of how internal audit works, shaping the programme, preparation, input and organisation for audits adding that this is much improved.

PG Scrutton Bland notes the management process of having audit reports going through the SLT before coming to Audit and Risk Committee and this is a slight sticking point.

RA asks HW if it would be worth having a lessons learnt exercise to move forward in a more productive manner. HW notes that the historical issues have been unpicked and by its nature the 2022-23 accounts have been clearer.

Management rejoin the meeting.

7.0 Minutes of the previous meeting.

7.1 Minutes of the meeting 19 September 2023.

The Minutes of the meeting held on 19 September 2023 were **APPROVED** as an accurate reflection of the meeting.

7.2 Matters arising.

Draft summary of insurance policies is still outstanding- DH to provide a report in the near future.

8.0 Corporation Risk Management.

8.1 Risk register, assurance mapping, dartboard.

The Committee **NOTE** the risk register, assurance mapping and dartboard.

DH presents the report noting RAAC there is a small possibility that there is some at Luckyn Lane which is not in any danger. SECG is looking into the DfE funding for a more intrusive survey to review this.

AT notes his surprise that Cyber Security was a lower risk than Governance. DH reflects that this is due to the impact that Governance has on reputation and that the Department of Education will always sight Governance as the reason for an educational institution failing. DH notes that due to SECG having Cyber Essentials + accreditation this significantly decreases this risk as SECG is more secure than most other institutions.

AT would like to see a breakdown on the target risk of how that risk is made up in terms of likelihood and impact. **ACTION:** DH to provide this in future reports.

RO thanks DH for his clear risk register and report and asked where Governance will review this. DH notes that these should go to the Committees for those to review the risks relevant to their specific area. DH adds that the Curriculum and Quality Committee would look at the assurance that is coming through that the makeup of the risk.

SL asks about the Adult Institute and for more detail on this. DB responds that this will bring more organisational focus on the adult curriculum area, providing a comprehensive adult education strategy and delivery plan which will enable SECG to deliver to contract but also grow adult education in the future as more funding becomes available (particularly via the devolution deal).

PGr asks about the added value that the dartboard provides and asks if this is needed to move forward? RA feels that the snapshot that the dartboard provides is important- AT agreed with this point. RO echoed the need to have an top level easy view.

8.2 Risk Management Policy 22-23.

The Committee **APPROVE** the Risk Management Policy 22-23.

9.0 Internal Audit.

9.1 Risk and Assurance Annual Report 2022-23.

The Committee **NOTED** the Risk and Assurance Annual Report 2022-23 which gives Reasonable Assurance.

PG Scrutton Bland notes that this is only the second year that SECG has been able to have this Annual Report as the framework and number of audits is sufficient to allow this. PG Scrutton Bland thanked the management team for their support with these audits.

PGr echoed PG Scrutton Bland thanks and reflects positively on the SECG culture around the audit process.

9.2 HE Student Recruitment Final Report.

The Committee **NOTED** the HE Student Recruitment Report which gives Significant Assurance.

PG Scrutton Bland comments on this being a challenging area for all Colleges and SECG has exceeded its target.

PGr asks if the December deadline for the recruitment strategy would be achievable? DB felt the December date would be ambitious but end of January would be possible.

9.3 HR Recruitment Final Report.

The Committee **NOTED** the HR Recruitment Report which gives Significant Assurance.

PG Scrutton Bland noting that SECG is proactive and innovative in this area.

RA felt that the recruitment time for the process on 50 days is a longtime. DH responds that this is standard for the sector but this isn't good enough notwithstanding that is a challenge to get quality staff. DH details various plans and strategies that SECG is looking into to resolve this matter creatively.

AT asks about the parameters for Scrutton Bland to give strong assurance which PG Scrutton Bland notes that is rare that an auditor will give strong assurance.

SL notes that staff retention is also an issue for Colleges.

9.4 Curriculum Planning (Local Skills Network) Final Report.

The Committee **NOTED** the Curriculum Planning (Local Skills Network) Report which gives Significant Assurance.

PG Scrutton Bland reflected positively on the curriculum planning template. RO reflects positively on the information that Governors are receiving on the Curriculum Planning process.

9.5 Income and Expenditure Forecasting Final Report.

The Committee **NOTED** the Income and Expenditure Forecasting Report which gives Reasonable Assurance.

PG Scrutton Bland notes that the management has moved on from when the audit had taken place and the actions were being moved forward including additional meetings with budget holders etc. DH gives an update on the direction of travel on the audit actions noting the pace moving this forward and the rigor in this area.

9.6 SECG Outstanding Actions November 2023 update.

The Committee **NOTED** the SECG Outstanding Actions November 2023 update.

10.0 Annual Audit and Risk Committee Report.

The Committee **APPROVES** the Annual Audit and Risk Committee Report.

PGr notes that 5.3 that this paragraph seems historical and may need editing. **ACTION:** LJ to double check this paragraph with DB due to the reference to the work with the LSIP.

11.0 Any Other Business.

None.

11.1 Performance measures targets.

The Committee **NOTES** the report.

The Committee reflected on the 2021-22 accounts external audit process and the ongoing risk reputationally and business wise for SECG. The Committee reviewed the nature of the audit and the necessity of some of the requests and the additional costs of the audit due to these requests. The Committee discussed if a letter would be required to Price Bailey from the Committee detailing the concerns with the process and the protracted nature of this. The Committee agreed to review the situation post 7th December 2023.

12.0 Committee Evaluation.

PGr requested Committee Self Evaluation feedback via email; feedback on specific points would be coordinated by the chair of ARC and Clerk to the Corporation.

13.0 Dates of future meetings:

Policy and Resources Committee:

Tuesday 6 February 2024 18:00 MS Teams

Tuesday 19 March 2024 18:00 MS Teams

Tuesday 23 April 2024 18:00 MS Teams

Tuesday 4 June 2024 18:00 MS Teams- Budgeting Group

Tuesday 25 June 2024 18:00 MS Teams

Audit and Risk Committee:

Tuesday 12th March 2024 18:00 MS Teams

Tuesday 18th June 2024 18:00 MS Teams

There being no further business the meeting ended at 20:38 hrs.

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

Meeting of the Joint Policy & Resource and Audit & 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 28 November 2023				
5.4	Draft Annual Report and Financial Statements- DH asks for detailed comments on this report to be forwarded to him directly within one week.	5/12/23	ALL	
8.1	Risk register to ensure a breakdown on the target risk of how that risk is made up in terms on of likelihood and impact.	March	DH	
10.0	LJ to double check paragraph 5.3 with DB due to the reference to the work with the LSIP.	ASAP	LJ	DB emailed 29/11/23

