



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 14 MARCH 2023 AT
10.00 AM – IN THE BOARD ROOM, THE ROUNDHOUSE, DCG**

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MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 14 MARCH 2023 AT 10.00 AM – IN THE BOARD ROOM, THE ROUNDHOUSE, DCG

Present: Kevin Slack (Chair), Andrew Dymond, Stuart Ellis, Rosslyn Green

In attendance: Jo Clifford (CFO), Heather Simcox (DCEO), Bernadette Doyle (Executive Director of HR) – Minute No. 43/22-23, Michael Ford (Corporate Services), Cheryl Tacchi (DPO)
Jonathan Creed (ICCA – Internal Auditors)
Gareth Jones (RSM – External Auditors)
Rose Matthews (Clerk)

Prior to commencing formal business, Governors met in private with the representatives from ICCA and RSM.

PART ONE - GENERAL MINUTES

40/22-23 APOLOGIES FOR ABSENCE

The Committee Chair welcomed Stuart Ellis as a new Audit Committee Member and Tom Winter from ICCA.

There were no apologies for absence.

41/22-23 DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM

All members were eligible and the meeting was confirmed to be quorate. There were no new declarations.

42/22-23 MINUTES OF THE PREVIOUS MEETING

RESOLVED: The minutes of the meeting held on 29 November 2022 were formally approved.

30/22-23 The report had been updated to reflect the completed Mock Funding Audit.

31/22-23 The CFO had reported on retention and this had featured at other Corporation committees.

The Risk Management Policy was approved by the Corporation.

34/22-23 The recommendations on the Mock Funding Audit would be tracked by the Committee and featured on the recommendations monitoring report.

Action Date

The CFO provided a balance sheet update in the Management Accounts in relation to free school meals funding.

The CFO was progressing the winding down of MBS and DCG Services issues would be addressed as more is known from the move to the public sector.

The Financial Statements for DCG, MBS and DCG Services and the Regularity Self-Assessment were approved by the Corporation at its meeting on 12 December 2022.

43/22-23 GENDER PAY REPORT

The Executive Director of HR joined the meeting and shared the Gender Pay Report and Statement. She reaffirmed this was not in relation to equal pay but gaps on pay.

This was taken from a snapshot date in April. There had been a large reduction in staffing in 2021-22 but this was now stable. There had been a decline in the number of male and larger decline in the number of females employed but the male to female ratio remained the same.

The trend continued to be that the gaps are widening year on year and larger than when the survey was first produced in 2017. DCG's figures compare favourably with other benchmarks and sit within the acceptable norms, but the trend is disappointing.

DCG's gender pay gap results from the roles in which men and women are employed within the College with a large proportion of women compared to men being employed in administrative, assistant and support roles. The trend for subjects where industry premiums are needed for teaching and assessing posts continues to be in male dominated areas.

DCG's gender pay gap can be explained by the fact that women predominate in lower paid roles in the organisation, reflecting wider societal norms, gender related career choices, childrearing practices etc, over which we have little control.

It was noted the College operated a range of policies to support women at work and recruitment processes were designed to be as fair as possible.

Members commented that compared with the other nine examples DCG looked reasonable. They questioned if the College were lulling themselves into a false sense of security the numbers are OK.

It was pointed out that some of the senior female roles were removed (the Executive team) this could skew the results in a negative way.

Members discussed this at length and asked if there was anything actionable that could be done to address. They acknowledged realistically there was little they could do given the challenges to retain staff, particularly in the vocational areas that were male dominated. The Committee concluded that they were reliant on industry to change their gender pay gap before this could impact on the College.

APPROVED: Committee Members approved the Gender Pay Statement for publication on the College's website.

The Executive Director of HR left the meeting.

44/22-23 INTERNAL ASSURANCE: FINANCIAL PLANNING AND BUDGETARY CONTROL REPORT

Jonathan Creed of Internal Auditors, ICCA presented the Financial Planning and Budgetary Controls Report.

The scope of the report was to provide assurance that the College has effective and efficient financial planning arrangements in place, in order to support the continued viability of the College's financial health.

Overall, the report provided a substantial audit opinion with one medium recommendation in relation to the production of management accounts for period 2, although it was noted that a reforecast report had been presented in September, but earlier reporting of recruitment targets would be beneficial in the current climate.

Members discussed the report with one Member pointing out the value of management accounts were only useful if they were providing actionable information. He suggested an alternative could be providing flash reports rather than a full set of management accounts at that stage. It was agreed to raise at the Corporation and seek wider Members' views.

Chair

27/03/23

Members were keen not to create extra burden on the Finance team, unless the reports generated extra value. They discussed resources in the Finance Team and noted the College were recruiting a Head of Finance which will provide strength with the end of year accounts.

45/22-23 EXTERNAL ASSURANCE: ONS BRIEFING

The External Auditors shared their briefing on the likely implications of the ONS decision on further education colleges.

Discussions related to following the Managing Public Money directive and the key implications for colleges.

The Committee Chair questioned the effects particularly in relation to Derby College and this was considered by the Committee and discussions with the ESFA were shared.

Members questioned Lennartz and the position on that, but that was as yet unknown.

Senior recruitment was also raised as a concern given restrictions on senior post appointments.

Colleges continued to lobby the government for a pensions guarantee, but there had been no feedback as yet.

Conversations also covered staff costs as a percentage of income.

46/22-23 STRATEGIC RISK MANAGEMENT REPORT

Michael Ford presented the latest Risk Management Report and updated Register.

There were 29 risks under review on the Corporate Risk Register, with four risks rated as high in relation to achievement of AEB, failure to recruit high calibre staff, energy bills and the effect of the ONS announcement.

One member debated the red-risks post mitigation and argued Members were sitting on the red risks but not accepting.

The presentation of the risk register was discussed, and options shared, which included adding in an expected outcomes column of where the planned preventative controls could take the risk rating.

Other Members argued it was difficult to predict the outcome because some were unknown, for example, the publication of the Colleges Financial Planning Handbook on the ONS risk. Another Member added there would always be red risks after mitigation because some issues are out of the College's control. They pointed out that there was no point in having a risk register that was amber or green and then find out later that it wasn't as predicted and was a red.

They acknowledged it was their role to test the register and agree if they wanted to interrogate further. **They discussed whether or not to accept the red risks and agreed to add a Y/N column in to reflect if they accepted or rejected the red risk. This would be**

further reviewed by the SLT and presented at a future meeting.

MF

20/06/23

There had been no significant issues to health and safety this academic year and no safeguarding cases for the College or Little Explorers to escalate.

Members questioned if the number of safeguarding disclosures was the norm and if these were benchmarked. Management acknowledged it was societal and the team met monthly at the Safeguarding SLT to review. A new system had been purchased CPONs which had raised a lot more awareness. It was difficult to benchmark against other colleges. There had been a recent campaign on sexual harassment and a focus with the students.

Prevent cases were shared and litigation information presented. The Chair clarified if these were covered on insurance, which they were.

47/22-23 REVIEW OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS

The Internal and External Recommendations Monitoring Report was shared.

The Committee noted there were 12 ongoing actions.

Members challenged that a number had similar end dates and asked if that was the sign off date or the date the Committee wanted it by. It was stated these tied in with the review of the ILR and were needed by that date.

The meeting finished at 11.45 am