



**THE CORPORATION OF THE SIXTH FORM COLLEGE, COLCHESTER**  
**Minutes of the Audit Committee Meeting No 69**  
**22 November 2022**

[Virtual Meeting held via Microsoft Teams]

**Chair:** S Codling

**Present:** M Sherer, J Owens

**In**

**Attendance:** T. O'Connor, Corporate Services Partner, Scrutton Bland LLP  
N. Goldsmith, Finance Manager  
G. Rayner, Assistant Principal  
I. Fraser, Assistant Principal

**Clerk:** T. Johnson

**69.1 Apologies for Absence**

Apologies were received and accepted from C. Goldsworthy and E Calderbank  
J Owens had previously given notice that he would need to leave the meeting at 3.30

**69.2 Confidential Meeting**

Immediately prior to the meeting, the confidential meeting between the audit committee and the auditor had been held.

**69.3 Appointment of Committee Chair and Vice Chair**

It was noted that since the appointment of M. Atherton as Chair of the Corporation, S. Codling has been Acting Chair of the Committee.

Due to the number of committee members present and therefore a lack of quoracy for the following items, it was agreed to seek absent members' confirmation of the following appointments via e-resolution

The appointment of S. Codling as Chair of the Audit Committee for a 2-year period commencing 23.11.2022.

M Sherer and J Owens confirmed their approval of the appointment.

The appointment of M. Sherer as Vice Chair of the Audit Committee for a 2-year period commencing 23.11.2022.

S Codling and J Owens confirmed their approval of the appointment.

*[Subsequent to the meeting the Clerk confirmed the above appointments on 23.11.2022]*

**69.4 Any Other Business**

Cyber Security: the Clerk reminded governors of the requirement to register their personal devices via the Moodle questionnaire.

## **69.5 Declarations of Interest**

None reported from the register and none declared at the meeting.

## **69.6 Determination of Confidential Items**

### **69.6.1** Committee self-assessment survey outcomes

A decision on whether the minutes recording the survey outcomes should be held as confidential, was made at the point of discussion.

### **69.6.2** Auditor meeting

The minutes pertaining to the confidential meeting between the auditors and committee members will be held in confidential files. [Confidential minute No.69]

## **69.7 Minutes of Meeting No. 68 held 12 May 2022**

The minutes were agreed as a true record of the meeting.

## **69.8 Matters Arising**

There were no matters arising from the minutes and no pre-meeting questions that had not been covered by the agenda.

*Due to the availability of the Assistant Principal (External Examinations and Risk) it was agreed to discuss agenda item 69.10 at this point*

## **69.9 Risk Management 2020-2021 and Board Assurance** [agenda item 69.10]

### **69.9.1** The Assistant Principal (External Examinations and Risk), shared on screen 2 documents Risk Register (RR) and Board Assurance Map (BAM) The Committee were satisfied that there were exceptional reasons preventing circulation prior to the meeting. [The documents were subsequently provided to members via email].

In response to a governor question, the Clerk confirmed that approval of the documents, including the BAM which summarises the most significant risks and any changes in the profile of these risks, is required. The Committee agreed that approval would be sought at the next meeting after members had been provided with sufficient time to consider and raise questions on the content.

The Assistant Principal reported that an updated version of the Disaster Recovery Strategy (DRS), including critical incident procedures and business continuity plans would be provided to committee members via the Clerk, and discussed at the next meeting. Due to the timescales for approving the Board's Annual Report and Financial Statements, encompassing risk management, the Clerk advised that an updated version should be shared prior to the next Corporation meeting

### **69.9.2** [Risk Register](#)

The Assistant Principal highlighted the key points aligned to the new format of the risk register including the five 'risk categories' [governance, management, academic, financial and human resources] and explained that the risks included in the Risk Register are those that could impact the ability of the College to achieve its strategic priorities. Each risk is 'owned' by a nominated individual (the go to person for discussing the specific risk, rather than the person with sole responsibility for it).

### 69.9.3 Board Assurance Map

The Assistant Principal introduced the Indicative Board Assurance Map (BAM) for 2022 to 2023 (incorporating action plan). The Chair outlined the importance of the BAM in terms of it being a significant source of assurance for the Committee, when considering how well risks are being managed by the College.

The Assistant Principal provided a verbal update on the significant and contingency risks (arising from scrutiny of the risk register and associated information). Committee members discussed those risks that may no longer require inclusion on the BAM, but would remain as a strategic risk on the register. This included the academic risk relating to '*the failure to develop and maintain appropriately accredited and funded programmes of study*'. This risk had a reduced net rating for the 2022 to 2023 year due to the risk of the defunding of some or all of the Applied General courses offered by the College not materialising and the 40 additional hours of funded tuition per student, providing an opportunity for those students previously undertaking three courses to pick up a fourth course or significant additionality.

### 69.9.4 Significant risks

Currently, one of the eight strategic risks, relating to business systems and IT, including the security of data, scores above the Corporation's risk appetite. Governors discussed the rationale for this, the number of targeted cyber- attacks on the sector, together with the potential cost and recovery time arising from such attacks makes this an area of higher risk to the College. It was noted that the risk relating to cyber security can be considered higher or lower depending on when in the college's annual calendar an attack occurred. A summary report on the JiSC review will be provided at the next meeting.

**Action: College**

The Assistant Principal highlighted the Cyber Essentials accreditation, and the requirement for staff and governors to register with the College, all personal devices used to access College systems. The Assistant Principal also reported that it is expected that, as a condition of funding for the 2023 -2024 year, the College will be required to have in place a tested Cyber Business Continuity Plan (BCP). This will likely require the appointment of external consultants to carry out the testing. The Chair of the Committee, advised the meeting that the Board would consider testing of the BCP to be fundamental, even if the future condition of funding is not realised.

In response to a governor question relating to the College cyber security insurance and in particular what exclusions may be in place. The Finance Manager provided a verbal overview, drawing attention to the exclusion of intangible costs. The Assistant Principal informed the committee that insurance companies do not let institutions restart online operations unless they are completely satisfied that response and recovery are complete.

The Committee were satisfied that controls have been put in place and the situation is being closely monitored.

### 69.9.5 Contingent risks

The Committee discussed the remaining seven contingent risks relating to:

- failure to plan for loss of key staff/unplanned loss of key staff and the failure to ensure effective communication lines and lines of responsibility
- inability to recruit staff of the required experience and expertise and the failure to deploy staff effectively and efficiently

- receipt of inadequate government funding
- issues arising from adverse local, regional or national publicity
- failure to provide adequate student support
- failure to oversee the College's strategic direction
- failure to achieve planned student numbers or to adequately manage student numbers and to provide appropriate provision and accommodation for increased student numbers

The Assistant Principal highlighted the following:

**Adverse local, regional or national publicity:** an incident involving a student had required emergency services to be present on site. The incident was self-contained and there was no risk to students or staff however, the incident was reported in the media. The College has identified that the introduction of student ID/lanyards would be a positive security.

**Failure to plan for loss of key staff/unplanned loss of key staff:** an MIS technician post has been added to the staffing structure. The post holder will support the Assistant Principal MIS and Data.

Members agreed that the contingent risks were being mitigated to an acceptable level.

- 69.9.5 The Committee agreed that the aim of refocussing the risk register and board assurance map, to ensure strategic risks are clearly identified, facilitating focussed and robust strategic discussions on the risks that may pose a threat to the achievement of the strategic priorities, had been achieved.

The Committee thanked the Assistant Principal for his work on the documentation.

- 69.9.6 Members were asked to provide comment to the Assistant Principal (cc to the Clerk) on the emailed copies of the documents (responses required by 24.11.2022, in order to allow sufficient time for the documents to be finalised for presentation to the Corporation in December).

**Action: Committee Members**

## **69.10 Risk Management**

See minute No.69.9

## **69.10 Audit Committee's Annual Report**

The Chair introduced the Committee's draft annual report.

The Clerk emphasised that the purpose of the report is to summarise the Committee's activities during the year, providing independent assurance to the Corporation that its financial and non-financial controls and risk management procedures are effective thereby informing the Corporation's Annual Report and Financial Statements. Members were reminded that a statement from the Committee is published within the narrative of the Annual Report, provided to the ESFA and published on the website.

Members considered agenda item 69.13. Managers annual report on internal control systems 2021-2022. The Clerk informed the meeting that the confirmation statements had been expanded to cover confirmation of compliance.

Discussions were held on whether the Committee wished to recommend to the Board the engagement of internal audit for considered pieces of work.

Members considered the Auditor's comments regarding the benefits of external scrutiny on particular areas agreed that there were no immediate priorities that required audit at this time. The Clerk reported that the Chair's discussions with providers may result in a bringing forward an external review of governance to the late summer/early autumn 2023 period.

The **Audit Committee's annual report**, including the statement to be included in the Corporation's annual report and financial statements, **was unanimously approved**.

J Owens confirmed receipt and consideration of the Letter of Representation and the Annual Report and Financial Statements and asked the Committee to note that he had no questions or amendments.

*15.39 J Owens left the meeting.*

The Clerk declared the meeting inquorate.

The Chair of the Committee closed the meeting at 15.40

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*These minutes were confirmed as a true record on 08.03.2023 Minute No.70.5*

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**Notes of the working party meeting  
Following Audit Committee Meeting No. 69 held 22 November 2022**

S. Codling, Corporation member  
M. Sherer, Corporation member  
T. Johnson, Clerk to the Corporation  
N. Goldsmith, Finance Manager  
G. Rayner, Assistant Principal  
I. Fraser, Assistant Principal  
T. O'Connor, Corporate Services Partner, Scrutton Bland LLP

The Working party meeting had been convened for the purposes of discussing the following agenda items remaining after Audit Committee No.69 had been declared inquorate.

69.9 External Auditors Final Findings Report  
69.12 Corporation's Annual Report and Financial Statements  
69.13 Audit Committee self-assessment review

**External Auditor Report to the Audit Committee**

The Clerk advised those present that the Auditor will attend the December 2022 Corporation meeting to present the Auditor's report to the full Corporation.

T. O'Connor ('the Auditor') reported that unqualified opinions will be given on the Financial Statements i.e. an audit opinion of the financial statements (accounts) and an accountant's report on regularity.

Matters arising from the Auditor's Report:

The financial statements audit and assurance work on regularity were carried out in accordance with the audit plan agreed by the Committee.

Two adjustments were made to the Financial Statements arising from the audit: An adjustment of £37,500 to increase the accrual made in respect of employee leave entitlements and an adjustment to reduce the pension scheme asset and other comprehensive income by £1,084,000.

**Accounting adjustment to reduce the pension scheme asset:** actuarial calculations on the Essex Pension Fund had resulted in the prior liability (deficit of £5,341,000) moving to an asset position of £1,084,000. Based on the current information it is not certain whether the College would be able to recover the surplus and therefore, under FRS 102(28.22), the asset is not recognised on the balance sheet.

**Management override of controls:** as described in the audit plan, particular attention was paid to these areas during the course of the audit. The audit confirmed that no issues needed to be brought to the attention of the Committee.

**Going concern:** the forecasts for the year ending 31 July 2023 do not indicate that the College will face any significant cash flow issues in 2022/23.

Despite the various inflationary pressures throughout the UK and wider global economy, the College is forecasting an operating surplus for the 2022 to 2023 year. Although the long-term impact of increased teachers' pensions contributions and teachers' pay awards is not yet known, the Auditor confirmed that due to a healthy balance sheet and strong cash position the Corporation's going concern assessment is not impacted (in the short-term).

**General fraud risk in the sector,** the Auditor highlighted that frauds seen across the sector are becoming increasingly sophisticated and therefore ongoing vigilance in this area is required.

**Procedural recommendations: disposals from fixed assets**

The financial statements showed a number of disposals were made from fixed assets which related to equipment that had become obsolete during the year ended 30 July 2021. The Auditor recommend that regular reviews are undertaken to ensure that the fixed asset register is kept up to date and in line with the IT asset register.

## **Letter of Representation**

There were no questions raised or amendments requested.

**Action: Clerk**

## **Annual Report and Financial Statements [Accounts] for 2021 to 2022**

**KPIs and related targets:** the rationale for setting targets below the FEC benchmarks were discussed. It was agreed that an explanation, contextualising the target set for the operating surplus/sector EBITDA as % of income, which is lower than the April 2022 FEC

benchmark for a rating of 'Good' would be added to the report. It was noted that the board reviews this target on a regular basis and, on the basis that the College has significant reserves and no borrowing, is comfortable with this measure. why the Corporation are comfortable with the debt, would be added to the Annual Report.

The **letter of representation** and **Annual Report and Financial Statements** will be presented to the Corporation for approval.

*Action: Clerk*

### **Internal Controls [see also minute No.69]**

The Finance Manager informed the meeting that the current accounting system will be reviewed with a view to replacement in the 2024 year.

### **Committee self-assessment**

[Outcomes of the self-assessment questionnaire](#): the outcomes of the committee's self-assessment questionnaire, circulated and completed by members in advance of the meeting were discussed. Committee performance over the year was judged to be outstanding.

The Chair of the Audit Committee closed the working group meeting ended at 16.11.