

Minutes

SEG Audit Committee Meeting

Governor Meetings

Date 13/05/2026
Time 3:30 PM - 5:30 PM
Location KGV Boardroom

Present Mo Kundi (Independent Member and Committee Chair)
Laura Bell (Independent Member)
Andy Bridson (Independent Member)
Kevin Burke (Independent Member)
Diane Hutchinson (Independent Member)

In Attendance Paris Bonwick (Vice Principal Business Services)
*Claire Dalrymple (Wylie and Bisset) (up to and including item 12)
Lisa Farnhill (Dir. Governance and Compliance)
*Ade Kosolo (TIAA) (up to and including item 10)
Paula Smith (Dir. Finance)

Apologies: None

*indicates attendance through video conferencing facilities

Agenda

1 - Welcome & Apologies for Absence

The meeting commenced with the Chair welcoming all attendees. The Chair acknowledged the full attendance of committee members and noted that since the last meeting, a committee member had resigned following a period of low attendance. Members acknowledged that low engagement between meetings made it difficult to demonstrate impact, knowledge of the organisation, and sound oversight and accountability. The Chair highlighted the importance of regular attendance and engagement, with the Committee reflecting on the expenses incurred recruiting through an agency. The discussion concluded with reassurances that the Governance Committee had reflected on the experiences of the use of recruitment agencies and the importance of community-based governors and early engagement with the college.

Item 1: Noted

2 - Declaration of Interests

The Chair asked for interests relevant to the agenda to be declared. No declarations of interest were made by the committee members, with the Dir. Governance and Compliance confirming that she was also the DPO, with an aspect of the Compliance report to present. The Chair confirmed that there were no other declarations of interest to note.

Item 2: Noted

3 - Minutes

The Chair asked if there were any comments on the accuracy of the minutes from the previous meeting held on 10th February 2026. No inaccuracies were reported, and no matters arising were identified that were not already detailed under item four, or on the agenda. The minutes were approved by the committee without any amendments.

Item 3: Approved – The Committee approved the minutes without amendment.

4 - Reviewing the Impact and Actions of the Previous Meeting

The committee reviewed the progress against matters arising and actions from the previous meeting. The Chair noted that some actions were still in progress. This included a review of examples of fraud risk registers, noting

that this would be impacted by any decisions taken relating to the format and content of the whole College Risk Register, with the need to ensure consistency of approach.

The Committee discussed the ongoing work on risk registers, highlighting the ongoing feedback from across the Committee's about its usability and effectiveness as a strategic monitoring tool, as well as some recommendations as a result of the review by TIAA. The discussion touched on the challenges of maintaining consistent departmental risk registers and the potential need for a new framework, that summarised departmental risk registers into a smaller number of strategic risks, with TIAA confirming that between six and ten would be considered a more appropriate number of risks for Board level oversight.

Members were given an overview of discussions and insights from the Dir. Governance and Compliance's involvement in an FEC roundtable discussing sector-wide issues with risk registers and board assurance frameworks, noting that the College already followed many of the examples of best practice in terms of Governance oversight. The Committee acknowledged the complexity of balancing an operationally sound reporting system that provided strategic oversight without increasing workload, considering the benefits of investment in a bespoke risk management system as an alternative to the specialist dedicated staff, even risk management teams in larger colleges, noting disparity across the sector. The Committee supported the management team's decision to defer any rewriting of the risk register to the quiet period over summer and noted the ongoing work and discussions around this issue.

Item 4: Noted – The Committee noted the update, asking that the audit findings are taken into consideration

5 - Confidential Items

The Chair confirmed that there were no specific agenda items requiring confidentiality. However, some extracts from the minutes of the previous meeting were redacted.

Item 5: Approved –The Committee approved reactions from the public copy of the minutes.

6 - Risk Management

The Vice Principal Finance provided a summary of changes in high risks and the review of the High-Risk Action Plan. Members were reminded the current risk register, approved by the Corporation in July 2025, has been reviewed termly, with 24 risks identified, including 15 high risks.

Members were informed that two risks had seen their risk score reduce, which were the management of government policies and guidance, and ineffective financial management, both reduced from medium to low risk, with mitigations and reasons for the reduction outlined.

Members reviewed the two new risks, added at the last SLT review: the introduction of a new Ofsted Inspection framework and IT-related costs and assurance. Members considered the rationale for their inclusion, querying the IT budgets, seeking assurances over sufficient resource allocation. Members discussed and noted the impact of rising prices due to global conflicts and the need for the new strategy to reflect a reduced IT estate whilst maintaining service delivery. The committee agreed on the importance of future-proofing the IT strategy and considering it as a standalone risk and reflected at length the high rating given to the Ofsted risk.

Members highlighted the increase to the national security threat level, asking if consideration had been given to this needing to be reflected in the risk register. Members were informed the circulation of the papers happened before the threat level increased, and although not reflected in the risk register, members were assured actions had been taken to tighten security and mitigate against external threats, with measures outlined. Recent incidents and responses were detailed, with improved processes now in place, including working with the Southport Learning Trust on a memorandum of understanding, to facilitate coordinated responses.

Members indicated that the external climate, as noted to be impacting security, fuel costs as well as wider supply chain costs, was a concern, with detail, and mitigations discussed. The Committee suggested that assurances were needed regarding the impact, particularly if the situation does not stabilise soon, asking for a paper to be provided, with it agreed this would be beneficial to staff as well as the Board. Members asked that it outlines a risk sensitivity analysis in terms of costs as well as wider implications, indicating the effect on staff should not be underestimated. Members suggested the impact of fuel costs on commuting, could result in retention issues as staff look to reduce their commute to mitigate against rising costs, asking if the AOC had drafted any impact analysis or advice notes.

The discussion highlighted the need for a more strategic risk register and consistency in departmental approaches to risk management and documentation. The committee discussed the potential investment in a

system like Datrix, noting the recommendations in the internal audit regarding roles and responsibilities. Members asked about practice across the sector in terms of roles and responsibilities, noting some college's had staff solely responsible for risk management, with SEG having this embedded into wider roles.

The Committee suggested exploring options for using a consultant to support with training and improving the risk register, whilst proposing there may be opportunities for AI to assist in refining and improving the format and process. The need for better support and training in risk management was acknowledged with an action noted to review options further. Members proposed the college's auditors, local consultants or the national firms that offered the specialist systems could be considered for support and training.

Members discussed the risk appetite review session completed at the Governor and Governance Development Day, asking how that fed into the register and if any updates were necessary following the exercise, being advised that the exercise confirmed the risk appetite remained unchanged.

In response to questions about the new provision being developed in 'The Bridge', and how that was reflected in the risk register, members were informed it was the same as all provision types, with it being incorporated into all relevant lines. It was explained that as with all provision, it was reflected in student related risks, including outcomes, data quality, critical incidents, Ofsted and safeguarding. Members indicated some provision types had separate lines, with it explained that this was in relation to meeting financial targets, however, this was not relevant for this provision, due to the local authority having agreed to fill, and fund, all available places. Members indicated they expected that a similar approach, as used during the merger, with specific risks related to the launch, added on a short-term basis. They sought assurances of oversight of any potential reputational or other strategic issues being monitored and overseen. They agreed that the detail was not strategic, however, had expected that being presented as a new venture, would have been referenced within the strategic risk register. They asked about an implementation plan, or localised operational risk register, querying whether there had been a business case developed or risk assessment process ahead of implementation, similar to the process for the catering opportunity that had not progressed. Members noted reference from the Development Day to opportunities to further develop the provision, including alternative sites, suggesting the risks could be positive, with assurances needed regarding due consideration, documentation, and oversight.

The Committee insisted it needed to be included or referenced and reflected back on the earlier discussion regarding streamlining the risk register to a small number of strategic risks. It was proposed this would form part of the underlying detail that sat beneath one of the few strategic risks, forming part of the rationale for the score, but not needing to be outlined as a standalone risk. Members agreed this could be included elsewhere on an operational risk register, with reporting referencing these to provide assurance. A brief discussion was held about the need to improve the consistency of departmental risk registers, and risk management processes, agreeing that this would form part of the action to review the risk management process.

Item 6: Resolved – The Committee resolved to note the update, recommending the policy updates are approved by the Corporation, with agreement the detail of the Board level risk register would be reviewed over summer.

Task: Review the number of risks and reconsider refining and reducing this to a strategic risk register with underlying operational risk registers.

Task: Consider options for support in rewriting the risk register, to include training and risk management systems.

7 - Compliance Report

The Vice Principal Business Services, Vice Principal Finance, and Director of Governance & Compliance presented updates on fraud incidents, cyber and IT assurance, health and safety, AI, external/funding audits, CIMP, and GDPR.

Members were informed that there were no fraud incidents to report, and the committee was informed of processes in place to share information about common frauds and increased areas of risk, as well as training being rolled out to key staff.

Members noted health and safety updates, including the completion of audits and risk assessments, noting that although the final reports from some external reviews were not yet available, feedback had indicated there were no issues to be addressed.

Members were made aware of issues relating to a gas main which had been subjected to a temporary repair, and now needed a permanent fix, with it unclear who would be responsible for this. Details of fire safety improvements were outlined, including the installation of fire door relays and radio-linked fire alarms.

The committee discussed the trends in accidents and incidents, asking about insurance implications and potential claims.

Members were encouraged to review the Cyber Briefing referenced in the papers, with an overview of enhanced measures and mitigations of risks discussed at length. Members asked about the likelihood, impact and frequency of cyber attacks, both locally and sector wide.

The breach at a VLE provider was discussed, with members asking about the impact, noting limited use within the college, isolated to ten staff.

Examples of critical incident testing used in other institutions, including 'unplugged' days were considered, noting these enabled systems and processes beyond teaching and learning, including security, catering, and business services to be tested. Members were reminded of the benefit of having two campuses in close proximity, noting the previous intermittent issues of the Wi-Fi service had provided live examples of how the college could cope when service at one site failed, being able to reduce the availability but maintain critical services at both sites.

Members reviewed the detail of incidents as well as the completed and planned testing, noting leak defences had been strengthened and that evacuation times had improved, with additional escape routes now opened up following the demolition of the Fearne building.

The item concluded with a review of the GDPR data, noting a further increase in all data lines, with assurances provided that all data requests had been responded to within the statutory time frames.

Item 7: Noted – The Committee noted the assurances from the report.

Task – Consider how 'unplugged' days could be trialled.

8 - IT Disaster Recovery Plan and Cyber Essentials Recertification

The Vice Principal Finance provided an update on the IT Disaster Recovery Plan and progress towards Cyber Essentials recertification. The committee discussed the current IT strategy and the impact of rising costs on IT assets. The Vice Principal Finance assured the committee that the IT strategy was being reviewed to ensure it met service demand requirements, and that there was sufficient budget provision for current and future system refreshes and required updates and upgrades. The committee acknowledged the need for a more comprehensive and future-proof IT strategy, considering the shorter life cycle of IT assets and the impact of global conflicts on prices, as well as the move to subscription based IT services.

Members noted that work towards re-certification was on track, with some changes to the specification being reviewed by the team to ensure compliance.

Item 8: Noted – The Committee noted the assurances from the report.

9 - Termly Internal Audit Reports

9.1 - Implementation Of Audit Recommendations

The Vice Principal Finance provided a detailed report outlining actions taken to implement the recommendations from recent audits. The committee reviewed the progress and discussed the importance of timely implementation of audit recommendations to ensure effective risk management and governance.

Members were assured that all new recommendations had been added, with realistic timeframes for implementation, agreed between management and the IAS, with staff commended for the timely responses to recommendations.

Item 9.1: Noted – The Committee noted the assurances from the report.

9.2 Internal Audit Reports

The committee reviewed the internal audit reports on risk management, creditor payments, governance and strategic controls, EDI, treasury management, and marketing.

TIAA provided a detailed overview of the focus of each review, scope, findings and recommendations.

When considering the reasonable assurance outcome of the Risk Management Review, members asked what the information and register were benchmarked against, and whether the review should have provided examples and support, noting that what works for one college would not necessarily be transferrable.

Members discussed the recommendation for a dedicated risk manager, being advised this would now be assigned to the Vice Principal Finance. Members discussed this further, querying management of workload, asking about current involvement and responsibilities in terms of the risk management process, insisting that in addition to adding it to a job description, there needed to be support, training, and sufficient resources.

Members thanked TIAA for the summary, proposing the report had been beneficial, well written and constructive.

In reviewing the Creditor Payments audit, members noted the delays in producing the final report due to data discrepancies. Members confirmed that the issues noted had been addressed and were largely related to the timing of the audit in relation to the transfer to the new system. Members highlighted the importance of effective financial management, with it confirmed all necessary updates to the financial regulations had been made. Members confirmed that a follow up would be considered to provide assurance that the completion of recommendations now reflects substantial assurance.

Members commended the outcome of the Governance review, noting that this received substantial assurance, however, highlighted a contradiction with the risk management audit. Attention was drawn to a quote from the Governance Audit which stated risk management was operating effectively, with no recommendations, however, noted how the risk audit indicated only reasonable assurance, asking for an explanation. Members were informed governance oversight of risk management was effective, however, operational aspects of the risk management process had been found to need improvements.

The strength of the EDI review was summarised, noting many areas of good practice.

The item concluded with the Vice Principal Finance providing a verbal update on the progress of the treasury management audit along with the Committee endorsing the scope of the marketing review. The proposed timing of the marketing review was reconsidered, reflecting on the benefits of deferring to incorporate the enrolment data, with it suggested this would enable the evaluation of the impact of marketing activities. Members concluded there would be limited benefit in deferment, as most activities and campaigns have concluded, or not changed significantly from those used the previous year. Members noted the review would assess the activities, against application data, with consideration given to the benefits of a short follow up to consider the impact of activities against actual enrolments, however, agreed not to defer the review.

Item 9.1: Resolved – The Committee resolved to accept the assurances provided by the review outcomes, asking for consideration to be given to repeating the finance audit to ensure assurances in this area are now substantial.

9.3 - Internal Controls Report

TIAA presented a report outlining best practices, sector updates, useful information, and a summary of SEG work to date. The committee discussed the importance of aligning internal controls with sector standards and ensuring that the college's internal controls were robust and effective. The discussion also highlighted the value in having wider insight to support with continuous monitoring and improvement of internal controls to mitigate risks and ensure compliance with regulatory requirements.

Item 9.3: Resolved – The Committee resolved to note the benefits of the report in understanding the local, and national contexts of their work.

10 - Annual Internal Audit Reports

The committee reviewed the annual internal audit plan for 2026/27, asking about the scope of the annual review and link to the cycle and risk register.

Members highlighted the highest rated risk, relating to Ofsted, was not reflected in the cycle for the coming year. Whilst acknowledging the score was high due to the external, uncontrollable and unknown elements, members considered the inclusion of at least one quality or student centric review. The Committee expressed concern that these were not embedded, asking how teaching quality is covered. Members reflected on other external measures for quality oversight, including student outcomes, Ofsted inspection outcomes, the FEC reviews, and the Dir. Governance and Compliance confirmed that directly and indirectly, student experience, student journey and college culture were reviewed through the EDI, student journey, apprenticeships and safeguarding reviews, assessing student experience, with the marketing also considering an element of the student journey. It was suggested that the Standards Committee should be asked if they felt there were any assurance gaps, to ensure any changes to the schedule reflected their priorities. Members asked about the types of reviews available, suggesting a full list of what could be done, as opposed to what has been done for SEG in the past, would be beneficial, with TIAA agreeing to share this.

The Committee agreed to recommended it for Corporation approval, however, asked that it maintained an element of flexibility to respond to emerging risks and priorities. The Vice Principal Finance noted that the annual internal audit report for 2025/26, including follow-up of previous recommendations, would be provided at the first meeting of 2026/27 as some reviews had not yet concluded. The Committee discussed the importance of timely completion of audit reviews and the need for a comprehensive audit plan to address all areas of risk and compliance.

Item 10: Resolved – The Committee resolved to recommend the Corporation approve the annual audit plan, subject to any suggested revisions as necessary.

Task: The Standards Committee should consider any areas of priority for reviews in relation to the Ofsted risk, quality, or the student experience.

11 - External Audit Plan for 2025/26 Financial Statements

The Vice Principal Finance and a representative from Wylie & Bisset presented the External Audit Plan for the 2025/26 financial statements, including the agreement of fees in line with the contract. The discussion included the scope of the external audit, key areas of focus, risks and the importance of ensuring that the financial statements were accurate and compliant with regulatory requirements.

The Committee was provided with a full summary of the external audit plan for the 2025/26 financial statements including background information for changes made. Members noted the nature and scope of the audit work remain unchanged, with the same compliance testing and audit objectives as in previous years. However, members were advised that the auditors will be using new computer audit techniques, including Team Meetings for journal entries and related parties, and Data Snipper for automating some processes and reviewing financial statements.

In response to member questions, the Committee was assured that these new techniques would not change the audit process but would improve efficiency and output quality. The key accounting estimates, including the valuation of the defined benefit pension scheme, investment properties, and depreciation of tangible fixed assets, remain the same due to their complexity and materiality.

The audit risks were reviewed, with management override, revenue recognition, financial viability, pension fund accounting, and regularity identified as the primary risks. Members were advised that the audit responses to these risks will remain consistent with previous years, though the methods of review would be enhanced by the new systems available.

The main contacts for the audit were introduced, and the reporting timetable was outlined. Independence was confirmed, with no issues anticipated. The fee structure was explained, noting full transparency on any additional fees that might arise.

The Committee was informed that the planning memo would be issued on DocuSign for acknowledgment and that the engagement letter would be updated and issued in due course. The discussion concluded with no further

questions from the committee, and the external audit plan was accepted, to be recommended for Corporation approval.

Item 11 - approved: The committee recommended the External Audit Plan for the 2025/26 financial statements for approval.

12 - Audit Engagement Letter (External Audit)

The Committee discussed the management signing of the Audit Engagement letter, which needed to be recommended by the Committee and approved by the Corporation. The Chair noted that the letter was not yet available at the time of document circulation and that this item would be deferred to a later date.

Item 12: Deferred - The approving of the signing of the Audit Engagement letter was deferred.

13 - DfE Guidance Relevant for the Work of the Committee

The Vice Principal Finance presented information on the framework for auditors and reporting accountants of colleges (FARAC), RSAQ(Regularity Self Assessment Questionnaire), CAD (College Accounts Direction), FPH (Financial Planning Handbook), accountability agreement (DfE funding agreement), and the scope of the Audit Committee, noting that the Financial Handbook updates were pending.

The Committee reviewed the guidance and discussed its relevance to the committee's work. The discussion highlighted the importance of staying informed about regulatory changes and ensuring that the committee's work aligned with DfE guidance, with it clarified that the work of the internal and external audit services, alongside DfE and LCR (Liverpool City Region) audits, provided assurance of compliance.

Item 13: Noted – The Committee noted updates to the relevant information and guidance.

14 - Audit Committee Work 2026-27

The committee reviewed and approved the schedule of business for 2026/27 and noted that the terms of reference did not require any additional amendments, following a re-write in January after the Scheme of Delegation was approved.

The Committee agreed that a return to a four-meeting cycle was beneficial, to ensure regular updates and even distribution of workload. It was suggested that any additional time available in the second autumn meeting could be used to review recommended updates to the risk management process.

Members emphasised the importance of having a clear and comprehensive schedule to guide the committee's work throughout the year.

Item 14- Approved: The schedule of business for 2026/27 was approved.

15 - Items to be Reported to Corporation

The Committee confirmed the items to be reported to the Corporation. The Chair summarised the key points from the meeting, including the approval of the External Audit Plan, the review of the annual internal audit plan, and the discussion on risk management and internal controls. The Committee agreed on the importance of keeping the Corporation informed about key audit and governance issues.

Item 14- Approved: The committee agreed the items to be recommended to the Corporation for approval, assurance and information.

16 - Date of Next Meeting & Close

The Director of Governance & Compliance provided a verbal update on the date of the next meeting. The Committee confirmed the date of the next meeting would be approved at the last meeting of the Corporation and formally closed the session. The Chair thanked all attendees for their participation and contributions to the meeting.

Ahead of departing, Members expressed their gratitude to the Chair for his service, support and chairmanship, noting this would be his last meeting as Chair.

The meeting closed at 5.40pm