

Meeting of the Audit & Risk Committee

Date:	3 March 2025	Room number	Via Teams
Present	Bim Osunsami (Chair), Bal Panesar (Vice-Chair), David Baumslag (DB)		
In attendance	Victoria Eastwood (Chief Governance Officer) (CGO) Hiten Savla (Deputy Principal – Finance & Resources) (DPFR) Carina Ralfs (MacIntyre Hudson) (CR) – Agenda Item 1 only Leisyyen Cox (Scrutton Bland) (LC) Diana Olafsdottir (Director of HR) (DHR)– Up to and including agenda Item 8 only Natalie Davison – Principal/CEO – invited to attend by the Committee Jason Turton – Deputy Principal – Curriculum & Quality (DPCQ) - observer		
Apologies	Nick Kavanagh, Akeel Ahmed		
Circulation	Audit Committee/Corporation		

1. **Matters requiring College staff to withdraw**

Discussion focussed on:

- External audit still on hold awaiting DfE approval re bad debt write-off
- Resubmission of information for going concern
- Broadway – managing public money rules need to be considered – letter from the Council may be required – noted changing situation
- Sufficient time needed to finalise accounts
- Management accounts for February need to be ready in a timely manner
- Special meeting to finalise accounts – CR to attend to present
- Dates to be confirmed for the meeting with CR
- Thanks noted to CR for accommodating the extension
- Internal audits have been relatively smooth but has been some chasing for recommendations – CGO taken forward
- Lecturer deployment audit went very well
- Work experience and learner support funds engagement not as good
- Staff are open and honest
- Remaining internal audit scheduled remained on track

The Chair thanked CR for the update and CR left the meeting.

The DPFR, Principal/CEO, DPCQ and DHR joined the meeting.

Anti-Fraud training was provided to the Committee by Scrutton Bland.

LC provided a presentation on fraud and corruption, highlighting the following:

- Definitions of fraud – significant fraud
- Types of fraud
- Impact of fraud
- Bribery
- Gifts and Hospitality
- Responsibility of the Audit & Risk Committee
- Anti-fraud Framework
- Fostering an Anti-Fraud Culture

DB questioned whether incidents of fraud were prevalent in FE. LC replied that the number of fraud investigations had increased, particularly in cases concerning phishing emails. In response to a query from the Vice-Chair, LC confirmed that fraud awareness needed to be reinforced as people were often the weakest link.

The Chair asked how the College could ensure that staff were completing anti-bribery and fraud training and were specifically aware of the fraud limits. The DHR replied that all staff were onboarded

	<p>onto the College’s smartlog platform as part of their induction but the induction did not include the fraud limits. This had flagged a gap that was easy to close and would be actioned.</p> <p>The Chair noted that the use of AI would increase in time and there would be a need to continuously educate.</p> <p>The Chair thanked LC for an informative presentation.</p> <p>Action: DHR to include fraud limits in staff induction process.</p>																														
2.	<p>Welcome and apologies for absence</p> <p>The Chair welcomed all present to the meeting and David Baumslag was welcomed to his first meeting of the Committee. Apologies for absence were received from Nick Kavanagh and Akeel Ahmed.</p>																														
3.	<p>Declarations of Interest</p> <p>Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. Bim Osunsami and Bal Panesar declared an interest in agenda item 4.</p>																														
4.	<p>Annual Appointment of Committee Chair and Vice-Chair</p> <p>The CGO noted that Committee members had been asked to confirm their approval prior to the meeting and recommended that Bim Osunsami remain as Chair of the Committee and Bal Panesar remain as Vice-Chair of the Committee for the remainder of the academic year. This was further approved.</p> <p>Approved: Bim Osunsami to remain as Chair of the Audit & Risk Committee; Bal Panesar to remain as Vice-Chair of the Audit & Risk Committee for the 2024/25 academic year.</p>																														
5.	<p>Minutes of the Previous Meeting – 5 December 2024</p> <p>The Minutes of the Meeting held on 5 December 2024 were agreed as a true and accurate record.</p> <p>Approved: That the Minutes of the Meeting held on 5 December 2024 be agreed as a true and accurate record.</p>																														
6.	<p>Matters arising:</p> <table><tr><th>Agenda Item</th><th>Action</th><th>Responsibility</th><th>Timescale</th><th>Update</th></tr><tr><td>4.</td><td>Appointment of Committee Chair and Vice-Chair to be deferred to the March Meeting.</td><td>CGO</td><td>03/03/25</td><td>Complete – included on the agenda</td></tr><tr><td>6.</td><td>DPFR to provide percentage of outstanding contracts to be amended and estimated date for completion.</td><td>DPFR</td><td>ASAP</td><td>WIP with HR scanning contracts to the individual files. Apr 25</td></tr><tr><td>7.</td><td>Suggested amendments to be made to Committee Terms of Reference.</td><td>CGO</td><td>ASAP</td><td>Complete</td></tr><tr><td>7.</td><td>Training to be provided by the Internal Auditors for the March Committee Meeting.</td><td>CGO/PG</td><td>03/03/25</td><td>Complete</td></tr><tr><td>8.</td><td>Bad debt procedure to be put in place alongside the policy.</td><td>DPFR</td><td>ASAP</td><td>Complete</td></tr></table>	Agenda Item	Action	Responsibility	Timescale	Update	4.	Appointment of Committee Chair and Vice-Chair to be deferred to the March Meeting.	CGO	03/03/25	Complete – included on the agenda	6.	DPFR to provide percentage of outstanding contracts to be amended and estimated date for completion.	DPFR	ASAP	WIP with HR scanning contracts to the individual files. Apr 25	7.	Suggested amendments to be made to Committee Terms of Reference.	CGO	ASAP	Complete	7.	Training to be provided by the Internal Auditors for the March Committee Meeting.	CGO/PG	03/03/25	Complete	8.	Bad debt procedure to be put in place alongside the policy.	DPFR	ASAP	Complete
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7.	<p>Internal Audit Annual Report 2023/24</p> <p>LC presented the Internal Audit Annual Report 2023/24, highlighting the following key points:</p> <ul style="list-style-type: none"> - Annual opinion as at 31 July 2024 (three green areas and one amber): the College had adequate and effective risk management processes, effective governance processes and adequate and effective processes surrounding efficiency and effectiveness (notwithstanding the adverse findings within the Payroll report). The amber rating related to internal controls as not all control processes were adequate and effective, specifically noting the recommendations raised with the Payroll, Student Destinations and Funding Assurance-Apprenticeships reports, and the further progress needed in implementing prior year recommendations. - 11 assignment reports and one follow up report undertaken during 2023/24 – one strong, four significant, three reasonable and one limited assurance opinions - Total of 43 recommendations and 21 follow-up recommendations – reasonable progress - Assurance level benchmarking - on par with client base in terms of highs, mediums and lows <p>In response to a query from the Vice-Chair regarding the outstanding follow up recommendations, LC confirmed that the benchmarking data was against other clients and the College's position was similar to c25% of other clients who had achieved reasonable progress.</p> <p>The Chair clarified that there were no high-risk recommendations being carried over and advised that there had been lots of changes during 2023/24, however, stability was now in place and the position next year would be improved.</p> <p>Agreed: The Internal Audit Annual Report 2023/24 was received.</p>
8.	<p>Internal Audit Report – Human Resources</p> <p>LC reported that the report had received reasonable assurance and provided the following key points:</p> <ul style="list-style-type: none"> - Objectives of the audit: performance management, absenteeism, staff satisfaction and improvements around PDR process - Recommendations – three medium risk pertaining to probation reviews, capability policy and fit notes/return to work and four low risk recommendations. - Noted that a staff survey had now been undertaken. <p>The DHR advised that the College was currently at 65% compliance with completion of Performance and Development Reviews (PDR'S) and email reminders were being issued to Directors and Heads of Departments (HODS). The College was confident to meet the objective as one review as a minimum but three conversations would be preferable, however, there was a gap in terms of management competence.</p> <p>The Committee were informed that managers capability was lacking in undertaking probationary reviews and some non-compliance was due to the forms not being of particularly good quality and managers not seeing the value of the meetings. Management capability needed to be followed up with training as well as an updated form being in place.</p> <p>The Chair noted that the implementation dates for recommendations were January 2025 and asked if these needed to be reviewed to reflect the ongoing work taking place. The DHR replied that it would be beneficial for the dates to be replaced with 'by the end of the academic year' to ensure recommendations could be completed fully.</p> <p>In response to a query from the Chair regarding training to fill knowledge gaps, the DHR advised that the current software could not be used for probationary reviews as the templates could not be tailored to the relevant conversation. A review into the HR system was due to take place next academic year to find a solution for this issue.</p> <p>The Vice-Chair stated that probationary reviews were now being recorded and asked whether Directors/Managers should be responsible for following up sick notes etc as well as the HR department. The DHR responded that sickness management was being treated as a project as there was currently underreporting and poor management.</p>

	<p>The Vice-Chair referred to smart objective setting and questioned whether staff knew how to set the targets and whether personal improvement plans were in place. The DHR advised that the capability policy had been updated and the HR team met regularly with the TLA and Quality team to triangulate around staff who had failed learning walks – this had led to a number of staff being progressed into formal capability processes. For the vast majority of staff, the informal interventions showed progress at varying levels of success. The HR team were also meeting with management teams - Curriculum Manager (CM), HOD and Director to try to actively manage employer relations and nip these in the bud at an earlier stage.</p> <p>DB questioned whether there was a willingness issue with staff and if smart objectives for managers were ensuring compliance. The DHR replied that, historically, if there had been resistance from the CM or HOD to manage capability then nothing had happened whereas having all the stakeholders in the room at meetings was assisting with this. The previous culture at the College had been to deskill at the CM level where the decision had been made solely by the HOD but the CM had to endorse it.</p> <p>The Chair asked the DHR whether the quality of the completed PDR's was sufficient or whether these needed to be revisited. The DHR replied that the process had not been invested in for some time and the quality was not great. The Principal/CEO added that this was a helpful audit report that had provided focus on a whole raft of issues and recorded her thanks to the DHR for the work undertaken. Prior to the DHR joining the College, there had been a lack of stability in HR and leadership and management, issues with the capability of the leaders and managers, policies that were out of date, digital systems that were outdated and did not work with each other and a lack of focus on performance in the College. The training element for leadership and management was a huge piece of work which had been identified in the staff survey and gradual progress was being made.</p> <p>The Chair asked for the next steps in order of priority so the Committee could review and be aware of what was needed going forward and understand the implications. It was agreed that an HR update would be a standing agenda item for the next two meetings. The Vice-Chair added that there would be a potential cost element as training and systems would need additional resources.</p> <p>The Chair recorded her thanks to the DHR for the work undertaken and for her update at the meeting.</p> <p><i>The DHR left the meeting.</i></p> <p>Action: HR update to be a standing agenda item for the next two Audit & Risk Committee Meetings.</p>
9.	<p>Internal Audit – Risk and Assurance Progress Report</p> <p>LC reported that the Learner Support Fund audit had been completed. The report for the Lecturer Deployment audit had been finalised earlier that day and the report for the Work Experience audit was awaiting comment from the College. All remaining audits for 2024/25 were on schedule.</p> <p>Agreed: that the current position be noted.</p>
10.	<p>Risk Register</p> <p>The DPFR highlighted the following key points:</p> <ul style="list-style-type: none"> - It had previously been agreed to highlight any movements within the register, therefore the arrows had been included - 11 risks – 5 risks had been reduced and 2 had gone up slightly (remaining in the medium risk range) – failure to meet planned budget (additional cost in relation to depreciation charge) and failure to maintain regulatory compliance (issues highlighted from SARs for English and Maths and Apprenticeships) - Ofsted had to remain a priority - H&S breach had been managed - Industrial relations – recommended AoC increase for staff pay had been implemented which had reduced the risk <p>The Chair stated that the inclusion of the arrows was helpful and asked whether the overall risk level had remained the same. The DPFR confirmed that the overall risk had reduced slightly.</p>

	<p>The Chair asked whether the new format of the risk register had been welcomed in terms of the management meetings and whether this was being actively used. The DPFR advised that each operational department had the same risk register – and individual meetings with each of the departments were being planned.</p> <p>DB advised that it would be useful for there to be a sum of all the risk then a total to see whether that score had gone up or down. The DPFR replied that this would be included as a composite score going forward.</p> <p>Action: Composite score to be added to the Risk Register going forward. Agreed: That the Risk Register be received.</p>
11.	<p>Fraud Update</p> <p>HS provided an update on the recent whistleblowing case advising that an investigation had been completed by the DPCQ and a record remained on file. The staff member concerned had left the College but the file would remain open. The Vice-Chair added that the matter needed to be closed even though the staff member had stepped down.</p> <p>DB questioned to what extent these issues were being communicated to staff in general – the extent to which there were issues and how they are being looked at. The DPFR clarified that the whistleblowing complaint had been anonymous, and the investigation had been difficult with the issues being evidenced by chance. The matter had been kept confidential.</p> <p>The DPCQ advised that he would forward the formal conclusion of the investigation to the Committee in writing.</p> <p>Action: DPCQ to forward the formal conclusion of the investigation to the Committee in writing.</p>
12.	<p>DfE Assurance Audit Report (16-18 Bursary Funding)</p> <p>The DPFR reported that the College had been selected for a 16-19 financial support audit by the Department for Education (DfE). The outcome of the audit had been unsatisfactory with a clawback of £42,898K taken in December 2024. The reasons for the clawback related to the College previously issuing bursaries to students without sufficient paperwork and changes to the guidelines in terms of payments to students for wi-fi connection (agreed during covid) whereas current guidance stated dongles should be supplied. The Committee were advised that there was no risk of any clawback this year and amendments had been made to the way bursaries were issued this year.</p> <p>DB asked whether there was a process that happened on a regular basis to ensure changes were picked up. The DPFR replied that the College had been advised that the provision would be audited again at the end of the year. Consideration was being given to bursary systems to avoid these issues going forward.</p> <p>Agreed: That the position be noted.</p>
13.	<p>Subcontracting Controls Assurance Report 2023-24</p> <p>The DPFR reported that the assurance report was a DfE requirement and confirmed that the College's system of internal control over the arrangement in place to manage and control subcontracted provision was fully compliant with no recommendations.</p> <p>Agreed: That the position be noted.</p>
14.	<p>Whistleblowing Update</p> <p>The DPFR reported that there had been no further whistleblowing allegations. It was noted that the fraud case discussed earlier in the agenda had been a whistleblowing allegation in the first instance.</p> <p>Agreed: That the current position be noted.</p>

15.	<p>ONS Review</p> <p>The CGO advised no further settlements or matters requiring DfE approval had been issued. The College would be mindful regarding the position with the Broadway Theatre as advised by the External Auditors.</p> <p>Agreed: That the update be received.</p>
16.	<p>AoB</p> <p>The Vice-Chair stated that the College was still waiting for confirmation from the DfE regarding the bad debt write-off and an extension to file the accounts by the end of March 2025 had now been agreed. He advised that the February management accounts would need to be completed prior to the end of March and an exceptional meeting to review the final version of the accounts would be required. The DPFR advised that there were currently no changes to the draft version of the accounts that had previously been shared.</p> <p>The Chair stated that a date would need to be scheduled with the External Auditors to revisit the accounts. In addition, consideration needed to be given to obtaining a letter of comfort or a letter from the Council regarding the Broadway Theatre to prevent a delay to the accounts. The DPFR added that a letter of support from the College would be acceptable.</p> <p>The Principal/CEO advised that a conversation had taken place with the Leader of the Council who was open to further talks about the College continuing with the Theatre, however, there was also a property agent looking for potential tenants for the Theatre which had proved difficult. A further conversation was intended to take place with the Council next week.</p> <p>The Chair questioned whether the number of planned audit days would be reduced as this had previously been considered. The DPFR replied that the number of days would remain for this academic year as there were a number of issues that required assurance. As the Committee felt more confident in assurance levels, reducing the number of days would be addressed. The Board assurance framework would be linked to the audit plan for 2025/26.</p> <p>Action: Meeting to be scheduled with External Auditors to confirm accounts once DfE approval had been received.</p>
17.	<p>Matters requiring Auditors to withdraw</p> <p>There were no matters requiring College staff to withdraw.</p>
18.	<p>Committee self-assessment</p> <p>To be issued after the meeting.</p>
19.	<p>Date and time of next meeting – Monday 9 June 2025, 5pm</p>

The Chair thanked all those in attendance for their contributions for a productive meeting. The meeting closed at 18.41pm.

Agenda Item	Action	Responsibility	Timescale	Update
C/f	DPFR to provide percentage of outstanding contracts to be amended and estimated date for completion.	DPFR	ASAP	WIP with HR scanning contracts to the individual files. Apr 25
Training	Fraud limits to be included in staff induction process.	DHR	ASAP	

8.	HR update to be a standing agenda item for the next two Audit & Risk Committee Meetings.	CGO/DHR	June 2025	Complete – added to business cycle
10.	Composite score to be added to the Risk Register going forward.	DPFR	ASAP	
11.	DPCQ to forward the formal conclusion of the investigation to the Committee in writing.	DPCQ	ASAP	
AOB	Meeting to be scheduled with External Auditors to confirm accounts once DfE approval had been received.	CGO	ASAP – March 2025	Complete

Signed.....
Bim Osunsami (Chair)

Date.....