

Minutes

Audit & Risk Committee

Governance 2024-2025

Date	25/06/2025	
Time	17:15 - 18:45	
Location	MS Teams	
Present	Vincent Neate (VN) Nasim Khan (NK) Grant Cooper (GC) Sofia Barbosa Boucas	Chair Vice-Chair Governor Governor (until 18.45)
Guest Attendee	Sandeep Kutty (SK) Keith Smith (KS) Dylan McTaggart (DM) Shane Woodhatch (SW) Tim Hulme (TH) Anil Pujara (AP)	Ex-Officio, CEO Group Principal, Deputy CEO Chief Financial Officer Chief Operating Officer Head of Internal Audit
Absent	Simon Boulcott (SB) Mario Michaelides (MM) Paul Miller (PM)	Governor Governor Governor
Clerk	Clare Mitchell (CM) +	Director of Governance
Note Taker	Nataliia Tymkiv (NT)	

1 - General disclaimer statement at start of meeting:

The meeting was being recorded for the purposes of minute-taking purposes. No objections were raised.

2 - Apologies for absence

Apologies were received from PM, SB, and MM.

CM sent her apologies for being late. The meeting was quorate. The meeting also welcomed SK who was attending as a guest. SK would be formally recommended for appointment as a co-opted Governor at the Corporation meeting on 8 July 2025.

3 - Declarations of Interest

There were no declarations of interest.

4 - Minutes of the last meeting dated 12 March 2025

The minutes of the meeting on 12 March 2025 were approved as an accurate record.

RESOLUTION: The Committee approved the minutes of the meeting on 12 March 2025 as an accurate record.

5 - Actions from last meeting

The Committee reviewed the action log arising from the meeting held on 12 March 2025. It was reported that several actions had been addressed.

Action 5 - the internal audit plan presented at this meeting was an interim version, pending the completion of the audit needs assessment. The full three-year strategic internal audit plan would be submitted to the September meeting following internal discussions with EMT. Action 7 was now closed. A contingency of five days had been allocated for fraud investigations in the interim internal audit plan.

Action 8 - TH reported on the improvement in risk assessments for student trips, now managed via Plumsun. Staff feedback on the revised process had been very favourable. Curriculum-related high-risk areas, such as catering, construction and engineering, were being actively addressed, with a focus on equipment related risk assessments. The Committee welcomed this progress, and it was agreed that risk assessment updates should remain as a standing item on the agenda going forward to ensure continued oversight and assurance.

ACTION 1: Risk assessment updates to be a standing item on Committee agendas - CM

The Committee challenged the accuracy of the action log, which included actions where the deadline had passed with no update given. It was agreed that future action logs should include a brief narrative update to clarify whether an item had been completed, was ongoing, or required an extension, along with the rationale for any revised dates. This would enhance transparency and accountability and support the Committee in its oversight role.

ACTION 2: Future action logs to include a brief narrative update to clarify whether an item had been completed, was ongoing, or required an extension, along with the rationale for any revised dates – CM/Exec

Actions assigned to a previous member of staff, PP, would be transferred to other members of the Executive Team. Re Action 12 - TS and AP were now leading on risk management and the risk register.

6 - Update from Internal Auditor

AP provided an overview of the internal audit function, emphasising its role in providing independent, objective assurance on governance, risk management, internal controls, and value for money. He highlighted the scope of internal audit, which included all strategic, operational, and management controls, as well as consultancy and specialist reviews.

The internal audit function was responsible for delivering an annual internal audit opinion, conducting risk-based audit plans, and advising on improvements. AP emphasised the importance of independence and objectivity, and the need for periodic internal and external assessments.

6.1 - Internal Audit Terms of Reference

The terms of reference outlined the purpose, scope, responsibilities, independence, quality standards and reporting procedures for the internal audit service (IAS). It was noted that the IAS would report directly to the Audit & Risk Committee and to the CEO, in his role as Accounting Officer.

The Committee noted that the IAS may also conduct any special reviews, including consultancy, as requested by the Corporation, Audit and Risk Committee or Accounting Officer, provided such reviews did not compromise objectivity, independence or achievement of the approved internal audit plan.

Members raised a few minor amendments, including replacing “advisor” with “advisory” under section 1.6, and updating a reference in paragraph 18 to include “Chief Operating Officer” as a valid reporting line, reflecting current arrangements. A threshold of £25,000 had been proposed as the definition of “significant fraud”. Members queried this figure given the DfE’s guidance threshold of £10,000. AP agreed to amend the document to align with the DfE standard.

Resolution: The Committee approved the Internal Audit Service Terms of Reference, subject to the minor amendments discussed

6.2 - Indicative Internal Audit Plan

AP presented the indicative internal audit plan for 2025/26, outlining the proposed structure of the internal audit service over a 205-day working year. The plan was designed to provide a comprehensive programme of assurance across areas such as risk management, compliance, value for money, core financial systems and advisory services. AP emphasised the importance of tailoring services to meet the needs of key stakeholders while remaining independent, responsive, adaptable, and innovative.

A final plan would be developed following the full audit needs assessment and would be presented to the Committee in September. The internal audit plan would follow an academic year cycle. Work would commence once approved by Corporation at its meeting in October 2025.

ACTION 3: Final internal audit plan to be presented to the September meeting of the Committee - AP

Governors questioned the delivery of such an ambitious scope, given that AP was currently the sole internal auditor. AP's view was that the plan was achievable. Adjustments would be made as necessary based on institutional priorities and risk. TH added that the College had a call-off agreement in place with Validera should additional capacity be required. External consultants would be called in to carry out internal audits where specialist skills were required. The final internal audit plan would identify which internal audits needed to be carried out annually and which would need specialist input.

ACTION 4: Final internal audit plan to identify which audits needed to be carried out annually and which would need specialist input - AP

A Governor queried how identified risks were being tracked, and AP outlined how individual audits would include quality assurance mechanisms and quarterly performance reporting. The Committee challenged the allocation of only 10 days to audit follow-up work. This would be reviewed in the final version of the plan.

The Committee emphasised the need for flexibility in internal audit services to address emerging risk areas.

The Committee **discussed** the indicative internal audit plan.

ACTION 5: Review allocation of ten follow-up days to annual internal audit plan - AP

6.3 - Advisory Paper – Roles and Responsibilities of Audit and Risk Committee and Internal Auditors

The Committee was presented with an advisory paper outlining the roles and responsibilities of the Audit and Risk Committee and Internal Audit. The paper referenced key documents e.g. the HM Treasury audit and risk assurance handbook, HM Treasury Orange Book, and global internal audit standards.

Governors praised the clarity and helpfulness of the document. AP highlighted the importance of mapping responsibilities to ensure effective oversight and delivery of audit and risk management functions. The paper included a table summarising the responsibilities of external audit, internal audit, and the Audit and Risk Committee, ensuring alignment with key requirements and standards.

The Committee **noted** the advisory paper.

6.4 - Advisory Paper - Risk Management

The Committee was presented with an advisory paper which set out an initial assessment of the College's current approach to risk management. The paper identified key areas for enhancement and improvement, including the risk management framework, policy, risk appetite, standardisation tools, articulation of risks and scoring criteria, strategic alignment, operational risk management oversight, training and development, and the establishment of an internal risk management group.

AP explained that substantial improvements have been made in many of these areas e.g. a revised risk management governance framework and policy were on the agenda for this meeting. AP emphasised the importance of embedding risk management at all levels of the institution and provided details on the operational, tactical, and strategic alignment of risks.

The Committee **noted** the advisory paper.

6.5 - Revised Risk Management Governance Framework and Policy

The Committee was presented with the revised risk management governance framework and risk management policy. The framework included a comprehensive governance structure operating at all levels within the organisation. Each level was responsible for capturing, managing and communicating risks, ensuring accountability and transparency.

AP highlighted the importance of regular meetings and updates to ensure effective risk management. The internal governance boards would consider operational risks within their functional areas, with regular meetings to discuss and manage these risks. The College risk management group would have oversight of both operational and strategic risks, reporting to EMT and the Audit and Risk Committee.

The Committee discussed the regularity of meetings and the importance of capturing risks from all levels of staff. It was confirmed that the terms of reference for each internal governance board were being updated to include risk management as a specific responsibility, ensuring comprehensive oversight and management of risks.

RESOLUTION: The Committee recommended the revised risk management governance framework and policy to the Corporation for approval

6.6 - Revised Risk Register

AP introduced the revised Strategic Risk Register template, which included enhanced formatting, clearer alignment with the College's strategic objectives, and integration of risk appetite thresholds. The revised risk register now tracked the relationship between operational and strategic risks, incorporated a RAG scoring system, and mapped lines of assurance using the "three lines of defence" model. It also included risk owners and narrative commentary on mitigation and residual risk scoring.

The Committee welcomed the clarity and structure of the revised template. A Governor queried whether the scoring matrix had been calibrated to ensure consistency across different areas of the organisation. AP confirmed that risk owners had been engaged in calibration workshops to ensure alignment and that internal governance boards were now required to apply the scoring framework when presenting risks for escalation. Staff training would be required to embed consistency over time.

The register would be a live document between meetings, particularly in terms of updates to emerging risks. AP confirmed that a central risk system was in place, and while the register would be updated ahead of formal meetings, significant emerging risks would also be captured through EMT discussions and shared with the Audit & Risk Committee as needed.

A Governor queried how the Committee could be assured that risks flagged in the register were actively being managed rather than simply recorded. AP responded by referencing the assurance mapping included in the new format. Progress against mitigation actions would be monitored through the internal audit process where relevant.

The Committee asked for the following be considered for inclusion in the risk register:

- the name of the risk owner as well as their job title
- links to strategic priorities
- the movement of risks (up or down) to identify trends over time
- agreed review date for controls
- an additional column showing where risks had been discussed at internal governance boards, to help demonstrate ownership and escalation routes.

ACTION 6: Consider the Committee's feedback on the revised strategic risk register - AP

The Committee queried whether the College had considered digitalising the Risk Register. It was confirmed that this was being discussed.

The Committee expressed broad support for the revised format and welcomed the enhanced visibility and governance oversight the template offered.

RESOLUTION: Subject to Action 6 above, the Committee recommended the revised strategic risk register to the Corporation

The Committee also considered a paper which set out a framework and proposed tolerances for risk appetite in key strategic areas. The Committee noted that it was the Corporation's role to set the overall risk appetite for the organisation. However, the CEO, in his role as Accounting Officer, also played a key role in setting the organisation's approach to risk. KS stated that his risk appetite might differ from what was proposed in the paper in some areas. The Committee asked that EMT undertake an exercise to review its risk appetite against the proposals in this paper.

ACTION 7: EMT to review its risk appetite against the proposals in the paper to the Committee - TH

The Committee **agreed** that although not yet finalised, the risk appetite proposals should be presented to the Corporation at its next meeting for discussion.

ACTION 8: Risk appetite proposals to be presented to the Corporation for discussion

6.7 - Follow-up of implementation of Internal Audit recommendations

The Committee discussed the follow-up process that would be put in place to check that internal audit recommendations had been completed from 2025/26 onwards. Each internal audit report would include management responses with clear timelines for deliverables. The follow-up process would involve quarterly reports to the Committee on progress against recommendations and actions taken to address any delays or issues, ensuring accountability and transparency.

AP emphasised the importance of setting clear expectations and timelines for deliverables, with priority one recommendations to be delivered within three months, priority two within six months to a year, and priority three on an annual basis.

The Committee noted the outcome of the follow up of prior years' internal audit recommendations for the period 2021-24. Of the 32 internal audit recommendations, 27 (87 per cent) had been reported by management as implemented. This was based on reporting rather than a review of the supporting evidence. The remaining 4 (13 per cent) recommendations were reported to be in progress. A number of these were significantly overdue, and this was brought to the attention of the Audit and Risk Committee.

The Committee **agreed** that it would take assurance on the implementation of previous internal audit recommendations from management rather than requesting evidence for the previous years. The new follow up process would be implemented from 2025/26 onwards. Future internal audits would identify any recommendations that had not been implemented.

Follow-up on the apprenticeship audit recommendations and actions was presented as a separate agenda item and not included in the update above.

7 - Recommendation on the appointment of the External Auditors (Tender)

The Committee received a paper recommending the appointment of new external auditors. The presentation outlined the tender process, and the criteria used to evaluate potential auditors.

SW presented the recommendation for the appointment of Hayes Mac LLP as the external auditors from 2025/26. Hayes Mac LLP had been selected based for their strong technical expertise, extensive experience within the sector, robust risk approach, and competitive fee structure. The proposed fee was £52,500 excluding VAT, for a three-year contract with options to renew one plus one.

The Committee discussed the hybrid approach of Hayes Mac LLP, combining desk-based and on-site audits. This was considered helpful as it would maintain face-to-face interactions while leveraging the efficiency of remote work.

RESOLUTION: The Committee unanimously recommended Hayes Mac LLP to the Corporation for appointment as the external auditors from 2025/26.

SW assured the Committee that the quality of service would be evaluated and reported to the Audit and Risk committee, ensuring continuous oversight and improvement.

ACTION 9: KPIs to be set to the quality of service provided by Hayes Mac LLP and reported to the Audit and Risk Committee. - SW

8 - Standing Items

The following reports were provided to members in advance of the meeting. No questions or comments were raised during the meeting.

8.1 Mental Health & Wellbeing Report

8.3 Safeguarding Report

8.5 HRUC Corporation Board reporting

The Committee asked that a future meeting consider whether all these reports should remain as standing items on the agenda.

ACTION 10: Committee to consider whether all the current standing reports should come to future meetings - CM

8.2 Health & Safety Report

The Committee asked TH to give an update on health and safety. TH reported on improvements in H&S and the development of a positive H&S culture under the new Director of H&S. Plumsun had been asked to submit a proposal to extend its H&S services to provide comprehensive support to the College group in 2025/26. The additional cost had been included in the budget for 2025/26. The Plumsun proposal would be presented to the Corporation at its next meeting.

GC commented on the need for more specific recommendations from risk assessments and asked for future reports to include specific figures on charts and identify trends.

ACTION 11: Future H&S report to include more specific recommendations from risk assessments, actual figures on charts and identify trends.

8.4 Apprenticeship Audit Report

This report was noted. SW reported that the recommendation re incentive payments had been completed.

9 - Internal Governance Boards

The Committee received a verbal update on the development of internal governance boards. Work was underway to align the internal governance board structure with the risk management framework.

10 - Policies for Approval

The Committee reviewed three updated policies: the Anti Bribery Policy, Anti-Fraud Policy, and Delivery Subcontracting Fees and Charges Policy. Each policy was presented with a cover sheet outlining the key elements and objectives.

CM agreed to check the corporation schedule and add the policies to the board agenda if necessary.

RESOLUTION: The Committee approved the following policies.

- Anti Bribery Policy (F14)
- Anti-Fraud Policy (F10)
- Delivery Subcontracting Fees and Charges Policy (F07)

11 - Any Other Business (AoB)

There were no items of other business raised.

12 - Dates of the next meetings

The Committee confirmed the dates for the next meetings, which would be scheduled as follows:

1. 11th September 2025, 5:30 p.m., Virtual
2. 19th November 2025, 5:30 p.m. (TBC), Virtual
3. 25th February 2026, 5:30 p.m., Virtual
4. 17th June 2026, 5:30 p.m., Virtual