

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

HELD: on Thursday 4 December 2025 at 16.00 in 4F07 DHB Boardroom

Present	In attendance
Sharon West (Chair) (Via MS Teams)	Richard Lewis (RSM)
Barbara Mangan	Cameron Boyd (TIAA) (Via MS Teams)
Tony Bullock	Chris Malish (DCEO Finance & Corporate Services)
Gavin Hamilton	Allison Booth (Governance Director)
Kimberley Virr	Rachel Henry (Deputy Governance Director)
Observing	
Liz Leek (DCEO Quality & Curriculum)	
Apologies	

The quorum was two committee members

L/J Denotes the time any individual left/ re-joined the meeting.

Item		Action/ Report Item
Closed session		
1.	<u>Members to meet with Auditors in the absence of management</u>	
1.1	<p>A closed session took place between the Audit Committee members and the auditors, internal auditors TIAA (Cameron Boyd) and external auditors, RSM (Richard Lewis). Mr Lewis gave a summary update in terms of the 2024-25 audit work. The draft Annual Report and Financial Statements were in a favourable position. There were some outstanding matters within the Executive Summary and the Tailored Learning Assessment was expected to be finalised within the next day or so. Another matter of note was the substantive funding audit which was currently being conducted by Mazars. The findings of which, were anticipated to be available the following week.</p> <p>Management and RSM had collaborated well to produce the draft and a final version of the Annual Report and Financial Statements would be presented at the Corporation meeting on 11 December 2025, subject to findings from the funding audit investigation.</p> <p>Mr Lewis requested members confirm that they had not had any matters from a fraudulent perspective brought to their attention. Members confirmed no such matters had been raised during the year to 31 July 2025.</p>	

Open session	
2.	<u>Introductions, Apologies for Absence and Disclosure of Interest</u>
2.1	The Chair welcomed everyone to the meeting.
2.2	There were no apologies for absence.
2.3	There were no disclosures of interest.
3.	<u>Chair's action</u>
3.1	There had been use of Chair's action to authorise the DCEO F&CS to instigate an investigation, to be conducted by TIAA, as part of the Fraud Response Plan in relation to a Procurement process matter.
4.	<u>Minutes of the meeting held on 4 September 2025</u>
4.1	RESOLVED: That the Minutes of 4 September 2025 be approved as an accurate record and signed by the Chair.
5.	<u>Matters arising</u>
5.1	The Matters Arising Report was reviewed.
	<i>5.2 - The DCEO F&CS to provide a proposal on commissioning a third party for Cyber Security testing - The DCEO F&CS advised that JISC would be approached to carry out the testing, with a plan for completion in 2026.</i>
	<i>6.5 - The DPS to ensure all that all recommendations and actions were either complete or positively updated before the end of the academic year - The DCEO F&CS advised that this was detailed within the internal audit actions follow up report.</i>
	<i>7.2 - TIAA to bring the Cyber Security Internal Audit forward to Autumn 2025 in the Annual Plan- The DCEO F&CS advised that this action was now superseded as JISC would now be conducting the Cyber Security testing.</i>
	<i>8.7 - The VPF&CS to confirm any necessary changes to the Internal Audit Plan timeline as appropriate- The DCEO F&CS advised the only change was to the I.T Audit.</i>
	<i>15.4 - The VPF&CS to provide feedback on the Policy's alignment with the principles relating to bribery - The DCEO F&CS talked members through how the 6 principles of bribery prevention were reflected in the Anti-Fraud, Bribery and Corruption Policy.</i>
	<i>J/BM</i>

Internal Audit	
6.	<p><u>Internal Audit Reports</u></p>
6.1	<p>6.1 <u>Assurance Review of HR Recruitment and Retention</u></p> <ul style="list-style-type: none"> • The Assurance Review of HR Recruitment and Retention report had an overall conclusion of SUBSTANTIAL assurance. • There was 1 recommendation, graded as routine, which had been accepted by Management. • There were 2 areas of good practice identified.
6.2	<p>6.2 <u>Assurance Review of Admissions and Recruitment</u></p> <ul style="list-style-type: none"> • The Assurance Review of Admissions and Recruitment report had an overall conclusion of SUBSTANTIAL assurance. • There were no recommendations. • There were 2 areas of good practice identified.
6.3	<p>6.3. <u>Key Financial Controls - Treasury Management</u></p> <ul style="list-style-type: none"> • The Key Financial Controls - Treasury Management report had an overall conclusion of SUBSTANTIAL assurance. • There were no recommendations. • There were 2 areas of good practice identified.
6.4	<p>6.4 <u>Follow up report</u></p> <p>The follow up review by TIAA established the management actions that had been taken in respect of the high and medium priority recommendations arising from the internal audits.</p> <p>From the 12 recommendations within the Follow Up Report, 5 had been implemented, 5 remained outstanding and 2 were not yet due.</p> <p>The DCEO F&CS advised that some of the delays around the Procurement Audit actions had been caused by changes to the new Procurement Act. New systems had been implemented to ensure the College was compliant with the revised requirements and to ensure that there was adequate storage to retain all relevant procurement documentation in the procurement system.</p>
6.5	<p><u>Annual Internal Audit Report</u></p> <p>Mr Boyd provided a summary of the Annual Internal Audit Report advising that there were no areas of concern.</p>

6.6	<p>The Committee had approved 55 days of internal audit coverage for last year. 9 assurance reviews had been carried out.</p> <ul style="list-style-type: none"> • 7 reviews provided substantial assurance, 1 provided reasonable assurance and 1 provided limited assurance. • Out of the total number of audit recommendations, 4 were marked as urgent, 5 were marked as important and 6 as routine. • It was acknowledged that compliance in addressing the recommendations had been demonstrated. <p>The Committee accepted the audit recommendations and management responses and agreed that the Internal Audit Reports would be shared with the Corporation.</p> <p>RSM advised that the DCEO F&CS and the GD should respectively make an addition to the Financial Accounts and the Annual Audit Committee Report to capture any measures that had been put in place to resolve the priority one recommendations of the ICT – Data Governance Audit that had received Limited Assurance.</p> <p>ACTION: That the Internal Audit Reports be shared with the Corporation for information and assurance.</p>	GD
7.	<p><u>Internal Audit Recommendations: Follow Up (management)</u></p>	
7.1	<p>The DCEO F&CS provided an update on the outstanding Internal Audit Recommendations.</p> <ul style="list-style-type: none"> • 2022/23 – All complete • 2023/24 – All complete – 8 Audits, 6 Substantial, 2 Reasonable, which generated 23 recommendations • 2024/25 – 3 Overdue Actions; 1 Not Yet Due, 73% Completed, 20% Overdue, 7% not due. This is across 9 internal audits of which, 7 were substantial, 1 reasonable and 1 limited, which generated 15 audit recommendations • 2024 External Audit actions – 18 completed, 1 ongoing 	
7.2	<p>The DCEO F&CS advised that the main reason for the overdue GDPR actions was as a result of a vacant role of Director of Data Funding and Information, which was being recruited to; whilst an interim was in place, they were not full time. Therefore, a revised completion date of 30 April 2026 was requested, to allow the DCEO F&CS to work with the Head of IT to resolve the actions in the meantime. If the vacancy was not be filled, the option to outsource the DSAR requests would require further consideration.</p>	
7.3	<p>The Committee approved the requested extension.</p>	

Governance and Risk	
8.	<u>Audit Committee Annual Report</u>
8.1	<p>The Committee reviewed the draft Audit Committee Annual Report which had been prepared in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Colleges for the twelve-month period to 31 July 2025 and summarised the audit work carried out during the year.</p> <p>The report to the Corporation and the Chief Accounting Officer concluded with the Audit Committee’s opinion that for 2024-25:</p> <p>a) The Committee had operated effectively and had considered issues in detail;</p> <p>b) The College’s assurance arrangements; framework of governance; risk management and control; and processes for securing economy, efficiency and effectiveness were adequate and effective and reviewed regularly.</p>
8.2	<p>Mr Lewis suggested the following additions to the report:</p> <ul style="list-style-type: none"> • 4.4- To reflect the priority one recommendations and any measures taken to complete them on the ICT – Data Governance Audit that had received Limited Assurance. • 4.9- To update the wording to bring in line with the draft Annual Accounts. • To include data on the External Funding Audit Report conducted by the DfE.
8.3	RESOLVED: Subject to the additions, to approve the Audit Committee Annual Report for submission to the Corporation and Chief Accounting Officer.
9.	<u>Report on Whistleblowing, Fraud and Other Irregularities</u>
9.1	<p>The DCEO F&CS summarised the Report on Whistleblowing, Fraud and Other Irregularities:</p> <p>A confidential minute was taken for item 9.1 - see confidential annex.</p>
9.2	<p>Financial Concerns</p> <p>Since the last report, there had been no irregularities concerning the College bank account. With regards to the College credit card, there had been no irregularities other than an incorrect reference used through Amazon (Banyan), which meant initially the transaction had appeared fraudulent. It was subsequently identified as a known Amazon order.</p>

<p>9.3</p> <p>9.4</p> <p>9.5</p>	<p>A confidential minute was taken for item 9.2 - see confidential annex.</p> <p>Insurance Claims</p> <p>There were six open insurance claims; the details of which had previously been provided to the Committee. Three were new, one was categorised as a motor vehicle claim and the other two as personal injury claims. The total claim amount, if settled, would be covered by the insurance company.</p> <p>The DCEO F&CS advised that the College had received a rebate of circa £20k from the College’s insurance company as a result of lower-than-expected claims.</p> <p>Cyber Security</p> <p>Pro-active mitigation of cyber-attack was ongoing, which took place daily through patching and regular upgrades to servers. The HoD of IT had recently attended a JISC conference on cyber security and was scoping the audit work with them on the College’s cyber resilience.</p> <p>There had been no significant cyber security issues or attacks since the last report.</p>	
<p>10.</p> <p>10.1</p>	<p><u>Value for Money Report</u></p> <p>The DCEO F&CS provided an overview of the Value for Money Report and highlighted a number of areas of Non-Pay Expenditure.</p> <p>The majority of pay expenditure within the College was through employee costs; pay expenditure for teaching staff was 64%.</p> <p>Capital expenditure made up a large percentage of non-pay expenditure.</p> <p>Through procurement support, the College had saved an identifiable £140k in 2024-25, through savings across Facilities Management, IT, Travel and more effective purchasing through Amazon.</p> <p>The College had procurement procedures in place which required budget holders to obtain a minimum number of quotations, or undertake a tendering process. Best value assessment had to be made before a supplier was selected.</p> <p>2024-25 had seen a significant increase in spend on capital projects. All project spend followed a comprehensive tendering process in</p>	

	<p>compliance with the College’s Financial Regulations and procurement policy and procedures.</p> <p>The targets for 2025-26 were to achieve £150k in cost savings and £150k in cost avoidance. The core enabler for driving a significant improvement in the College’s value for money delivery, amongst several other procurement and contract management priorities, was Project Ascend. This was the College’s programme to strengthen procurement and contract management and to ensure clear, measurable value for money is secured.</p>	
11.	<u>Strategic Risk Management</u>	
11.1	<p>The Committee reviewed the strategic risks for which it had oversight.</p> <p>The DCEO F&CS drew members attention to SR1, advising that the draft Q1 position showed a shortfall versus the budget, but still demonstrated growth over the 2024-25. With some mitigation, the overall financial health score would remain ‘Good’, though the head room on the bank covenants was much smaller. SR12 highlighted the risk of potential industrial action as a result of the recent UCU Pay claim.</p> <p>Members suggested that the Risk Register could better reflect the Emerging Risk reporting provided by RSM. The DCEO F&CS advised that he would present a report at the next Audit Committee meeting to demonstrate how the emerging risks had been incorporated within the Risk Register.</p>	
11.2	ACTION: The DCEO F&CS to present a report on how emerging risks were being incorporated within the Risk Register.	DCEO F&CS
Policies		
12	<u>12.1 GDPR Policy (revised)</u> <u>12.2 FOI Policy (revised)</u>	
12.1	At the Corporation meeting in October, members had requested that the DCEO F&CS re-review the GDPR and FOI Policies in terms of the content, which had been split between the procedure and the policy itself. It had been agreed that the Policies would be re-presented to the Audit Committee in December.	
12.2	The DCEO F&CS advised that both policies had been reformatted to provide better context.	
12.3	RECOMMENDATION: That the GDPR Policy and Freedom of Information and Publication Policy be recommended to Corporation for approval.	

Any other business		
13.	<u>Items for report to the Corporation</u>	
13.1	<ul style="list-style-type: none"> • Draft Meeting minutes of 4 December 2025 • Internal Audit Reports • Audit Committee Annual Report • GDPR Policy • FOI Policy 	
14.	<u>Any other business</u>	
14.1	There was no other business.	
14.2	The next Audit Committee Meeting would take place on 26 February 2026.	
15.	<u>Meeting Evaluation</u>	Deputy Governance Director
15.1	To be circulated by the Deputy Governance Director. <i>L/CB</i>	
<i>The next session will be a joint meeting with members of the Finance & General Purposes Committee</i>		
16.	<u>Annual Report and Financial Statements/Audit Management Letters/Letters of Representation</u>	
16.1	Richard Lewis of RSM talked members of F&GP Committee and Audit Committee through the Annual Report and Financial Statements Financial Statements.	
16.2	<p>Key items highlighted by RSM were:</p> <ul style="list-style-type: none"> • The governors report - relating to public benefit and how this had been delivered. • Governance and internal control – information relating to the work of the Audit Committee and the assurance they offer the Corporation. • Budget and Cash flow forecasts had been examined by the Corporation and its conclusion was that the College is a going concern. RSM agreed with this conclusion. • The audit opinion - RSM’s opinion was that the financial statements: <ul style="list-style-type: none"> ○ gave a true and fair view of the state of the College’s affairs as at 31 July 2025 and of the College’s surplus of income over expenditure for the year then ended; ○ had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and ○ had been prepared in accordance with the Accounts Direction issued by the Department for Education. • Based on the advice of the Audit Committee and the Accounting 	

<p>16.3</p>	<p>Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for “<i>the effective and efficient use of resources, the solvency of the institution and the body and the accountability for how it spends public funds</i>”.</p> <ul style="list-style-type: none"> • The Pension Fund assumptions had been benchmarked across the sector and showed no evidence of bias by the management. • The next scheme valuation for the Local Government Pension Scheme had been scheduled for 31 March 2025, with the new employer contribution rates applicable from 1 April 2026. • Capital investment - the College invested £17.6m in fixed asset additions during the year 2024-25. £1.7m of the fixed asset additions were self-funded. • Reserves – the College reserves amounted to £95.8m and it held £16.7m in cash and bank balances at the year end. £8.0m of cash and bank balances at the year-end have been received from DfE in advance of spend on capital projects. • The College referenced the Managing Public Money document (MPM), though the main document to refer to is the College Financial Handbook 2024. • The College calculated and reported covenants to the bank and the bank continues to be supportive of the College. The College met all its projected cashflow covenants during the financial year and is forecasting to meet these covenants for planning period to July 2028. • As at 31 July 2025, the cumulative unspent 16-19 discretionary and vulnerable bursary funds and FEFM funding is £0.5m, of which £nil relates to funds that are in scope to be returned to DfE in March 2026. • The audit opinion was expected to be unqualified. • The regularity opinion was expected to be unmodified. <p>Mr Lewis suggested the following additions to the Annual Accounts:</p> <ul style="list-style-type: none"> • 4.4- To reflect the measures that had been put in place to resolve the priority one recommendations of the ICT – Data Governance Audit that had received Limited Assurance. • To include data on the External Funding Audit Report conducted for the DfE. <p>The Audit Chair gave thanks to Mr Lewis and the team at RSM for all their hard work on preparing the accounts and also commended the DCEO F&CS and team for their collaboration in ensuring the information was provided to the auditors in good time.</p> <p><i>A separate confidential minute was recorded – see annex.</i></p>	
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17.	<u>Audit Findings Report</u>	
17.1	<p>Mr Lewis presented the draft report and recorded his thanks to Management for its engagement. Subject to receipt of outstanding matters, the final report would be presented to the Corporation on 11 December.</p> <p>Mr Lewis talked Members through the key areas of risk for the College.</p> <p>Members received assurance that (a) the College had in place a reasonably strong control framework on income recognition; (b) there was no evidence of any bias; (c) RSM concurred with the College’s judgement on going concern; and (d) there had been no non-compliance in terms of regularity.</p>	
18.	<u>Emerging Issues</u>	
18.1	Members received and noted the emerging issues update from RSM.	

Approved by the Committee:

S West

26.02.26

Signed by the Chair

Date

Agreed actions

No	Minute	Action	Who?
1	6.6	That the Internal Audit Reports be shared with the Corporation for information and assurance.	GD
2	11.2	The DCEO F&CS to present a report on how emerging risks were being incorporated within the Risk Register.	DCEO F&CS
3	15.1	Meeting Evaluation to be circulated by the Deputy Governance Director.	Deputy Governance Director