

**Minutes of the Audit and Risk Committee held on 6<sup>th</sup> December 2021 6pm  
Virtual meeting**

**MINUTES**

**Present**

Andy Jennings [Chair]  
Neil Hunter  
Tim Waller  
Nichola Harrison

**In attendance**

Stephen Jones, Deputy Principal  
Lee Glover, Haines Watt  
David Hoose, Mazars  
Tim Arthur (for item 3.2)  
Mark Robertson (for item 3.2)

**Clerk**

Emily Baldwin

1.1	Apologies for absence	<p>There were no apologies for absence.</p> <p>T Waller was welcomed to his first Audit and Risk Committee meeting.</p> <p>It was noted that the Deputy Chair and Principal would be attending the meeting to hear the findings of the external auditors (item 3.2).</p>
1.2	Declaration of Interests	<p>There were no declarations of interest.</p>
1.3	Minutes of the meeting held on 21 <sup>st</sup> September 2021 and matters arising	<p>The minutes were agreed to be a true record of the meeting.</p> <p>N Hunter asked for clarification on the number of people required to authorise BACs payments. While it was noted that the physical submission to the bank only required one individual, all bank runs needed to be approved internally by two separate authorisers. Although there was a technical risk in the physical submission, there was very low probability that this would occur and was in line with bank protocols. S Jones confirmed the College had insurance in place.</p>
2.1	College Risk register	<p>S Jones introduced his proposals to reduce and rationalise the risk register so that the College could improve its focus on key risks. Some of the current risks were a failure to control risks, rather than risks in themselves.</p> <p>Governors welcomed the proposal to reduce duplication and to simplify the register. There were currently too many risks which hindered Governors' ability to scrutinise the controls on the most pressing risk areas.</p> <p>Governors asked whether there should be a risk about effective internal communications; S Jones agreed to take this into consideration as part of his review as it could be part of a wider risk about staff satisfaction.</p>

		<p>Governors welcomed the new format which was less wordy, and included information on third party assurance. When actions had been completed, they could move to the controls column. Governors agreed it was a significant improvement on the previous format.</p> <p>Governors outlined some potential additions to the Risk Register:</p> <ul style="list-style-type: none"> <li>- inclusion of risk appetite</li> <li>- additional column setting out the impact of the risk occurring</li> <li>- key for the scoring system</li> <li>- arrows to show how impact and probability had moved over time (or possibly shown in a graphic)</li> </ul>
3.1	Matters that are confidential	<p><i>D Hoose joined the meeting.</i> <i>T Arthur joined the meeting.</i> <i>S Jones left the meeting.</i></p> <p>Governors were asked if there was anything confidential they wished to raise with the auditors. There were no issues.</p> <p>D Hoose, external auditor, confirmed that he had had no concerns with the audit and had received full cooperation from the College.</p> <p>L Glover, internal auditor, also confirmed that all internal audits had been carried out smoothly.</p>
3.2	Financial Statements 2020/21	<p><i>M Robertson joined the meeting.</i> <i>S Jones joined the meeting.</i></p> <p>The Audit Committee was asked to review the Financial Statements for Corporation approval. It was noted that an initial draft of the Statements had already been reviewed by the Finance &amp; Resources Committee on 22<sup>nd</sup> November 2021 and some minor textual and format changes had been made.</p> <p>The outcome for the year meant that the College retained an ESFA financial health grade of Requires Improvement as forecast in the financial plan submitted to the ESFA in July 2021.</p> <p>D Hoose introduced the Audit Completion report. He reported that the audit work was substantially complete and subject to the satisfactory conclusion of the remaining audit work, he anticipated recommended the signing of the financial statements with no qualifications. He had raised two low risk internal control recommendations, which had been agreed by management.</p> <p>Governors noted that the opinion on going concern was outstanding as work had not completed in this area. However, D Hoose did not anticipate any concerns in this area. D Hoose also intended to liaise with the auditors undertaking the ESFA audit which was ongoing.</p> <p>Governors noted that additional work had been carried out on student records this year, and that no issues had arisen.</p> <p>The report proposed two adjustments to the accounts where income grants have been netted off against expenditure. Management had agreed the</p>

		<p>changes and would make the adjustments in time for the final version to go to Corporation.</p> <p>Governors asked about the increase in debtor figures. S Jones agreed that he would look into the issue, but that it could be an issue of timing.</p> <p>It was noted that the contingent liability regarding iMET would be removed once agreement had been made on surrender of the building.</p> <p>Governors noted that Audit Committee attendance was a new requirement for inclusion in the Financial Statements.</p> <p>D Hoose agreed to correct two minor errors in the report before presenting to Corporation.</p> <p>E Baldwin introduced the regularity self-assessment questionnaire which was a requirement of the funding body and accompanies the Financial Statements. The questionnaire included additional questions on the College's approach to COVID-19.</p> <p><i>N Hunter left the meeting.</i></p> <p>Governors asked for their thanks to be conveyed to the Finance Team for their work on a clean audit.</p> <p>The Committee <b>recommended</b> the CRC Financial Accounts 2020/21 to Corporation for approval, subject to agreed adjustments and editing, and signing of the Regularity Audit Self-Assessment Questionnaire by the Chair of Corporation and the Principal.</p> <p><i>T Arthur, M Robertson and D Hoose left the meeting.</i></p>
4.1	Teachers' Pensions Audit YE 31 March 2021	<p>S Jones introduced the Teachers' Pension Audit for the year ending March 2021. Governors noted the Colleges' external auditors' no qualification opinion.</p> <p>It was agreed that the audit would only be presented to the Committee in the future if there were exceptions or errors.</p>
4.2	Audit and Risk Committee Annual report 2020/21	<p>E Baldwin introduced the Audit and Risk Committee's Annual Report 2020/21 which would be presented to Corporation at their meeting on 15th December 2021. It was also a requirement that a copy of the report be submitted to the funding body with the annual accounts.</p> <p>It was noted that the Audit and Risk Committee's Annual Report was supported by the Internal Auditor's Annual Report, which had provided assurance that CRC had adequate and effective risk management, governance and control processes in place.</p> <p>The Committee <b>approved</b> the Annual Audit Committee Report to Corporation.</p> <p>The Committee thanked the internal auditor L Glover for the support his team had given the Committee over the last year</p>

5.1	Internal audit - sub-contracting	<p>L Glover introduced the internal audit on sub-contracting. It was noted that the ESFA set the scope of the audit which was a requirement of all providers that subcontract more than £100,000 of their funded provision.</p> <p>The internal auditors had concluded that the College had suitable arrangements in place to materially comply with the funding bodies' subcontracting requirements. Given the scope of the work, an overall audit opinion was not provided. There were three recommendations which had been accepted. It was noted that due to COVID, in-person checks had not been possible. This was common in the sector.</p> <p>Governors asked the internal auditor how easy it had been to access the information required. L Glover confirmed that the audit had gone smoothly with all documentation provided as required. Governors agreed that it was an important area for the College and the College needed to ensure it had appropriate documentation and contracts in place.</p> <p>The Clerk agreed to send the Committee the annual sub-contracting report that was presented to F&amp;R Committee.</p> <p>The Committee <b><u>received</u></b> the report.</p>
5.2	Progress report on outstanding audit recommendations	<p>E Baldwin introduced the report on outstanding audit recommendations. The report now included RAG ratings to make the status of outstanding actions clearer.</p> <p>The Committee noted that a number of actions had been completed, but that the Clerk was awaiting evidence of completion of actions.</p> <p>S Jones said that he would be raising the issue of outstanding actions with the relevant managers as a number were now overdue. He would report back to the next meeting. The Audit Committee agreed that the deadlines should not be changed.</p> <p>A Jennings noted the internal audit recommendation around risks on succession planning and advised this be considered as part of the review of the Risk Register.</p> <p>The Committee <b><u>received</u></b> the report.</p>
5.3	Internal audit plan	<p>Governors noted the internal audit schedule for 2021/22.</p> <p>E Baldwin explained that the review of safeguarding would be undertaken by a specialist Ofsted consultant.</p> <p>S Jones proposed that the internal auditors undertake an audit of Student Records, but that the exact area be determined by the outcomes of the ESFA and LGA audits which were still in progress. A proposal would be brought to the next committee. The Committee agreed with that approach.</p> <p>The Committee noted the scopes for the internal audits that had been provided. E Baldwin agreed to re-circulate the scopes electronically prior to the audits taking place so that N Hunter's comments could be considered.</p>

<b>6.1</b>	Appointment of external audit services for 2021/22	<p>Mazars had been appointed as external auditors for a three-year period from 2019/2020, subject to being reappointed by the Audit and Risk Committee on an annual basis.</p> <p>The Committee discussed the performance of the auditors. S Jones confirmed that he had found the auditors accessible, pragmatic and professional. They also represented good value for money. The Committee agreed to recommend their reappointment for 2021/2022.</p>
<b>6.2</b>	FE Commissioner report	<p>S Jones introduced the paper on FE Commissioner recommendations.</p> <p>The FE Commissioner had undertaken a diagnostic assessment of the College in July 2021, and made 4 recommendations. The FE Commissioner would be returning in February 2022 to review progress. The Committee noted that recommendation 4 (bank confirmation) had been completed. Actions had been undertaken to progress the other three actions which would be completed before the February 2022 meeting. A special governor meeting would be held in January to review progress.</p>
<b>6.3</b>	Any other business	There was no other business
<b>6.4</b>	Self-Assessment of Governors' Performance	<p>In order to evaluate the meeting and identify any changes necessary to maintain the effectiveness of the Committee, the Chair asked how the meeting could be improved. Governors agreed it had been a useful meeting, and all members felt that they had had the opportunity to contribute.</p>

There was no other business and the meeting ended at 8:00pm.