Minutes of a Joint Meeting of the AUDIT & RISK COMMITTEE

held on Wednesday 17th June 2026, 4.00pm -6.15pm Online Via Teams

21/26 APOLOGIES AND WELCOME
The Chair welcomed the new Principal, Chief Operating Officer and Deputy CEO, Director of Finance and Resources, and Mr Garry Smith, Co-opted Member to their first Audit & Risk Committee meeting in their respective new roles. Members were invited to introduce themselves.

There were no apologies.

22/26 DISCUSSION WITH AUDITORS (WITHOUT MANAGEMENT PRESENT)
This was not required.

23/26 DECLARATIONS OF INTEREST
There were no declarations of interest.

24/26 APPROVAL OF THE NON-CONFIDENTIAL MINUTES OF THE MEETING HELD 25 FEBRUARY 2026
The non-confidential minutes of the meeting held 25 February 2026 were approved as a true record.

25/26 APPROVAL OF THE CONFIDENTAIL MINUTES OF THE MEETING HELD 25 FEBRUARY 2026
The confidential minutes of the meeting held 25 February 2026 were approved as a true record.

26/26 MATTERS ARISING FROM THE MEETING OF 25 FEBRUARY 2026
The Director of Governance reported on Matters Arising. Actions were complete or to be actioned as detailed in the report. The Interim Director of Finance reported on an outstanding item in relation to a query raised at Committee regarding a rationale for not undertaking a formal tendering process in relation to Microsoft licensing and cybersecurity supplier. The Interim Director of Finance reported that Microsoft licensing was obtained through Jisc, a non-profit organisation that provides digital infrastructure services to the further and higher education sectors. The Interim Director of Finance confirmed the College's network partner was accepted by the Department for Education (DfE) to provide services for the Transformation Fund project. He enquired whether this provided sufficient assurance to the Committee. The Chair confirmed assurance but stated that it would have been preferable to have this information included in the original written report (Annual Review of Contracts). A full written response would be added to the Matters Arising report.

The Committee were ASSURED on the monitoring of actions and Matters Arising to June 2026.

27/26 DELAMITE LTD
The Committee received an update on the work of the Delamite Ltd Task and Finish Group. The Chair outlined the background to the paper and the long-term ten-year strategy being developed for the subsidiary. It was noted that the paper had been prepared in response to earlier discussions regarding the importance of retaining corporate knowledge throughout the process, particularly given that current non-executive members would not necessarily be involved over the full duration of the strategy.

The Chair reported that the work of the Task and Finish Group was progressing well overall. However, some difficulties had been encountered in relation to legal advice on indemnity matters received from Eversheds Sutherland.

A Member referred to the section of the report concerning VAT and sought clarification regarding confirmation that VAT-related payments would be payable, asking whether these represented a significant financial liability. The Chair advised that VAT matters had been discussed previously and highlighted the reference to VAT recovery within the paper.

Members commented on the value of the *Further Education Emerging Issues* report by RSM UK Audit LLP in identifying key areas of concern. It was noted that a request had been made for a concise report on VAT matters affecting the College more generally. The Committee agreed that a short paper should be brought to the next meeting summarising the College's VAT position, current issues, and any implications arising from recent developments.

The Chair commented that, despite being a Chartered Accountant specialising in taxation, she found aspects of the Colchester VAT case difficult to interpret and would welcome an up-to-date briefing paper for consideration at the next meeting.

28/26 GDPR REPORT

The Head of Information Technology (IT) and Learning Resources Centre (LRC) joined the meeting and presented the GDPR (General Data Protection Regulation) Report. In response to a query regarding the reporting cycle, he clarified the arrangements for termly reporting where breaches had occurred.

The Head of IT and LRC reported that two minor data breaches and one potentially serious incident had occurred. The most significant incident related to a worldwide data breach affecting a virtual learning environment (VLE) supplier, which had been subject to a ransomware demand. The College monitored developments closely over several days. The data involved included names, email addresses and student identification numbers. He advised that some other organisations held significantly greater volumes of information within the affected cloud environment. The supplier subsequently reached an agreement with those responsible and provided assurance that the compromised data had been destroyed.

A further incident concerned a member of staff using an AI note-taking application to record meetings. The issue only came to light several weeks after the event and raised concerns regarding the potential processing of sensitive personal and educational information.

Members noted that two of the reported breaches had arisen through external providers. The Head of IT and LRC commented that, over the past five years, the College had significantly increased its use of cloud-based services and that this inevitably introduced additional risks which required ongoing management.

The Chair asked whether the Head of IT and LRC was a member of the College's risk management group. He confirmed involvement in the maintenance and review of risk documentation but advised that he was not a member of the risk panel itself. The Chair suggested that the risks associated with cloud software providers should be reviewed and, where appropriate, explicitly reflected within the College's Risk Register to ensure that controls and mitigations were adequately captured. This was supported by the Committee.

The Committee thanked the Head of IT and LRC for the update and acknowledged that the incidents appeared to have been managed appropriately. The Chair asked whether any communications had been issued to reassure students following the supplier breach. The Head of IT and LRC confirmed that, once the information had entered the public domain, reassurance messages had been issued to students through Canvas and published on the College homepage.

The Co-opted Member asked what processes would be followed should the College itself become the target of a ransomware attack and whether the payment of a ransom would be considered. The Head of IT and LRC advised that there were two principal response routes. Firstly, support would be sought from the Jisc security

team, which monitors cyber threats and provides specialist digital and cybersecurity assistance to the sector. Secondly, the College's cyber insurance arrangements would be activated. He added that, in the event of a serious incident, law enforcement agencies would also become involved.

The Committee NOTED the report for ALERT to Corporation.

29/26 FOI/SAR REPORT
The Committee received the report on Freedom of Information (FOI) and Subject Access Requests (SARs).

The Head of IT and LRC reported that activity had been relatively low, with no FOI requests received. Two SAR had been processed during the reporting period.

The first request was submitted by a student through solicitors seeking access to records in connection with legal proceedings involving another organisation. The second request related to a former student who had withdrawn from the College and was involved in a dispute regarding fees.

Members noted the limited number of requests received and the absence of any significant concerns arising from the cases reported.

The Chair commented that the level of activity represented a relatively low-level issue for the College and thanked the Head of IT and LRC for the update.

The Committee NOTED the report for ALERT to Corporation.

The Head of IT and LRC left the meeting.

With the permission of the Chair the agenda was taken out of order.

30/26 EXTERNAL AUDIT STRATEGY MEMORANDUM 2025/26
The Committee received and considered the External Audit Strategy Memorandum for 2025/26.

Ms Frances Millar, RSM UK Audit LLP, presented the External Audit Strategy Memorandum 2025/25. She advised that there had been no significant changes to auditing standards or the scope of the audit compared with previous years. The materiality level remained consistent with prior years and continued to be benchmarked against annual expenditure. The audit would provide an opinion on the financial statements of both the College and Delamite Ltd.

Members noted the proposed audit timetable, which had been developed by working back from the College's statutory deadlines to ensure sufficient preparation time for management and the audit team.

The Committee's attention was drawn to the key audit risks, which had been categorised as either significant or higher risks. Whilst a number of these were standard audit risks, members noted that pension liabilities continued to be an area of focus across the further education (FE) sector, notwithstanding the College's relatively healthy cash position. Members also noted the impact of reclassification to the public sector and the need to ensure compliance with requirements relating to non-commercial transactions.

The Committee noted the section of the report relating to audit fees and the declaration of independence provided by both the audit partner and RSM UK Audit LLP.

Members also considered the *Further Education Emerging Issues* paper circulated alongside the Memorandum. Key developments highlighted included proposed changes to the Further and Higher Education Statement of Recommended Practice (FE SORP) and developments relating to funding assurance. The Chair requested a briefing on the potential implications of the FE SORP changes for the College, suggesting this could

be incorporated into the Joint Audit and Risk Committee and Finance and Resources Committee meeting in November.

Referring to the section on subcontracting, members sought assurance that the College was compliant with current requirements. The Chief Operating Officer and Deputy CEO advised that the Office for Students' (OfS) new condition of registration relating to subcontracting was not considered applicable to the College's current franchised provision. Ms Millar noted that applicability would depend on the delivery arrangements and whether provision was delivered directly through OfS-registered provision.

Members welcomed the wider regulatory intelligence contained within the *Emerging Issues* paper. A Member emphasised the importance of ensuring that relevant matters were identified and referred to the appropriate committees for oversight. The Chair proposed that the *Emerging Issues* paper should be circulated to all governors. It was further suggested that the SLT should draw attention to any material emerging issues through the Principal's Report where Committee consideration was required.

In discussing artificial intelligence (AI), the Co-opted Member asked whether increased use of AI by the College could influence future audit approaches and potentially reduce audit time. Ms Millar advised that AI was becoming an important area of discussion within the profession and could support the identification of unusual transactions and areas of risk. However, AI could not replace professional judgement, which would remain a fundamental component of the audit process.

The Committee:

- NOTED *Further Education Emerging Issues* for ALERT to Corporation; and
- APPROVED the External Audit Strategy Memorandum 2025/26.

With the permission of the Chair the agenda was taken out of order.

31/26 PID/WHISTLEBLOWING ANNUAL REPORT AND POLICY

The Committee considered the Annual Public Interest Disclosure (PID) (Whistleblowing) Report and revised Policy.

Prior to consideration of the report, members discussed which committee should have oversight of whistleblowing matters. A Member noted that, as a people-related matter, the report could be considered by the Finance and Resources Committee. The Chair considered that whistleblowing more appropriately fell within the remit of Audit and Risk Committee due to its links with risk management, compliance and regulatory matters. It was agreed that the matter would be considered further as part of business cycle planning discussions.

The Head of HR (Human Resources, People and Culture) presented the report and advised that the Policy had been reviewed and updated to reflect current practices. During the reporting period, one whistleblowing concern had been raised. The concern was found to be unsubstantiated.

Members were advised that the Policy had been strengthened to align with ACAS (Advisory, Conciliation and Arbitration Service) guidance and *Keeping Children Safe in Education* (KCSIE) requirements. Amendments also clarified the distinction between matters that constituted a PID and those that did not.

In discussion, members commented that a tracked-changes version of the Policy would have assisted scrutiny by making amendments easier to identify. Members also sought assurance regarding ongoing monitoring arrangements. A Member queried whether any additional monitoring actions were required from the Committee. The Head of HR (People and Culture) confirmed that she was satisfied with the monitoring arrangements in place and noted that whistleblowing matters were also reported through to the Senior Leadership Team (SLT).

The Committee:

- NOTED the report for ALERT to Corporation; and
- RECOMMENDED the PID/ Whistleblowing Policy and Procedure for APPROVAL by Corporation.

32/26 AUDIT ISSUES LOG

The Committee received and considered the Audit Issues Log.

The Chief Operating Officer and Deputy CEO presented the report and highlighted that one recommendation remained rated red with a target completion date of September 2026. This recommendation related to the implementation of *Century*. Members were advised that a comprehensive implementation plan was now in place involving the Head of Teaching, Learning and Quality, the Head of Management Information Systems and Exams, and other relevant managers. The plan included embedding *Century* within the enrolment and induction process. Significant investment had recently been made to support successful implementation, and a clear delivery plan was now in place. It was anticipated that this recommendation would be completed and removed from the Audit Issues Log for consideration at the next meeting.

Members noted that one recommendation remained rated orange. This related to the development of talent management and stakeholder succession planning protocols. The matter was currently under consideration by SLT and was expected to be completed before the next Committee meeting.

Three recommendations were rated yellow. These arose from the recent Anti-Fraud audit and reflected revised completion dates following the implementation of the new Anti-Fraud Policy and related actions.

In discussion, the Chair noted that some target dates had been revised and sought clarification regarding the process for agreeing extensions. The Chief Operating Officer and Deputy CEO advised that management responses were issued to the relevant managers, who assessed the actions in the context of operational priorities, workload and implementation planning before proposing revised completion dates. The Chair stressed the importance of appropriate oversight and challenge to ensure that revised target dates were justified and did not result in actions being repeatedly deferred without sufficient progress.

Members welcomed the progress being made against the outstanding recommendations. A Member commended the work undertaken to progress the *Century* implementation and noted the importance of maintaining momentum to secure completion of the remaining actions.

The Committee noted the update and the progress made in reducing the number of outstanding audit recommendations.

The Committee NOTED the report for ASSURANCE to Corporation.

33/26 RISK REGISTER

The Committee received and considered the latest Risk Register.

The Director of Finance and Resources presented the report. Members noted that risk 1.5 had been removed following the closure of the hydrotherapy pool and that risk 2.6 (Failure to provide a relevant, innovative adult skills offer) had increased due to devolution. The Committee further noted that risks 1.3 (Inadequate student performance in English and maths), risk 2.6 (above) and 2.8 (Failure to recruit sufficient apprenticeship provision) remained outside the College's agreed tolerance levels.

During consideration of the report, the Chair queried an apparent discrepancy between the summary report and the risk heat map. The Chair noted that four risks were shown as having a score of 16 on the heat map, whereas only three risks appeared in the summary of risks outside tolerance. The Director of Finance and Resources explained that the report differentiated between risks based on agreed tolerance levels rather than solely on risk scores. As a result, some risks with a score of 16 remained within their approved tolerance levels

and therefore did not appear within the summary of risks outside tolerance. Members noted that the risk relating to digital disruption remained a significant risk with a score of 16 but was reported in accordance with its individual tolerance threshold.

The Committee discussed the broader approach to risk management and governance. A Member expressed concern that the Corporation was behind best practice in its approach to risk management and suggested that a formal Risk Appetite Statement should be developed. Members heard that many organisations distinguished between risk appetite and risk tolerance, with a Risk Appetite Statement providing a framework through which boards could identify not only risks to be minimised but also those opportunities and risks that an organisation was willing to embrace in pursuit of its strategic objectives.

The Member suggested that a workshop involving the full Corporation would help secure broad engagement and ownership of the College's approach to risk appetite. The Director of Finance and Resources advised that he had already begun discussions regarding the development of the risk framework and welcomed the opportunity to draw upon the Member's experience. Whilst recognising the value of broader governor engagement, he considered that an initial review involving a smaller group could be undertaken before proposals were brought to the Corporation for approval.

The Chair acknowledged the merits of both approaches and sought views on whether further discussion could be incorporated into the forthcoming Strategy Day. Members noted that the Risk Register had evolved significantly over time and that the College had established effective arrangements for identifying, assessing and challenging risks. However, there was support for further developing the framework to incorporate a clearer articulation of risk appetite.

The Principal agreed that the College had strong processes for identifying and scrutinising risk but supported further work to strengthen the overall framework where governors considered this beneficial.

It was agreed that further work on the development of a College Risk Appetite Statement could be undertaken, and risk incorporated into the forthcoming Strategy Day programme.

The Committee NOTED the report for ASSURANCE and ALERT to Corporation.

The agenda returned to order.

34/26 INTERNAL AUDIT NEEDS ASSESSMENT AND ANNUAL PLAN 2026/27

The Committee received and considered the Internal Audit Needs Assessment and Draft Internal Audit Plan 2026/27.

Mr Paul Goddard, Scrutton Bland, joined the meeting and thanked members for accommodating his later arrival. He outlined the approach taken to identifying the College's internal audit needs, which had involved discussions with both the new and former Principal, a review of the Risk Register, mapping proposed audit activity against key risks, and updating the audit universe. Previous audit plans and assurance activity had also been considered as part of the planning process.

Members were reminded of the assurance responsibilities of the Audit and Risk Committee, including providing assurance in relation to governance, risk management, internal control arrangements and the safeguarding of assets.

The Committee noted the proposed areas of focus within the draft internal audit plan, which included IT infrastructure and cyber security, business continuity, student experience and satisfaction, apprenticeship progress monitoring, cash flow monitoring, and follow-up reviews of previous audit recommendations. Mr Goddard emphasised that the plan remained in draft form and welcomed Committee feedback before it was finalised.

The Chair noted the cyber security risks discussed earlier in the meeting and welcomed the inclusion of an audit in this area, recognising the value of obtaining independent assurance on a significant risk area.

A Member observed that staff performance and sickness absence management did not appear within the proposed plan. He reminded members that the College had received Limited assurance in this area during 2023/24 and noted that concerns regarding long-term sickness absence had recently been discussed by the Corporation. He questioned whether it was appropriate to defer further assurance work.

In response, Mr Goddard sought management's views. The Chief Operating Officer and Deputy CEO advised that a recent report to the Finance and Resources Committee had indicated that sickness absence levels were stabilising, although there remained a small number of long-term cases. Given the limited number of audit days available, management considered that the proposed audits represented the highest priorities for the current year. The Chair asked whether the area could be included within the 2027/28 audit cycle and requested that this be reflected in future planning.

The Member reiterated that the Committee should remain mindful of areas where Limited assurance had previously been received. Whilst recognising the progress reported by management, he considered that further independent assurance could provide valuable confirmation of the effectiveness of actions taken. Mr Goddard advised that a targeted health-check review, rather than a full audit, could be considered in a future year. The Chair noted that recommendations from previous audits remained subject to monitoring through the Audit Issues Log until formally completed and closed.

Post meeting note: it was subsequently clarified that whilst referred to as HR - Staff Performance and Sickness Management in the Scrutton Bland Plan, the audit (carried out by the previous internal auditors Southern Internal Audit Partnership) was in fact on Performance Management only.

The Co-opted Member queried how the Committee obtained assurance beyond the limited number of internal audits completed each year. Members noted that additional assurance was received through external audit work, annual reports received by the Committee, self-assessment processes and other governance mechanisms. The Director of Governance highlighted the role of the Regularity Self-Assessment Questionnaire and assessment against the FE Code of Good Governance as further sources of assurance.

The Co-opted Member welcomed the proposed plan and enquired how employer feedback would be reflected within the apprenticeship audit. Mr Goddard confirmed that employer involvement would form part of the audit review process.

Members also discussed the risks associated with adult skills provision. A Member queried whether the identified risk was linked solely to devolution. The Principal advised that the risk arose from both the ongoing impact of devolution and wider funding changes, including *Free Courses for Jobs* provision and the potential for significant shifts in curriculum delivery. LW added that a business case had been submitted to strengthen the College's *Free Courses for Jobs* allocation and that the outcome was awaited.

The Committee considered the proposed three-year audit plan set out in the appendix. The Co-opted Member noted that the document referred to a four-year audit plan, whereas only three years were shown. Mr Goddard confirmed that this was a drafting error and that the plan was intended to cover a three-year period. He also advised that the Committee could propose additional audit activity during the year should emerging risks arise.

The Chair further noted that previous versions of the plan had included a consolidated view of audit coverage across multiple years and suggested that such a summary would assist the Committee in reviewing future plans. The Chair noted that payroll had received Reasonable assurance in 2023/24 and sought assurance that

outsourced payroll had not been deemed lower risk. Mr Goddard agreed that payroll was an area that would be appropriate to revisit in a future audit cycle.

The Committee APPROVED the Internal Audit Needs Assessment and Annual Plan 2026/27 subject to amendment referencing the areas highlighted in discussion.

35/26 INTERNAL AUDIT VISITS 2 AND 3

The Committee received the Internal Audit Progress Report and noted the audit work completed to date.

The Chair noted that a number of final audit reports had not yet been circulated. Mr Goddard advised that he would provide a summary of the audit outcomes and confirmed that the final reports would be shared following the meeting and included on the agenda for the next Committee meeting.

He reported that the Subcontracting audit would be undertaken at the end of the academic year and the resulting report would be presented to the first Committee meeting of the new academic year.

Members were advised that the Income and Debtors audit had resulted in a Substantial assurance opinion. The audit identified a low-risk recommendation relating to the segregation of duties associated with bank reconciliations, with auditors seeking evidence that more than one individual was involved in the process. A further low-risk recommendation related to a credit note transaction where supporting evidence was not readily available. Management had accepted both recommendations.

The audit had also reviewed the College's credit control arrangements and identified opportunities to improve the clarity of credit control policy. Members heard that debt recovery activity had not consistently aligned with the timescales set out within the policy. It was noted that a vacancy within the Finance team had impacted the College's capacity to undertake timely debt-chasing activity.

The Chair welcomed the positive assurance outcome but emphasised the importance of receiving the full audit reports to enable detailed scrutiny of the findings and recommendations. The Chair thanked Mr Goddard for his attendance and the update provided, noting that the Committee looked forward to reviewing the completed reports at its next meeting.

The Committee NOTED the report for ASSURANCE and ALERT to Corporation.

36/26 ANNUAL REVIEW OF COMMITTEE EFFECTIVENESS

The Director of Governance introduced the Annual Review of Committee Effectiveness. The Committee considered the report and agreed that items RAG rated as amber should be marked green. The Committee agreed that a focus on recruitment of members should be emphasised.

The Committee CONSIDERED the Annual Review of Committee Effectiveness and RECOMMENDED it for APPROVAL by Corporation subject to the amendments requested.

37/26 ANNUAL REVIEW OF COMMITTEE TOR

The Director of Governance introduced the Annual Review of Committee Terms of Reference (ToR). The Chair enquired regarding the background to the ToR and the Director of Governance explained that the current form was adopted following the governance restructure in 2024/25 and had been reviewed annually since. Template ToR had been provided by the reviewer, Governance4FE. Mr Goddard commented that he came across many ToR and he considered these to be a good set which complied with DfE guidance.

The Director of Governance drew attention to the one amendment recommended which was to Co-opted Member terms to ensure alignment with the Instrument and Articles of Government and the Standing Orders for the Conduct of Corporation Business.

The Committee CONSIDERED the Annual Review of Committee Terms of Reference and RECOMMENDED it for APPROVAL by Corporation.

38/26 DRAFT 3AS REPORT TO JULY CORPORATION

The Director of Governance explained that this would form the Committee's report to Corporation of those items that the Committee wished to alert Corporation to, assure Corporation on, and recommend for approval or action. The report would be drafted in consultation with the Chair and circulated to Members for comment and approval prior to inclusion in the board pack.

39/26 SELF-REVIEW OF MEETING

The Committee undertook a self-review of the effectiveness of the meeting.

The Chair invited members to reflect on whether the meeting had been appropriately strategic and objective in its focus.

A Member noted that, despite recent changes in personnel, the Committee had continued to operate effectively and had been well supported throughout the transition. The Chair agreed and acknowledged the support provided by SLT.

The Chair invited the Co-opted Member, as a relatively new member of the Committee, to provide an external perspective on the meeting. The Co-opted Member commented that the meeting had been well chaired, that members had raised constructive and challenging questions, and that all participants had contributed positively to discussions. He further observed that both governors and presenting officers had articulated their points clearly and effectively and considered the meeting to have been successful and effective.

The Chair invited staff in attendance to comment on whether they shared that assessment. The Principal agreed, noting that the meeting had benefited from strong questioning by members, constructive discussion and effective chairing throughout.

The Committee concluded that the meeting had been effective in providing appropriate challenge, scrutiny and strategic oversight of the matters considered.

40/26 FEEDBACK FROM AOC NETWORK MEETING

There was nothing to report.

41/26 ANY OTHER BUSINESS

There was no other business.

41/26 DATE OF NEXT MEETING

Wednesday 23rd Sept 2026