

## Minutes of a Meeting of the AUDIT & RISK COMMITTEE

held on Wednesday 8th October 2025, 4.00pm -6.15pm

Online Via Teams

### **45/25 APOLOGIES AND WELCOME**

Apologies were received from Mr Martyn Pearl, Mr Paul Goddard, Ms Frances Millar, and Mr Chris Cook. The Chair welcomed Members to the meeting.

### **46/25 DISCUSSION WITH AUDITORS (WITHOUT MANAGEMENT PRESENT)**

This was not required.

### **47/25 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **48/25 APPROVAL OF THE NON-CONFIDENTIAL MINUTES OF THE MEETING HELD 11 JUNE 2025**

The non-confidential minutes of the meeting held 11 June 2025 were APPROVED as a true record.

### **49/25 APPROVAL OF THE CONFIDENTIAL MINUTES OF THE MEETING HELD 11 JUNE 2025**

The confidential minutes of the meeting held 11 June 2025 were APPROVED as a true record.

### **50/25 MATTERS ARISING FROM THE MEETING OF 11 JUNE 2025**

The Director of Governance reported on Matters Arising. All actions were completed as detailed with the exception of pursuing co-options which was in progress. There was some discussion of skills needed including audit, taxation, chartered accountancy, and risk management.

The Committee were ASSURED on Monitoring of actions and Matters Arising to September 2025.

### **51/25 MPM ASSURANCE REPORT**

The Interim Director of Finance presented the Managing Public Money (MPM) Assurance Report. He reported that there have been no matters arising within the College since the last Audit & Risk Committee that were subject to MPM breaches or potential breaches for consideration. He added that fraud and anti-fraud measures were a key aspect of MPM and that the College had prepared an Anti-Fraud Policy in response to the new failure to prevent fraud offence in operation from 1 September 2025. This was tabled for consideration on the agenda of this meeting at 61/25. He added that he had produced a revised governance guide for Members following new guidance to the sector on financial management and regulatory oversight which was tabled for consideration on the agenda of this meeting at 57/25.

The Chair raised a question on sources of assurance and the Interim Director of Finance responded that Members were provided with review reports and monthly financial reporting.

The Committee were ASSURED on the Managing Public Money Assurance Report.

### **52/25 ACCOUNTING POLICIES**

The Interim Director of Finance presented the Accounting Policies. This followed the issue of the *College accounts direction 2024 to 2025* by the Department for Education (DfE). There were no key changes to the accounts direction. He highlighted areas where colleges were reminded to follow the direction following the Further Education (FE) Commissioner's review of Weston College. He explained that the College uses model accounts for the sector referred to as Casterbridge. The wording for the proposed Accounting Policies was consistent with the model accounts for the sector with one change for this year relating to revenue grant funding.

The Chair raised a query regarding the change. The Interim Director of Finance responded that this was to provide clarity relating to the achievement of contracts.

The Committee CONSIDERED the report and RECOMMENDED the College Accounting Policies for APPROVAL by Corporation.

### **53/25 GDPR DATA BREACHES REPORT**

The Head of IT and Technical Services and Data Protection Officer joined the meeting and presented the General Data Protection Regulation (GDPR) data breaches report. Since the previous report in June 2025, there had been one minor breach which has been resolved, and one alleged breach which was under investigation. There were no breaches reported to the Information Commissioner's Office (ICO). There were no questions.

The Committee were ALERTED to the GDPR data breaches report and ASSURED by action taken to resolve.

### **54/25 FOI/DSAR REPORT**

The Head of IT and Technical Services and Data Protection Officer presented the Freedom of Information (FOI) and Data Subject Access Requests (DSAR) report. There had been four FOI requests, all of which had been responded to within the required timeframe of 20 days. There had been three DSAR. There were no questions.

The Committee were ALERTED to the FOI and DSAR report.

The Head of IT and Technical Services and Data Protection Officer left the meeting.

### **55/25 BOARD ASSURANCE FRAMEWORK: RISK MANAGEMENT ANNUAL REPORT**

The Interim Director of Finance presented the Board Assurance Framework and Risk Management Annual Report. He outlined the College's approach to managing risk.

The Chair asked the Principal whether she had any concerns regarding risk. The Principal responded that risk identification and monitoring by the senior leadership team (SLT) was comprehensive and that expertise on the Audit & Risk Committee provided further challenge noting the importance of risk management expertise identified as a key skill to pursue for the membership of the Committee.

The Committee were ASSURED on the Board Assurance Framework: Risk Management Annual Report.

### **56/25 RISK REGISTER**

The Interim Director of Finance presented the Risk Register. He reported that as requested at the previous Committee the Risk Register had been updated to provide the ideal risk level and an acceptable risk level or tolerance. He explained that items beyond risk tolerance require action to return within tolerance and that

items above ideal risk but within tolerance should be improved. He outlined changes to values and risks and identified risks outside of tolerance. There were two areas requiring more work during the 2025-26 academic year: maths and English performance, and apprenticeship recruitment.

A Member reported that there had been a good discussion on the two areas identified at the Curriculum & Quality Committee on 24 September 2025. She asked whether this should be taken to Corporation, noting that there had been some discussion at the governance self-assessment review questioning whether issues were sufficiently aired at Corporation. She asked whether enough was being done to mitigate the risks in the areas identified. The Interim Director of Finance and Principal both responded outlining mitigations including improved timetabling, seeking external expertise for observation and mentoring, and changing the awarding body. The Principal added that she had personally observed several English and maths sessions.

The Chair noted that poor performance in English and maths was a potentially grade limiting factor for Ofsted inspection.

It was agreed that the Corporation would be alerted to these risks and in particular the risk around English and maths performance in the Committee's 3As report and that a report be tabled at a future Corporation meeting in 2026 after the November GCSE resit results have been released. The Chair also requested a briefing for Corporation on 15 October 2025 as part of the Principal's report.

A Member queried whether the risk for cybersecurity was underrated. He cited the recent cybersecurity issues at Jaguar Land Rover. The Chief Operating Officer and Deputy CEO responded that this risk was regularly assessed with the Head of IT and Technical Services and that patches were applied as required. The College had achieved Cyber Essentials certification and was working towards Cyber Essentials Plus. The College was also looking into International Organization for Standardization (ISO) Certification. There was also significant investment in firewalls. She was confident that the risk was well managed. The Member suggested raising the probability score to 4 and the overall risk score to 16 but considered that this was for the risk management group to consider. It was agreed that the Interim Director of Finance would take this suggestion for consideration for future Risk Register review by the risk management group.

The Committee NOTED the Risk Register for ALERT and ASSURANCE to Corporation.

### **57/25 FRAMEWORK AND GUIDE FOR EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS OF COLLEGES, AND COLLEGE FINANCIAL HANDBOOK (REPLACED WITHDRAWN AUDIT CODE OF PRACTICE)**

The Interim Director of Finance presented a report on the Framework and Guide for External Accountants of Colleges, and the College Financial Handbook following the withdrawal of the Audit Code of Practice. He explained that the DfE has issued new guidance to the sector on financial management and regulatory oversight and outlined the relevant guidance. He had produced a new governance guide for Governors and particularly drew the Committee's attention to chapter 5 which included significant updates for the Committee. He summarised the new elements as new anti-fraud requirements, a list of regularity testing items provided to the external auditors which he advised serve as a useful check for the Committee that the College is compliant with requirements, and requirements for clauses in the auditors' engagement letter. He confirmed that the College's engagement letter with RSM UK Audit was consistent with the required clauses. He confirmed that the new guide would be circulated to Governors, by post if necessary, when available. The Chair commented that she had not received the current guide and would liaise with the Director of Governance to ensure the correct postal address was held on file.

The Committee NOTED the report for ALERT to Corporation.

### **58/25 INTERNAL AUDIT – VISIT 3**

The Chief Operating Officer and Deputy CEO introduced the internal audit report for visit 3, follow up and the internal audit progress report. The Human Resources (Recruitment and Retention) audit report had been finalised and was awarded Significant assurance. She confirmed that all reports for the 2024/25 audit plan

were now final and reported that the internal auditors, Scrutton Bland considered that good progress was being made on the implementation of previous recommendations. Of the 17 recommendations, 15 were considered implemented or superseded and two recommendations were considered to be partially implemented. The latter were captured in the Audit Issues Log.

Mr Ryan Pearce of Scrutton Bland presented the report for visit 3, follow up and the internal audit progress report. He reported that the agreed audit plan, audit universe and sector risks were detailed in the progress report. He explained that the objective of the internal audit report on HR recruitment and retention was to ensure that the College's selection, recruitment, and appointment processes were fit for purpose and reflected safer recruitment requirements. He reported that overall, the College has a robust HR recruitment and retention framework in place, and found that the College had made significant changes and improvements during the last year which was evident during review.

A Member commented on her recent experience as part of the interview panel for Student Governor recruitment. On reflection she felt that she could have been better prepared for the interviews and suggested a more formal recruitment process. The Director of Governance thanked the Member for her feedback. She explained that the standard College employment application form was not used for the recruitment of Student Governors and that the application method chosen was intended to ensure the application process was consistent, accessible and simple. She acknowledged that improvements could be made but confirmed that whilst the process was intended to be accessible it was also a formal process.

A Member asked how management felt regarding the recommendation to amend interview forms to include a box requiring the interviewer to clearly state why a candidate had not been selected for a role. He cited consideration regarding avoiding claims of discrimination. The Chief Operating Officer and Deputy CEO responded that management had accepted and implemented the recommendation as reported in the Action Plan.

Mr Pearce drew attention to the conclusions of the follow up report confirming that all recommendations from previous reports had been implemented or superseded with the exception of two recommendations which were partially implemented. In response to a query from the Chair, he confirmed that he was happy with internal audit and the progress being made.

The Committee NOTED the report for ASSURANCE to Corporation.

#### **59/25 AUDIT ISSUES LOG**

The Chief Operating Officer and Deputy CEO presented the Audit Issues Log. She explained that this was maintained, updated and brought to the Committee regularly to ensure that action points recommended by the auditors were being centrally logged, progressed and actioned. She outlined the colour coding which delineated between actions completed, those past target completion date, those that had been previously reported as past target completion date and remained unresolved, and actions which had remained unresolved for three successive meetings of the Committee. In response to a query from the Chair, she reported that an item in white was new to the register and had not yet been RAG (red amber green) rated.

There was some discussion on Century implementation and of the need to give staff exposure on how this could be utilised.

The Committee NOTED the report for ASSURANCE to Corporation.

#### **60/25 INTERNAL AUDIT SERVICE ANNUAL REPORT**

The Chief Operating Officer and Deputy CEO introduced the Internal Audit Service Annual Report for 2024/25. During the period there were 14 low risk recommendations and one medium risk recommendation, all of which were included in the Audit Issues Log.

Mr Pearce of Scrutton Bland presented the Internal Audit Service Annual Report. He reported that in the opinion of the internal auditors for the year ended 31 July 2025, the College has adequate and effective risk management processes, adequate and effective governance processes, adequate and effective control processes, and adequate and effective processes surrounding efficiency and effectiveness. He provided an overview of key observations noting that six audits had been completed during 2024/25 and all had been given Significant assurance. He also reported that the latest Global Internal Audit Standards were effective from January 2025 and that Scrutton Bland had self-assessed that they were in compliance with the Standards. He drew attention to achievement of performance indicators (PIs).

The Chair enquired regarding external review of the internal auditors. Mr Pearce responded that an external review of Scrutton Bland would be undertaken in 2027.

A Member commended the report and the work of the internal audit service and the College management.

The Committee NOTED the report for ASSURANCE to Corporation.

#### **61/25 ANNUAL FRAUD REPORT AND ANTI-FRAUD POLICY**

The Interim Director of Finance presented the Annual Fraud Report and Anti-Fraud Policy. There were no proven cases of fraud during 2024/25. There had been unsuccessful phishing attacks. The College had continued internal training in this area, and had also undertaken an exercise comparing staff payroll bank details to supplier bank details and did not find any matches. He alerted the Committee to the new offence of failure to prevent fraud operational from 1 September 2025. He explained that historically the College's anti-fraud approach was set out in its Financial Regulations but that in response to the new offence the College has drafted an Anti-Fraud Policy. An internal audit of the College's fraud controls was also being undertaken by Scrutton Bland.

The Chair reported that she had been consulted on the draft Anti-Fraud Policy ahead of the Committee meeting and was satisfied that the points she had raised had been dealt with.

There was some discussion regarding the new offence and what this entailed. The Interim Director of Finance explained that this was around culpability and a failure to prevent fraud adding that there was a requirement to take reasonable steps to prevent fraud. He gave some examples in the further education (FE) sector including Burnley College's misleading inflation of achievement rates, and Strode College's non-compliant subcontracting arrangements.

The Committee RECOMMENDED the Annual Fraud Report and Anti-Fraud Policy for APPROVAL by Corporation.

#### **62/25 ANNUAL REVIEW: REGISTER OF INTERESTS/DECLARATION OF ELIGIBILITY**

The Director of Governance presented the Annual Review of the Register of Interests and Declaration of Eligibility. She confirmed that all Members and relevant College Managers had updated and returned their Register of Interests and Declaration of Eligibility during July-October 2025. A central register was maintained and had been reviewed and there were no material conflicts of interest.

The Committee NOTED the report for ASSURANCE to Corporation.

### **63/25 DELAMITE UPDATE**

The Interim Director of Finance provided a verbal update on Delamite Ltd and shared onscreen a roadmap for its striking off. This was currently with RSM UK Audit to check timescales. He outlined the potential risk of challenge from His Majesty's Revenue and Customs (HMRC) but confirmed that this was provided for in the accounts.

The Committee NOTED the report for ALERT to Corporation.

### **64/25 DRAFT 3AS REPORT TO OCT CORPORATION**

The Director of Governance explained that this would form the Committee's report to Corporation of those items that the Committee wished to alert Corporation to, assure Corporation on, and recommend for approval or action. The report would be drafted in consultation with the Chair and SLT lead and circulated to Members for comment and approval prior to inclusion in the board pack.

### **65/25 ANY OTHER BUSINESS**

The Chair enquired regarding the chairing of the joint meeting on 26 November 2025 and the Director of Governance confirmed that this would be chaired by the Chair of this Committee.

### **66/25 SELF-ASSESSMENT OF MEETING**

The Chair led Members in a self-assessment of the meeting. The Members commended the chairing and quality of papers. The Chair asked the management whether they felt supported and the Principal responded that there was robust support and good opportunities for discussion. She added that the unwinding of Delamite Ltd should be actioned promptly.

### **67/25 DATE OF NEXT MEETING**

Wednesday 26<sup>th</sup> November 2025