Minutes of a Joint Meeting of the AUDIT & RISK COMMITTEE held on Wednesday 25th February 2026, 4.00pm -6.15pm Online Via Teams

1/26 APOLOGIES AND WELCOME
Apologies were received from Ms Frances Millar of RSM UK Audit LLP, and Mr Paul Goddard of Scrutton Bland.

2/26 DISCUSSION WITH AUDITORS (WITHOUT MANAGEMENT PRESENT)
This was not required.

3/26 DECLARATIONS OF INTEREST
There were no declarations of interest.

4/26 APPROVAL OF THE NON-CONFIDENTIAL MINUTES OF THE MEETING HELD 26 NOVEMBER 2025
The non-confidential minutes of the meeting held 26 November 2025 were approved as a true record.

5/26 MATTERS ARISING FROM THE MEETING OF 25 NOVEMBER 2025
The Director of Governance reported on Matters Arising. There were no questions.

The Committee were ASSURED on the monitoring of actions and Matters Arising to February 2026.

With the permission of the Chair the agenda was taken out of order.

6/26 INTERNAL AUDIT REPORT 25/26 – VISITS 1 AND 2
The Chief Operating Officer and Deputy CEO introduced the internal audit reports for visits 1 and 2. She confirmed that audits completed to date had achieved substantial assurance, with the next scheduled audit focusing on classroom-based learner progress. The Chief Operating Officer and Deputy CEO further advised that, following previous discussion, confirmation had now been received that the subcontracting standard will continue. The expiry of the current report is July 2026. As a result, the final planned audit will be substituted, with the subcontracting standard review included in its place.

Mr Ryan Pearce of Scrutton Bland internal auditors presented the internal audit reports for visits 1 and 2.

Anti-Fraud and Whistleblowing Audit
The Committee noted that this audit had been completed at the start of the year. Recommendations focused on ensuring that practices align with the provisions set out within the policy.

<u>Estates Management Audit</u>
The audit outcome was highly positive, with no recommendations raised. The Committee was advised that a comprehensive estates framework is in place, with all core estate systems—including planned and reactive maintenance—centralised within a single system. This enables effective oversight, strong data quality, and robust reporting. Added value points included the introduction of live budget access, providing greater transparency by enabling real-time visibility of estates budgets rather than reliance on extracted finance reports. It was also noted that, at the time of the audit, the Estates Strategy was under review. A

recommendation to include a full asset management and investment plan had been well received and has since been incorporated into the finalised strategy.

In response to a query from the Chair regarding budget monitoring frequency, the Interim Director of Finance confirmed that reports are produced monthly and held within team folders. The Symmetry system also provides live budget enquiry functionality and prevents overspending. Committee members noted that equivalent management account information is available across the College, with individual access for budget holders.

Curriculum Planning Audit
The Committee noted that curriculum planning is well managed, supported by well-embedded controls. The process begins annually around November and demonstrates strong continuity and improvement year-on-year. The audit highlighted effective engagement with local employers, ensuring that curriculum development aligns with employer needs. The introduction of curriculum panels was also noted, enabling proposals to be reviewed prior to decision-making. No recommendations were raised.

The Committee welcomed the positive outcomes.

The wider progress report was received for noting, with no additional matters requiring attention beyond the change to the subcontracting audit.

The Chair noted the importance of revisiting, at an appropriate stage, any areas previously assessed as limited assurance to ensure that actions have been effectively addressed.

The Chief Operating Officer and Deputy CEO added that the audit universe visual had proved particularly helpful and would be valuable in supporting the development of the 2026/27 internal audit plan.

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

With the permission of the Chair the agenda returned to order.

7/26 GDPR DATA BREACHES REPORT
The Head of Information Technology (IT) and the Learning Resources Centre (LRC) joined the meeting and presented the General Data Protection Regulation (GDPR) Report. He reported that there had been one GDPR breach since October. The individual concerned did not consider the matter to constitute a breach, however, the Head of IT and LRC confirmed that, in their capacity as Data Protection lead, it had been recorded as a minor breach. The incident related to a verbal disclosure concerning a Human Resources matter. The individual involved has been reminded of their data protection responsibilities.

The Chair queried whether this issue should inform staff training. The Head of IT and LRC advised that this could be addressed through a communication to staff, reinforcing that verbal breaches are still considered data breaches.

The Committee agreed on the importance of reinforcing staff awareness in this area.

The Committee NOTED the report for ALERT to Corporation.

8/26 FOI/SAR REPORT
The Head of IT and LRC presented the Freedom of Information (FOI)/ Subject Access Request (SAR) Report. There had been two FOI requests as detailed in the report and all requests had been responded to within the required timeframe (20 working days).

There were no questions.

The Committee NOTED the report for ALERT to Corporation.

The Head of IT and LRC left the meeting.

9/26 AUDIT ISSUES LOG

The Chief Operating Officer and Deputy CEO presented the Audit Issues Log. She reported that the issue relating to Century remains a concern and continues to be a source of frustration. This has been flagged as Red, reflecting the need to reach a clear position regarding compliance. It was confirmed that the matter will be taken to the Senior Leadership Team (SLT) for further discussion and decision.

A further item relating to Examinations staffing changes has also been highlighted, with a focus on ensuring that timetabling processes are fully electronic.

One issue has been rated Amber, relating to Human Resources recruitment and retention. This follows the recent visit, which identified the need to focus on key roles and protocols and to ensure appropriate stakeholder involvement. The Chief Operating Officer and Deputy CEO confirmed that this will be progressed as an SLT action within team planning discussions.

All remaining items were reported as Green and are expected to be closed.

In discussion, the Chair sought clarification on the Century system and its purpose. The Principal explained that Century supports the initial assessment of English and maths, providing a baseline from which learner progress can be measured across the year. When used effectively, it can significantly reduce workload and enables more tailored and adaptive teaching, including support for embedded English and maths within curriculum areas.

A Member queried the implications of potentially removing Century, particularly in relation to progress tracking, and the availability of alternative systems. The Principal advised that prior to its introduction, initial assessment processes were more complex and time-consuming to mark, particularly at progress review points.

The Chief Operating Officer and Deputy CEO added that the College previously used an alternative system (BKSB), which was more costly. Century was adopted as a more sophisticated solution, providing enhanced intelligence and supporting the demonstration of learner progress, including in contexts such as inspection where progress may not directly translate into improved grades.

The Committee discussed whether the issue represents a compliance requirement or a matter of confidence in measurement. The Chief Operating Officer and Deputy CEO emphasised the importance of ensuring clarity on this point and noted that there are limited alternative solutions available in the market. It was agreed that the College must retain a robust mechanism for measuring learner progress.

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

10/26 ANNUAL REVIEW OF THE RISK MANAGEMENT POLICY AND RISK APPETITE STATEMENT

The Interim Director of Finance presented the Annual Review of the Risk Management Policy and Risk Appetite Statement noting that the only substantive change over the past year has been the inclusion of tolerance levels within the register. No other amendments were reported.

The Chair highlighted minor errors within the document, specifically within item 6 and references to the role of the Finance Director in sections 1 and 3. The Interim Director of Finance confirmed that these would be corrected.

A Member introduced discussion regarding the Risk Appetite Statement, advising that current sector practice is evolving towards presenting risk appetite by risk categories, rather than by individual risks. He referenced the approach adopted by Coventry University and offered to circulate their example for consideration.

In response to a query from the Chair regarding the difference from the current approach, the Member explained that a revised statement would likely be presented on a single page, indicating a range of tolerance rather than a single numerical measure.

The Interim Director of Finance confirmed that the example would be reviewed once shared.

The Member emphasised the intention to develop the Risk Appetite Statement into a practical tool to support decision-making, ensuring that risk considerations are fully embedded within organisational processes.

The Committee CONSIDERED the report and RECOMMENDED the Annual Review of the Risk Management Policy and Risk Appetite Statement for APPROVAL by Corporation subject to the amendments requested.

11/26 RISK REGISTER

The Interim Director of Finance presented the Risk Register. He reported that updated cybersecurity risk had been incorporated into the Risk Register. The Committee was directed to the cover paper for details of other changes and emerging risks.

The Chair queried whether the heat map within the spreadsheet should be colour coded to improve clarity. It was further suggested that risks should be colour coded within the relevant columns to aid interpretation. The Interim Director of Finance agreed to implement these amendments.

The Committee noted that the updates reflected expected risks, with no unexpected issues arising and felt both assured and appropriately alerted to the current risk position.

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

12/26 REVIEW OF THE FINANCIAL REGULATIONS AND FINANCIAL PROCEDURES AND EXPENSES POLICY.

The Interim Director of Finance presented the Review of the Financial Regulations and Financial Procedures and the Expenses Policy. He advised that the key change relates to the College's ordering system, which has transitioned to an electronic finance system. This replaces the previous process whereby orders were submitted via email to the finance team for processing. The revised approach is expected to improve efficiency and ensure that budget holders have greater visibility and ownership of their budgets. It was also noted that references to alcohol had been removed from the regulations.

The Chair queried how staff engage with a document of this length (circa 120 pages). The Interim Director of Finance explained that the regulations are distributed to staff via Teams at the start of each year and include a navigational section at the front. In practice, staff most commonly refer to specific sections relating to financial limits, quotations, and tendering processes. The Symmetry system also supports compliance by reinforcing financial controls. He noted that much of the content reflects standard practice or provides clarification where needed.

The Chair sought clarification on whether the regulations are used by Finance to guide departmental spending, which the Interim Director of Finance confirmed. It was also noted that staff may refer to the document to understand organisational structures and financial processes.

In response to a query regarding training, the Interim Director of Finance confirmed that new budget holders receive the regulations and are alerted if they have not accessed them, alongside receiving budget-related training. The Principal emphasised the importance of ensuring that staff are aware of key processes, suggesting that clear communication and use of quick links are beneficial.

The Committee discussed gifts and hospitality, referencing added value recommendations from the Internal Audit Report. The Interim Director of Finance confirmed that the College currently maintains a register held by Finance; however, this is being developed into a more robust digital process, supported by a formal statement on how staff should record gifts and hospitality. It was noted that, while processes are covered at induction, awareness can diminish over time, and the annual review provides an opportunity to reinforce expectations.

The Chair reflected that sector practice has evolved, with gifts being less common and increased awareness of the need to avoid accepting them. The Committee agreed that the audit process provides a helpful reminder in this area.

A Member queried whether increasing budget holder autonomy presents any risks. The Interim Director of Finance advised that controls within the Symmetry system mitigate this risk, as budgets are transparent and cannot be overspent if configured correctly. The system enables more proactive and controlled spending earlier in the year, with no identified downsides compared to the previous email-based approach. The Member noted that the benefits appeared to outweigh any risks, which the Interim Director of Finance confirmed.

The Committee RECOMMENDED the Financial Regulations and Financial Procedures, and the Expenses Policy for APPROVAL by Corporation.

13/26 MPM ASSURANCE REPORT

The Interim Director of Finance presented the Managing Public Money (MPM) Assurance Report. He confirmed that there were no matters arising within the College since the last report to Committee that are subject to MPM breaches or potential breaches for consideration at this time.

The Chair queried how the incoming Finance Director, who is new to the sector, would be supported to develop a sufficient understanding of MPM requirements. The Interim Director of Finance advised that they would continue in post until July and would provide direct support during the transition. He added that the incoming Finance Director is highly experienced and is confident that they will be able to become familiar with requirements swiftly. It was noted that, whilst he considered MPM relatively straightforward to understand, funding arrangements are more complex, and support from the Head of Management Information Systems (MIS) and Funding will also be available in this area.

The Committee NOTED the report for ASSURANCE to Corporation.

14/26 FEEDBACK FROM AOC NETWORK MEETING

There was nothing to report. The Chair informed Members that she could not attend the Network meeting on 25 March and sought any volunteers to attend in her place. It was noted that it was worth registering for the meeting even if not available to attend as the slides would be circulated after the meeting to all registered attendees.

15/26 DRAFT 3AS REPORT TO MARCH 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 circulated to Members for comment and approval prior to inclusion in the board pack.

16/26 ANY OTHER BUSINESS
At the request of the Chair, the Interim Director of Finance provided a brief update on the Delamite Ltd position, advising that RSM has identified a complication in the taxation approach, requiring the establishment of a VAT group. It was noted that the current option to tax cannot be removed until it has been in place for ten years. Should this be triggered earlier, there would be potential corporation tax implications. He emphasised that removing support for Delamite Ltd at this stage could expose the College to financial risk.

It was noted that the Principal had requested letters of assurance for both the outgoing and incoming Principals. The Principal also highlighted the importance of ensuring that appropriate insurance arrangements are in place and reviewed.

The Chair observed that the ten-year timeframe is significant and emphasised the importance of maintaining a clear portfolio of key documentation to support future successors in managing the arrangement. The Interim Director of Finance confirmed that the incoming Finance Director will be briefed on the position, noting that the work being undertaken by RSM will not be completed prior to their start date.

17/26 SELF-REVIEW OF MEETING
The Chair led Members in a self-review of the meeting. The Committee reflected on the conduct and pace of the meeting, noting that business had been concluded efficiently. The Chair challenged Members to consider whether sufficient rigour had been applied in the review of items.

A Member confirmed that the clarity of the papers had supported effective scrutiny, enabling members to readily identify key issues and areas requiring assurance. The pace of the meeting was attributed to both effective chairing and the quality and structure of the documentation.

The Principal, and Chief Operating Officer and Deputy CEO confirmed that they were satisfied that appropriate challenge and support had been provided and that the Committee had discharged its responsibilities effectively. The Principal further noted that a number of key themes had been considered in detail at the recent Finance & Resources Committee, allowing this meeting to focus on audit and risk matters with appropriate depth.

It was also highlighted that, had the internal audit reports identified weaker outcomes, the level of discussion and challenge would have been greater. Given that three audit reports had received substantial assurance, the Committee had been able to review these efficiently, having also considered them in advance.

The Chair concluded that the meeting had been effective and met the required standards, with the Committee satisfied that it had fulfilled its remit.

18/26 ANNUAL REVIEW OF CONTRACTS (CONFIDENTIAL)

19/26 REVIEW OF PERFORMANCE OF THE INTERNAL AND EXTERNAL AUDITORS (CONFIDENTIAL)

20/26 DATE OF NEXT MEETING
Wednesday 17th June 2026