

**SPARSHOLT COLLEGE HAMPSHIRE
MINUTES OF THE MEETING OF THE
AUDIT COMMITTEE
held on 17 September 2021 at 2.30 pm
via videoconference**

¹PRESENT Z Carter (E); A Fagg (C); M Lauder (E) (Chair); SJ Radford (C); C Wilson (E).

In attendance: S Blakemore, Buzzacott
M Cheetham, RSM
S Evans, Finance Manager
N Heslop, Director of Finance
J Milburn, Principal
B Stokes, Vice Principal Curriculum, Andover
S Willson, Clerk to the Corporation

DECLARATION OF INTERESTS

191. There were no interests to declare.

RISK MANAGEMENT

Risk Management Policy

192. The committee had received the draft Risk Management Policy 2021-22, proposed by the Principal.
193. The Principal summarised the key changes from the existing Risk Management Plan, noting the introduction of a revised risk scoring model and confirming that the SLT had undertaken a full review of the strategic risk register following the June meeting of the committee and approval by the Board of the new Strategic Plan 2021-24.
194. A number of points were raised by committee members and the auditors about the policy document and the Principal undertook to make consequent amendments before the policy was presented to the Board in October. In summary:
- 3.1 – to change ‘treatment’ to ‘management of these risks’
 - 3.1 – to add ‘and impact’ to ‘possibility of failure’
 - 5.1 – to add a responsibility for the Board to satisfy itself that the Risk Register was aligned to the Strategic Plan
 - 5.3 – to clarify that the committee could contribute to the identification of risks for inclusion on the risk register at any point by deleting ‘annually’

¹ (E) = External; (C) = Co-opted Committee Member

- 6.3 – to include in the judgement of impact (or materiality) consideration of the impact on the College’s strategic objectives and operations, in addition to potential finance and reputational damage
 - 6.3 – to reconsider the financial impact scores to recognise that a financial impact of less than 1% was not necessarily insignificant
 - Consider including a definition of what ‘risk’ means to the College.
195. The committee also discussed the Board’s role in relation to setting the risk appetite of the different aspects of the College’s activities. It was noted that considering levels of risk was already integral to the Board’s strategic decision-making and that setting ‘risk appetite’ in relation to specific activities was an implicit part of much of the Board’s work. Members discussed the potential value of undertaking a review of risk appetite across different categories, noting that this would be a considerable undertaking but could be a useful exercise from time to time and would inform the risk and internal control framework.
196. The Principal undertook to discuss with the Clerk options for the Board to undertake a review of risk appetite in the future.
197. The committee welcomed the plan for management to present more detail on two risks at each meeting in the form of a ‘deep dive’ and agreed that the format of these agenda items could evolve during the year to ensure they contributed effectively to the monitoring of the adequacy of the College’s risk management arrangements.
198. **Resolved** – that the draft Risk Management Policy 2021-22 be recommended to the Board of Governors for approval, with the revisions agreed at the meeting.

Risk Register and Heat Map

199. The committee had received the Strategic Risk Register which set out the controls and assurance framework in a new format dashboard report, accompanied by a risk ‘heat map’.
200. It was noted that the dashboard and heat map would include trend indicators for each risk to highlight changes term to term and that updates to the dashboard would be highlighted for ease of reading.
201. The Principal explained that the SLT’s review had resulted in agreeing 13 key strategic risks and summarised some of the key issues. The SLT also maintained a list of other risks which had been identified but were of lower strategic significance and could also be reported for information alongside the risk register.
202. Members raised questions as to why the ‘impact’ residual score for all the risks had not reduced (whereas the ‘likelihood’ score had) and whether the high scoring of the risks should raise alarm bells for the committee.
203. The Principal explained that the ‘impact’ residual scores were partly a result of timing and that the SLT expected that many of the controls would have more of an effect on reducing the ‘impact’ scores now that term had started and as the year progressed. The impact of Covid-19 in the next 12 months was also still uncertain.
204. The Principal went on to assure the committee that the SLT’s assessment of the risks did not reflect a crisis for the College but acknowledged the scoring reflected the SLT’s current challenges and priorities, including the potential impact of the funding and policy changes linked to the *Skills for Jobs* White Paper.

205. Members welcomed the clarity and precision of the new risk register, endorsing the dynamic approach to risk management.
206. A range of points were raised by committee members and the Principal undertook to make corresponding amendments before the risk register dashboard was presented to the Board in October. In summary:
- To check the dashboard for whether the meaning of all truncated sentences was clear
 - To remove the scoring key from every page, colour coding the Risk/Residual Ratings box instead, and using the space to introduce key risk indicators where these can be quantified (linked to the Healthcheck report/College Dashboard)
 - To review the controls/assurance statements which included ‘regular/regularly’ to add more precision to the timing where possible.
207. M Cheetham also highlighted that some organisations chose to extend the ‘red’ colour coding on a heat map to include risks which would have a high impact, even if the likelihood was low. This was a matter for what worked best for each organisation and could be kept under review.
208. **Resolved** – the Strategic Risk Register dashboard and heat map be recommended to the Board for approval, with the revisions agreed at the meeting.

Operational risks

209. The Principal reported a potential health and safety risk of which she had just been notified regarding newly installed LED lighting on the Sparsholt College campus and noted that the situation was being investigated.
210. Confidential matters were recorded separately.
211. The meeting closed at 15:20.