

# Minutes of a Meeting of the AUDIT & RISK COMMITTEE

held on 11 June 2025, 1.30-3.45pm Online Via Teams

## **21/25 APOLOGIES AND WELCOME**

Apologies were received from Mr Martyn Pearl.

The Chair welcomed Members to the meeting and Members and attendees introduced themselves. It was noted that this was the new Chair's first meeting following the resignation of Mr Graham Barnetson in April 2025.

## **22/25 DISCUSSION WITH AUDITORS (WITHOUT MANAGEMENT PRESENT)**

This was not required.

## **23/25 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **24/25 APPROVAL OF THE NON-CONFIDENTIAL MINUTES OF THE MEETING HELD 12 FEBRUARY 2025**

A correction was noted regarding Mr Stephen Brooks attendance which should read 0 of 1 rather than 0 of 3.

The non-confidential minutes of the meeting held 12 February 2025 were approved as a true record subject to the amendment above.

## **25/25 APPROVAL OF THE CONFIDENTIAL MINUTES OF THE MEETING HELD 12 FEBRUARY 2025**

A correction was noted regarding Mr Stephen Brooks attendance which should read 0 of 1 rather than 0 of 3.

The confidential minutes of the meeting held 12 February 2025 were approved as a true record subject to the amendment above.

## **26/25 MATTERS ARISING FROM THE MEETING OF 12 FEBRUARY 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. The Chair noted the value of serving as a Governor or Co-opted Member for continuing professional development (CPD). The Principal suggested contacts via T Levels in Business to pursue.

The Committee were assured on the Monitoring of actions and Matters Arising to May 2025.

## **27/25 DELAMITE LTD: FUTURE OPTIONS AND RECOMMENDATION, AND ANNUAL VAT REPORT**

Ms Frances Millar of RSM UK Audit LLP provided a verbal update. She advised that she had written to the Interim Director of Finance on 23 May 2025 regarding the matter. She outlined suggested next steps and associated risks.

It was agreed that the Interim Director of Finance would liaise with the Director of Governance to arrange for a report to be circulated.

The Principal expressed discomfort at being the sole director.

The Chair requested the full written advice before proceeding any further and that a report be circulated to the Committee.

MN/ST

**28/25**

**EXTERNAL AUDIT STRATEGY MEMORANDUM 2024/25 (CONFIDENTIAL)**

**29/25**

**INTERNAL AUDIT NEEDS ASSESSMENT AND ANNUAL PLAN 2025/26**

The Chief Operating Officer and Deputy CEO introduced the item. She reported that the College had completed year one with Scrutton Bland as its internal auditors. A meeting had been convened with Mr Goddard, the senior leadership team (SLT) and the Vice Chair of the Committee to review the Risk Register and determine the content of the proposed Internal Audit Plan for 2025/26. She had subsequently had a conversation with Mr Goddard regarding the subcontracting standard and guidance was currently awaited from the Department for Education that would determine whether this needed to be included in the Internal Audit Plan for 2025/26.

Mr Goddard presented the proposed Internal Audit Plan for 2025/26. He welcomed the rich discussion at the meeting referred to by the Chief Operating Officer and Deputy CEO. The Plan had been mapped against key risks and the audit universe.

A Member expressed surprise that *Managing Public Money* (MPM) was proposed for review. She considered this to be a very low risk for the College and regarded governance at the College as very strong. She suggested looking at an area such as income and debtors which she noted was last reviewed in 2021/22 and received reasonable assurance. There was some discussion in which the merits of including MPM as an area for review was considered noting the Further Education (FE) Commissioner's Report into Weston College. The Chair asked whether it was possible to revise the proposal from MPM to emerging governance issues with the Weston College report in mind. A Member queried whether 4 days of audit was required for this area and whether that could be reduced. She expressed a desire for value for money and for internal audit to be focused on the College's highest risks.

A Member enquired regarding what was proposed in relation to counter fraud and whistleblowing. He believed that this was potentially a more effective way of reviewing Weston College type risks. Mr Goddard outlined Scrutton Bland's approach to reviewing counter fraud and alerted Members to be realistic about what could be achieved in the number of audit days proposed.

A Member enquired regarding the approach and expertise for reviewing monitoring achievement and curriculum planning. Mr Goddard responded that the College had already identified and made changes in the area of curriculum planning and that the proposed area for review would be to look at the impact of those changes and consistency across areas. He outlined the expertise of internal auditors at Scrutton Bland who were academic specialists with a professional background in the field.

The Chair drew the discussion together summarising that the Committee was suggesting that the Plan include a focus on MPM, counter fraud, and the Weston College recommendations and consider the point raised by the Member regarding the income and debtors review that had not been looked at since 2021/22. She noted the length of audit days proposed for MPM and counter fraud and queried whether they could accommodate a mini audit looking at payments.

It was agreed that the Chief Operating Officer and Deputy CEO would liaise with Mr Goddard on the Committee's suggested amendments to the Plan and that a revised Plan would be circulated.

Mr Goddard drew attention to the *Internal Audit Charter* and Scrutton Bland's commitment to adherence to the Global Internal Audit Standards. A paper was included for Members outlining the Charter and Mandate and respective responsibilities and commitments in this area.

The Committee APPROVED the Internal Audit Needs Assessment and Annual Plan 2025/26 subject to the amendments suggested and was ALERTED to the *Internal Audit Charter*.

### **30/25 INTERNAL AUDIT VISITS 2 AND 3**

The Chief Operating Officer and Deputy CEO introduced the reports for internal audit visits 2 and 3. For visit 2, reviews on examinations and work placements respectively had received Significant assurance. For visit 3, reviews on procurement and payments, and human resources (recruitment and retention) had been carried out. Procurement and payments had received Significant assurance. The final visit report on human resources was currently being finalised. She reported that management responses and actions had been included in the Audit Issues Log.

Mr Goddard provided an overview of each report. For examinations, he commended the low number of late registrations – commenting that the College's number was the lowest he had seen in his audit work. He drew attention to the large number of pieces of paperwork and commented that whilst the audit had found that this area was working effectively, he considered it important to flag the value of automating processes and the impact of continuing with a paper-based process.

A Member raised a query regarding management responses concerning use of paper. It was clarified that whilst the College was using electronic processes as required by the examining bodies, internal processes still used a large volume of paperwork. The Principal confirmed that the College was constantly looking at systems and processes to explore how automation could improve the College's work and reduce workload. She added that management had accepted the recommendation and this would be explored whilst also critically considering the cost of new systems and the improvements offered. The Chief Operating Officer and Deputy CEO added that in accepting the recommendation the College was committing to risk assessing this area but she reiterated that the current system was working effectively and considered administration of exams to be exceptional at the College.

Mr Goddard moved on to the report on work placements, reporting the audit found a strong framework in what was a logistically challenging area. There was one low risk recommendation regarding digitising health and safety forms.

Finally, Mr Goddard outlined the report on procurement and payments, reporting the audit found an effective framework to be in place. He commended the College's proactive approach in this area citing its analysis of cumulative spend for all suppliers and the transparency displayed in this area. He also praised the levels of segregation of duties though noted that there was an interim process in place at present. There were four low risk recommendations in this area cited in the report.

The Chair thanked Mr Goddard for his reports. Noting that the College was concluding its first year with Scrutton Bland as internal auditors, she asked the Chief Operating Officer and Deputy CEO, and Interim Director of Finance whether Scrutton Bland were providing the necessary challenge that they were looking for and meeting the College's internal audit needs. The Chief Operating Officer and Deputy CEO responded positively, commending Scrutton Bland's expertise in the FE sector and the effective questioning and challenge that they provided. She added that the staff carrying out the audits had been well received by the managers of the departments being audited.

The Committee NOTED the report for ASSURANCE and ALERT to the Corporation.

**31/25**

**AUDIT ISSUES LOG**

The Chief Operating Officer and Deputy CEO presented the Audit Issues Log which included recommendations from the recent audit reports. She highlighted progress made.

The Committee NOTED the report for ASSURANCE to the Corporation.

**32/25**

**RISK REGISTER (CONFIDENTIAL)**

**33/25**

**WESTON COLLEGE FE COMMISSIONER REPORT**

The Interim Director of Finance introduced the report. He outlined the background to the FE Commissioner's report on Weston College which had found significant governance failings. He outlined the key issues including extensive payments to the Principal, a lack of transparency and oversight from the Board, and familial relationships at senior level. He assured Members that the College's own Principal received no bonuses or additional payments and that her basic salary was processed via the College payroll system as was the case for all staff members.

The Chair asked the external and internal auditors to comment and asked whether they would have spotted the sort of issues that occurred at Weston College. Ms Millar responded that where there was a determination to commit fraud the individuals concerned would be actively working to conceal the fraud. However, she would be concerned at the appointment of the Principal's son as Chief Finance Officer as was the case at Weston College. The Chair asked how such an issue would be picked up and Ms Millar responded through declarations of interest, and recruitment processes. She commented on the importance of the culture of an organisation noting that there appeared to be dominant individuals in this case. She concluded that operating with professional scepticism was important. The Interim Director of Finance added that at Weston College the payments were made by the purchase ledger system. He and Ms Millar outlined procedures that could identify such payments including data analytics, searching for payees, samples of invoices and payments, and Companies House checks. However, she did reiterate that where an individual was determined to commit fraud they may for example use another bank account to receive payments. Mr Goddard noted Ms Millar's comments regarding the importance of culture and cited the example of whistleblowing and whether staff would feel confident to raise issues. He added that in terms of identification Scrutton Bland also had its own data analytics. He drew attention to the College's recent audit on procurement and payments.

The Chair asked the Director of Governance whether this paper would be going to the Corporation. The Director of Governance responded that Corporation would receive and be alerted to the report in the Committee's 3A report. She outlined that she and the Interim Director of Finance had undertaken an assessment against the FE Commissioner's recommendations. The RAG rated table provided evidence of assurance and indicated where improvements could be made. She considered that it was important to use the opportunity of the FE Commissioner's report as a learning opportunity and to avoid a 'tick box' exercise. She drew attention to the Association of Colleges' (AoC) National Professionals Group which argued: *"the Weston report provides all of us with an opportunity to reflect on our practice and for Boards to ensure everything is in place to enable an excellent Governance Professional to carry out their role well in advising and protecting them to best effect."* She concluded that it was in this spirit that the assessment had been undertaken. She drew the Committee's attention to the areas identified for development asking the Committee whether they would like to direct any work accordingly. She gave the example of recommendation 13 and the Committee's ability to direct areas for internal audit.

A Member commented on the issue of familial relationships and the importance of recognising this as a potential challenge in the Island context. The Principal welcomed the comment and responded that it was important that internal audit was utilised to give assurance regarding the College's approach to relationships and compliance with MPM.

The Chair thanked Members for the discussion and scrutiny and asked the Chief Operating Officer and Deputy CEO, Mr Goddard and the Director of Governance to liaise to ensure the Internal Audit Plan was revised accordingly to capture the suggestions in the discussion on this item and at 29/25.

The Committee NOTED the report for ASSURANCE and ALERT to the Corporation.

### **34/25 ANNUAL REPORT ON POLICY RENEWAL AND PROGRESS**

The Principal presented the Annual Report on Policy Renewal and Progress and outlined the robust arrangements for policy review for regulatory compliance and to reduce risk. The arrangements had been reviewed to take account of the new Committee structure and the report included recommendations for policy review in relation to this.

A Member commended this as a helpful piece of work. She added that as a Committee Chair she was meeting with the Director of Governance and the relevant SLT Leads for her Committee to review the cycle of business for her Committee. The Principal responded that she had also been working with the Director of Governance to coordinate the policy review piece and referred to the Eversheds Sutherland document included in the report: *Policies and Codes for Further Education College September 2023*. She invited Members to consider whether there were any policies the College was missing and Governors would like to see. She added that it would be useful to check if this document had been revised recently and also asked the external and internal auditors whether they had a similar document of their own that the College could cross-reference.

The Chair commented that she had completed this process for her own organisation and though much smaller there were still 70 policies. She added that it was difficult to assess whether the College was missing any policies given the large number of policies the College had and would be reliant on process rather than granular detail. She commended the College's process and recommendations outlined in the report and invited comments and questions from Members.

A Member enquired whether the College would be seeking an update to the Eversheds Sutherland document and the Principal confirmed that it would. Mr Goddard confirmed that he would also advise the College of any policies required as it was accepted that this was an area that was continually evolving.

The Committee RECOMMENDED the report for APPROVAL by Corporation.

### **35/25 GDPR REPORT**

The Head of Technical Services and Data Protection Officer joined the meeting and presented the General Data Protection (GDPR) data breaches report. There had been one potential data breach in the reporting period and no breaches reported to the Information Commissioner's Office (ICO). The report detailed the potential breach and action taken.

The Chair commented on the value of triangulation and training in this respect as providing assurance.

The Committee NOTED the report for ALERT to the Corporation.

### **36/25 FOI/SAR REPORT**

The Head of Technical Services and Data Protection Officer presented the Freedom of Information (FOI) and Subject Access Requests (SAR) report. There had been 6 FOI requests and no SAR requests in the reporting period. The report detailed the FOI requests, all of which had been responded to in the required timeframe.

The Chair enquired what information was provided in relation to the FOI request reported seeking Governor details. The Head of Technical Services and Data Protection Officer responded that the requestor was directed to the information on the College's website and provided with the Director of Governance's contact details. The Director of Governance confirmed the information that was publicly available on the website which listed the Members and a brief bio provided by the Governors. Governor contact details were not provided or made available.

The Head of Technical Services and Data Protection Officer was thanked for his reports and left the meeting.

The Committee NOTED the report for ALERT to the Corporation.

### **37/25 PUBLIC INTEREST DISCLOSURE/ WHISTLEBLOWING ANNUAL REPORT**

The Head of HR (Human Resources, People & Culture) joined the meeting and presented the Public Interest Disclosure and Whistleblowing Annual Report. During 2024/25 there had been two whistleblowing concerns raised with an external organisation. She provided details of these and the College's response. In a case raised with the Health and Safety Executive (HSE), the HSE confirmed that, based on the information and evidence provided, they did not intend to take any further action on the issue raised. In the second case directed to City and Guilds, the allegations were fully investigated and City and Guilds confirmed that concerns related to teaching of learners to City and Guilds criteria, and the number of guided learning hours provided were unsubstantiated. For concerns related to examination conditions and tutors giving leading answers, City and Guilds issued a reminder in relation to examinations being undertaken in examination conditions. The Head of HR (People & Culture) reported that it was important to note that the College had identified the breach prior to City and Guilds being contacted and that the scripts were never marked or submitted to City and Guilds. The assessment had subsequently been retaken by the effected students. The Head of HR also outlined an update to the College's Whistleblowing (Public Interest Disclosure) Policy and Procedure including clearer guidelines on definitions and additions to further College policies. The aim was to foster a culture of transparency and accountability, where staff could confidently report issues without fear of retaliation.

A Member enquired whether the whistleblowing cases reported were motivated by grievance or concern of damage to the College. The Chief Operating Officer and Deputy CEO responded that in neither case was the College provided with the information as to who had raised the concerns.

The Member enquired whether the College had or would publish the reports to demonstrate that the concerns had been fully investigated and were unsubstantiated. The Principal responded that the College would not be publishing the report. She said that whilst there were allegations that were found to be unsubstantiated there were also areas where the College could improve. She cited staffing issues having an impact and the resource input that was being made to improve those issues. She concluded that it was important to be learning from these issues, to be putting in place necessary actions and avoiding complacency.

The Chair asked the Head of HR (People & Culture) whether, in the light of the FE Commissioner's report on Weston College, she was confident that staff knew how to whistleblow at the College and would feel confident doing so. The Head of HR (People and Culture) said that she did feel confident regarding whistleblowing. She reported that the culture of the College was such that staff members approached HR to discuss a range of issues and that this was a normal part of every day.

The Committee NOTED the Public Interest Disclosure/ Whistleblowing Annual Report and updated Whistleblowing (Public Interest Disclosure) Policy and Procedure for ALERT to and APPROVAL by Corporation.

### **38/25 ARAMARK SURVEY (CONFIDENTIAL)**

### **39/25 ANNUAL REVIEW OF COMMITTEE EFFECTIVENESS AND SELF-ASSESSMENT REVIEW AGAINST THE FE CODE OF GOOD GOVERNANCE**

The Director of Governance introduced the report. She reported that every Committee considered its own effectiveness on an annual basis. She provided a template for assessment against the Committee's own Terms of Reference (ToR) and included evidence of the Committee's business against each item. She highlighted areas for development including adding a statement to the Annual Report of the Committee to explicitly state how independence and objectivity are safeguarded, and recruiting suitably qualified Co-opted Members. She also outlined the self-assessment process against the *FE Code of Good Governance*. It was suggested that this Committee consider evidence and areas for improvement for Principle 1: Determination of aims and strategic oversight; and Principle 5: Regulatory compliance.

The Chair invited the views of the Committee. There was agreement with the report on the Committee's effectiveness and the areas identified for development. The Committee agreed that it wished for the Chair to meet with the Director of Governance over the summer to work on the self-assessment against the *FE Code of Good Governance*.

The Committee NOTED the report for ASSURANCE and ALERT to Corporation.

### **40/25 ANNUAL REVIEW OF THE COMMITTEE TOR**

The Director of Governance introduced the report. She reported that every Committee reviewed its ToR on an annual basis. New ToR had been produced and approved by Corporation in October 2024 in alignment with the new governance structure and this was an opportunity to review the ToR at the end of the first year of the new structure. She proposed revisions to amend references to the *Post-16 Audit Code of Practice* and Education and Skills Funding Agency (ESFA) following the withdrawal of the Code and closure of the ESFA. Revisions were marked amending the ToR to refer to the relevant compliance framework and guidance documents and the Department for Education respectively.

The Committee RECOMMENDED the Annual Review of the Committee's ToR for APPROVAL by Corporation.

### **41/25 DRAFT 3AS REPORT TO JULY 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.

### **42/25 ANY OTHER BUSINESS**

There was no other business.

### **43/25 SELF-REVIEW OF MEETING**

The Chair led Members in a self-review of the meeting. A Member thanked Mrs Garbett for her willingness to serve as Chair and commended her chairing of the meeting. She considered that all Members had been given opportunity to contribute, that the reports were clear, and there was a good pace for the meeting. The Chair reflected that the Committee had been strategic and had ensured focus on strategic oversight and not straying into operational management issues. She invited the view of the staff in attendance. The Chief Operating Officer and Deputy CEO responded positively. It was clear that Governors had read the papers in detail and had provided effective challenge and raised good questions.

**44/25 DATE OF NEXT MEETING**

Wednesday 8 October 2025, 1600-18.15.