

## MINUTES

**Audit and Risk Committee Meeting  
held via Microsoft Teams  
Tuesday 3 December 2024 at 18:00**

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<b>Date and timings:</b>	<b>18:00 to 19:45</b>
<b>Location</b>	via Microsoft Teams
<b>Present (Governors):</b>	Paul Gribbon (PG) (Chair) Sue Leonard (SL) Aaron Thompson (AT)
<b>Clerk to the Corporation</b>	Lana Jackman (LJ) Group Executive Director Governance and Strategy
<b>Minutes</b>	Carrie Brown (CB) Head of Governance
<b>In attendance</b>	Denise Brown (DB) Group CEO Zed Mohammed (ZM) Vice CEO Finance and Infrastructure Keri Williamson (KM) (Scrutton Bland) Stuart McKay (SM) (MHA) Adam Fahey (AF) Deputy CEO Curriculum and Quality Jayne Sheehan (JS) Vice CEO Innovation and Employment Engagement Andrew Overs Dowsett (AD) Independent Governor
<b>Apologies</b>	Linda Everard (LE) Co-opted Governor Paul Goddard (PGO) (Scrutton Bland) Ansar Mahmood (AM) Vice CEO MIS, IT and Marketing
<b>Item</b>	
<b>0.0 Agenda</b>	
<b>1.0 Preliminary items.</b>	
<b>1.1 Apologies for Absence.</b>	Apologies for absence are received from Linda Everard (LE) Co-opted Governor and Paul Goddard (PGO) (Scrutton Bland).
<b>1.2 Declarations of Interest.</b>	There are 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> .
<b>1.3 Urgent items of other business.</b>	None.
<b>2.0 2023-2024 Accounts.</b>	
<b>2.1 Financial Statement and Regularity Auditor report.</b>	The Committee <b>REVIEW AND NOTE</b> the Financial Statement and Regularity Auditor report.  SM presents the report and notes the following: <ul style="list-style-type: none"><li>• The nature and the scope of audit work we have undertaken</li><li>• Views about the qualitative aspects of your accounting practices and financial reporting</li></ul>

- Adjusting and non-adjusting misstatements
- Matters specifically required by Auditing Standards to be communicated to those charged with governance (such as fraud and error)
- Expected modifications to our Auditors Reports
- Material weaknesses in the accounting and internal control systems and
- Any other relevant and material matters relating to the audit.

SM details that the accounts should be able to be filed on time should the Board wish to do so, detailing the reasons why the Corporation Board may not wish to.

SM notes a breach of the Managing Public Money Treasury rules due to a severance payment made via ESS Ltd.

SM notes the going concern around the Averley site and the need to get further assurance from the ESFA and DfE. ZM adds that this assurance is being sought from the DfE.

DB asks about the consequences of having a material uncertainty in the financial statement? SM details that this is more about being transparent and open and the opinion will be positive in the end. SM notes that the negative can come with the consequences of the public reporting of the report. SM comments that not publishing the accounts on time does put SECG on the ESFA radar. DB highlights the importance of issuing these accounts on time but notes the need for a pros-and-cons analysis before submitting with the material uncertainty.

**ACTION:** Zed Mohammed to forward a summary of the meeting with the ESFA to the Audit and Risk Committee.

SM reviews the table of adjustments and takes the Committee through these.

AT asks what the materialities are? SM notes that this was cited in the initial Planning Memorandum submitted to the Audit and Risk Committee held on 18 June 2024. Nothing had changed from this document.

AT notes on the ILR section why a review will be undertaken and the implementation will not just happen? ZM notes that this is a phrasing issue and this can be reviewed and an implementation can move forward.

AD details that the severance in the Joint Venture why is this a Grade A as it's a Joint Venture issue? SM notes that this is due to the Managing Public Money [MPM] breach and this automatically a Grade A audit risk.

ZM gives a number full background of the ESS Ltd situation and notes that the first SECG Management heard about this was when it came up in the management letter. ZM notes that a retrospective case

AT asks how does SECG ensure that this situation does not occur again? SM notes that the Financial Procedures need to map to Managing Public Money Rules and this need to be updated annually. SM details that a number of Colleges have fallen foul of this rule. DB notes that our Financial Regulations are mapped to Managing Public Money Rules and the levels have been increased so there is a higher level of oversight. LJ adds that the Managing Public Money Rules have gone to the subsidiaries and all Corporation Board members.

**ACTION:** Annual report of the Corporation Board of an severance payments and assurance that they comply with MPM rules.

AT notes the payment of suppliers risk and poor compliance on this. ZM comments that this has been improved from a low single digit figure to a double digit figure. DB details that the move into the Public Sector and the lack of overdraft facility as given pressures on cash from 2017 onwards and without the ability to commercially lend it, is extremely challenging.

PG thanks SM and the team for all the support with the Audit and getting the accounts in on time. DB adds her thanks for ZM and SM.

ZM thanks SM and his team for all the work for the Audit. Both ZM and SM thank Sarah Richards for her support with the Audit.

**2.2 Management Letter.**

The Committee **REVIEW AND NOTE** the Management Letter.

**2.3 Letter of Representation (to include report and recommendations).**

The Committee **REVIEW AND NOTE** the Letter of Representation.

**2.4 Draft Annual Report and Financial Statements.**

The Committee **REVIEW AND NOTE** the draft Annual Report and Financial Statements.

**2.5 Regularity Audit Self-Assessment.**

The Committee **REVIEW AND NOTE** the Regularity Audit Self-Assessment.

**2.6 Subsidiary Draft Audited Accounts.**

The Committee **REVIEW AND NOTE** the Subsidiary Draft Audited Accounts.

**3.0 Minutes of previous meeting.**

**3.1 Minutes of the meeting held on 24 September 2024.**

The Minutes of the meeting held on 24 September 2024 were **APPROVED** as an accurate reflection of the meeting.

**3.2 Matters Arising.**

None.

**4.0 Internal Audit Reports.**

**4.1 Progress Report.**

The Committee **REVIEW AND NOTE** the Internal Audit Progress Report.

PG thanks KW for this report.

**4.2 Bursary Funding Final Report.**

The Committee **REVIEW AND NOTE** the Bursary Funding Final Report which gives significant assurance.

KW notes that the audit includes two low-priority recommendations.

**4.3 Risk and Assurance Annual Report.**

The Committee **REVIEW AND NOTE** the Risk and Assurance Annual Report which gives adequate assurance.

PG thanks KW for this report.

AT notes that the IA standard have changed and asks what changes SECG will see as a result of these?

KW notes that this come into place January 2025 next year and these are being mapped into the current audit plan and any changes will be reported to the Corporation Board.

**5.0 Audit Recommendations Monitoring Report.**

The Committee **REVIEW AND NOTE** the Audit Recommendations Monitoring Report.

ZM notes the work that SECG needs to do in terms of procurement and supplier payments.

**6.0 Value for Money Annual Report.**

The Committee **REVIEW AND NOTE** the Value for Money Annual Report.

ZM gives a brief outline of the Value for Money Annual Report and asks for feedback on the report.

PG gives positive feedback on the approach, noting that it aligns with the Terms of Reference.

SL notes recommendation 3 was to get this completed 17 months ago and asks why this has taken so long? ZM notes that this is due to the ESS Ltd disbanding and also the recruitment of the Procurement Manager and progressive change is being made on this point. SL thanks ZM for his honesty and transparency.

**7.0 Audit and Risk Committee Annual Report.**

The Committee **REVIEW, NOTE AND RECOMMEND TO THE CORPORATION BOARD** the Audit and Risk Committee Annual Report.

**ACTION:** External Auditors to be referred to as MHA rather than MacIntyre Hudson.

**8.0 Risk Management.**

**8.1 Risk Register.**

The Committee **REVIEW AND NOTE** the Risk Register.

ZM presents the Risk Register, highlighting key risks, including the Air Handling Units, and noting the mitigation outlined in the three-year capital plan. ZM adds that cash still remains a concern for SECG. ZM details the pressures from the Budget including the National Minimum Wage increase and National Insurance increases (£1m).

AF details the English and Maths risk noting that the tolerance for English and Maths will stay at 2.5% for 2026-27 and this will be reflected in the Risk Register.

AT asks for more detail about the Air Handling Units and the plan to replace these? ZM notes that this will be done in a three year plan but these are being maintained as the replacement costs over £1m. ZM notes that the replacement of these will not be instant.

*19:35 AD, SM and KW left the meeting*

**9.0 Confidential Items.**

**10.0 Committee Evaluation.**

The Committee Evaluation to be completed via email outside of the meeting.

**11.0 Urgent other business.**

**12.0 Dates of future meetings.**

Tuesday 4 March 2025, 18:00, MS Teams

Tuesday 20 May 2025, 18:00, MS Teams

***There being no further business the meeting ended at 19:45 hrs***

Signed *Rick Oluer*

Dated 20<sup>th</sup> May 2025

**Meeting of the Audit and 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
<b>Actions from 24 September 2024</b>				

7.0	Audit Recommendations Monitoring report to be an action tracker that comes to the Committee	December 2024	ZM	
<b>Actions from 3 December 2024</b>				
2.1	Summary from the meeting with the ESFA regarding the material uncertainty to be forwarded to the Audit and Risk Committee by Zed Mohammed.	January 2024	ZM	
2.1	Annual report of the Corporation Board of an severance payments and assurance that they comply with MPM rules.		CB/ZM	Added to the schedule of business for the July Corporation Board meetings
7.0	Audit and Risk Committee Annual Report- External Auditors to be referred to as MHA rather than MacIntyre Hudson.	ASAP	LJ	Completed

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<sup>i</sup> The code of conduct for Governors requires governors to be honest and open with regard to conflicts of interest (either real or perceived). Governors must not use their position for personal gain in business, political or social relationships. Therefore, a governor who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest, withdraw from all discussions relating to it and take no part in any vote on such matter.