



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17 JUNE 2026 AT
10.00 AM, IN THE BOARD ROOM, THE ROUNDHOUSE, DCG**

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MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17 JUNE 2026 AT 10.00 AM, IN THE BOARD ROOM, THE ROUNDHOUSE, DCG

Present: Andrew Dymond (Chair), Stuart Ellis, Rosslyn Green, Robert Pritchard

In attendance: Jo Clifford (CFO), Heather Kelly (DCEO), Cheryl Tacchi (DPO), Richard Marshall (FD), Ian McCormick (Minute No.73/25-26), Stuart McCulloch (JISC)(Minute No. 73/25-26), Di Troman – Minute No 76/25-26), Gareth Jones (RSM – External Auditors), Graham Gillespie (Wbg – Internal Auditors), Rose Matthews (Clerk)

PART ONE - GENERAL MINUTES

67/25-26 WELCOME APOLOGIES FOR ABSENCE

The Chair welcomed all to the meeting and introductions took place with Robert Pritchard the new Audit Committee member.

There were no apologies for absence

68/25-26 DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM

All members were eligible and the meeting was confirmed to be quorate.

69/25-26 FRAUD AND IRREGULARITY

There were no instances of fraud or irregularity to report to date for the year.

70/25-26 REVIEW NOVEL, CONTENTIOUS OR REPERCUSSIVE TRANSACTIONS

No transactions to report.

71/25-26 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 2 March 2026 were approved as a true and accurate record.

RESOLVED: The minutes of the meeting held on 2 March 2026 were formally approved.

72/25-26 MATTERS ARISING

Action Date

55/25-26	Failure to Prevent Fraud Corporate Offense – a formal fraud risk assessment would be completed and presented to a future meeting alongside an annual cross-committee review. The External Auditor had provided resources on assessing audit risks to the CFO. Fraud Internal Audit Review to be included on the Internal Audit/assurance cycle, once the policy was in place and embedded.
73/25-26	EXTERNAL ASSURANCE: JISC CYBER SECURITY REPORT EXECUTIVE SUMMARY, INC; • CYBER SECURITY ASSESSMENT REPORT • MICROSOFT 365 SECURITY AUDIT REPORT • VULNERABILITY REPORT The Committee received a presentation on the cyber security assessment undertaken earlier in the year. It was noted that the assessment covered Microsoft 365 controls, vulnerability scanning and wider organisational cyber maturity. The Committee was advised that no critical vulnerabilities were identified and all high-risk issues had been remediated. The Chair challenged whether the reported improvement reflected a genuinely strong position or masked underlying weaknesses due to the “point in time” nature of the assessment. The College’s security posture was comparatively strong within the sector, with improvements made since the January assessment. Cyber security was being actively managed with leadership engagement and ongoing remediation activity. The Committee went on to question whether there were areas of improvement that would be operationally difficult to implement and how decisions would be made on accepting cyber risk versus applying controls. The Director of IT explained it related to balance, there would be some operational inconvenience and that may be accepted, or it may be agreed to accept the risk and add to the risk register. He explained there were some areas the College were looking to improve such as procurement. Governors sought assurance on how the College’s cyber maturity compared with organisations that had experienced breaches and whether this provided meaningful reassurance. The Director of IT responded that there was often a generic way organisations had been compromised. Since

the audit the College have implement a lot of improvements and tidied up policies and are in a much more comfortable position compared to those experiencing breaches.

SE queried breaches in relation to supply chain issues and asked if third parties had Cyber Essentials or Cyber Essentials Plus. The Director of IT explained an annual review took place with supply chains and it was not just a 'one off' occurrence.

RP probed the extent of progress against the remediation plan, including whether actions were on track and measurable. Management confirmed that a comprehensive remediation plan was in place, with all high-risk actions completed and remaining actions tracked with target dates through risk processes.

RG questioned the adequacy of student cyber awareness and the risk posed by students as users of the network. The student network was unable to access elements of the wider network – with a webpage to access. There is a lot of concern about students and activity online. The DCEO explained the College did talk to students about their digital footprint and online and do hold an annual cyber event where various organisations, such as universities and suppliers come in and talk about risks and dangers.

The Chair questioned whether a follow up report would be a good idea. It was agreed the SLT Risk meeting would review annually and would also follow through a plan, response and simulation.

RESOLVED: The Committee accepted the report.

74/25-26 EXTERNAL ASSURANCE: DFE FUNDING ASSURANCE REVIEW LETTER

The Committee considered the outcome of the funding assurance review which concluded that the College had **satisfactorily met funding requirements**, subject to a material adjustment relating to apprenticeship end point assessment (EPA) costs.

It was noted that a clawback outlined in the report had arisen, largely relating to apprenticeship provision, and that an action plan was in place to address this, which will be reviewed by the Leadership and presented at future Audit Committee meetings. The rules for next year split TP1 and TP2 and clearer guidance had been provided. Management were disappointed in terms of quantum and value that had been closed down. Some other matters were attributed to one-off instances and were being tightened up. There was not fundamental other than TP2 EPA.

SE challenged inconsistencies in reported clawback values and sought clarity on whether these reflected differing methodologies or timing of reconciliation. It was confirmed this was due to the timings and the DFE figure was the final one.

The Committee questioned whether similar risks could exist in other funding streams and whether sufficient audit coverage was in place to provide assurance. It was noted this was a sector wide issue, which was confirmed by the internal and external auditors. It was confirmed this was a significant audit, other audits included the bursary and learning support audits. Ongoing internal audit activity would provide further assurance.

RP probed the robustness of estimation processes and whether improved forecasting would prevent recurrence. The CFO explained the reasoning for the error, which had been discussed at length at previous meetings. For the benefit of RP, who was a new governor.

The Chair asked whether there were any associated commercial or reputational risks with employers arising from funding adjustments. Management confirmed the risks were slimmer due to the changes in the funding rules and the College had gone back out to employers to explain.

The External Auditors confirmed it was a widespread issue and explained one of the resources RSM had shared with the CFO was a lessons learned from a number of audits across the sector, which was wider than the issues at DCG.

RESOLVED: The Committee noted the report and endorsed the action plan.

75/25-26 EXTERNAL ASSURANCE: EXTERNAL AUDIT PLAN 2025-26

The Committee reviewed the proposed external audit approach, including scope, timings, materiality and key risks.

Key audit risks included income recognition, going concern, pensions and provisions.

The Committee questioned the reliance on sampling and materiality thresholds within the audit approach.

Governors explored the implications of forthcoming accounting changes (FRS102), particularly the treatment of leases and potential covenant impacts and Martyn's Law on premises security and enhanced requirements.

RESOLVED: The Committee approved the External Audit Plan.

76/25-26 INTERNAL AUDIT: STAFF RECRUITMENT AND RETENTION REPORT

Graham Gillespie of Internal Auditors, Wbg, presented the report on Staff Recruitment and Retention.

The purpose of the review was to review the College's recruitment arrangements and assess whether the College has systems in place to help ensure the retention of staff members.

The report provide strong assurance, with three low-risk recommendations relating to training, induction checklists and frequency of reporting to Leadership.

The Committee sought assurance that all actions would be delivered within the proposed timeframe and queried whether target dates represented completion or full sign-off. It was confirmed the target dates related to full sign off.

RESOLVED: The Committee accepted the report.

77/25-26 INTERNAL AUDIT: COLLEGE FINANCIAL HANDBOOK COMPLIANCE

Graham went on to present the Internal Audit Report on the College Financial Handbook Compliance.

The report aimed to review compliance with the Schedule of Requirements (the 'musts') within the College Financial Handbook and looked to provide assurance that there were appropriate resources in place for ensuring compliance with the College Financial Handbook.

The Committee noted strong assurance with no recommendations and only minor observations.

The Chair queried whether a temporary lapse in Cyber Essentials certification exposed the College to contractual risk. It was a temporary issue that has since been resolved with no adverse effects.

RESOLVED: The report was discussed and accepted.

78/25-26 INTERNAL AUDIT FOLLOW-UP

The Committee received the Internal Audit Follow-up report and noted all previous three recommendations had been fully implemented.

The HE student data review and funding audit were ongoing and unable to be included in the report due to timings.

The Internal and External Recommendations Report would be presented at the next meeting.

RESOLVED: The Committee accepted the Internal Audit Follow-up report.

79/25-26 INTERNAL AUDIT ANNUAL PLAN

The Internal Auditors presented the Internal Audit Annual Plan. An initial planning meeting had been held between WBG and the College to discuss and agree the plan, which was reviewed and updated by the Risk Leadership Group.

The three-year Internal Audit operational plan was designed to cover the key risks defined in the Corporate Strategic Risk Register and the proposed audit plan for 2026-27 aligns with the original plan.

The Chair questioned whether the plan provided sufficient coverage of key risk areas, including cyber and payroll. It was pointed out that JISC provided a better level of coverage on cyber and payroll had recently undergone a review.

It was pointed out that other audits such as Landex and Health and Safety are presented at other committees.

Governors sought clarity on the extent to which the plan was explicitly aligned to the strategic risk register. GG explained the plan covered external intelligence such as Martyn's Law and the plan was designed around the risk register at that time. The core risks remained the same core risks.

The Committee explored whether there was sufficient visibility of assurance activity across the wider organisation beyond internal audit and suggested perhaps adding a column in to confirm where assurance was from. It was agreed to reflect on that as part of future considerations.

RESOLVED: The Committee recommended the Corporation approve the Internal Audit Annual Plan

80/25-26 DATA PROTECTION REPORT

The Data Protection Officer (DPO) shared the Data Protection Report, which summarised activities since the last meeting.

Members noted high training completion rates and results of the recent cyber phishing simulation in May. Non-compliance with follow up training was being addressed.

An update on the number of breaches and reports to the

ICO was shared, alongside Subject Access requests.

The Chair questioned whether alternative controls (e.g. secure file sharing or password protection) should be implemented to reduce email-related breaches. This had already been addressed and will be incorporated into the Data Protection Training.

Governors queried whether repeat offenders were being effectively managed and whether current escalation thresholds were sufficiently robust. It was explained that after three breaches offenders are referred to HR – as yet the College had not reached that point.

RESOLVED: The Committee discussed and accepted the Data Protection Report.

81/25-26 STRATEGIC RISK MANAGEMENT REPORT
• **STRATEGIC RISK REGISTER**

The CFO presented the latest Strategic Risk Report and Risk Register.

The Committee reviewed the strategic risk register and monitoring reports, including RIDDOR incidents, litigation claims and safeguarding data. There had been no incidents of attempted fraud or fraud and MPM compliance was shared.

There were twenty-four risks under review on the full DCG Corporate Risk Register 2025/26, 1 risk (cyber security) is currently rated as high (score 15) following preventative controls being implemented and 7 risks rated as medium/high (score 12).

Members debated whether incident reporting (including safeguarding data) provided sufficient insight into trends, underlying causes and the distinction between internal and external risks. It was noted a lot of this was externally driven through themes. The Governors role in safeguarding was reiterated to ensure the College had the correct procedures in place to sufficiently oversee safeguarding, through the safeguarding link governor role, the Safeguarding Policy, Keeping Children Safe in Education and governor training, reporting to the Corporation, Internal Audit review of Safeguarding, etc.

RESOLVED: The Committee discussed and accepted the Strategic Risk Report and recommended this to the Corporation.

Meeting note: The meeting concluded at 12 noon.