



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 JUNE 2023 AT
10.00 AM – IN THE BOARD ROOM, THE ROUNDHOUSE, DCG**

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MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 JUNE 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), Michael Ford (Corporate Services), Cheryl Tacchi (DPO)
Jonathan Creed (ICCA – Internal Auditors)
Gareth Jones (RSM – External Auditors)
Chelsea Haigh (RSM – External Auditors)
Rose Matthews (Clerk)

The meeting was preceded by Fraud awareness training which was open to all Corporation members.

ACTION: JC agreed to clarify if the College’s insurance policy covered cyber fraud. However, it was noted this would be invalidated if a breach of the College’s policies were found.

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

PART ONE - GENERAL MINUTES

56/22-23 APOLOGIES FOR ABSENCE

The Committee Chair welcomed Chelsea Haigh of RSM to the meeting. It was noted this was Kevin Slack’s final meeting as Chair of Audit Committee.

There were no apologies for absence.

57/22-23 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.

58/22-23 MINUTES OF THE PREVIOUS MEETING

RESOLVED: The minutes of the meeting held on 14 March 2023 were formally approved.

44/22-23 Management Accounts or a flash report for earlier in the academic year were points currently being reviewed by the CFO.

CFO

Sept 2023

46/22-23 Changes to the presentation of the Risk Register were to be presented later in the meeting.

59/22-23 DCG AUDIT ASSURANCE PLAN

The DCG Assurance Plan was presented, which provided an overview of the assurance reports during the 2022-23 academic year.

60/22-23 INTERNAL ASSURANCE: STUDENT JOURNEY REPORT

Jonathan Creed of Internal Auditors, ICCA presented the Student Journey Report.

The scope of the report was to provide assurance that the College has in place efficient and effective processes which support the College in maximising and hitting its recruitment targets.

Overall, the report provided a substantial audit opinion with one medium and one low recommendation.

The Chair questioned that October 2023 was too late to be reviewing under-recruitment. It was clarified this was the deadline for the whole recruitment analysis and not for this action. The Admissions Group meet regularly, have reviewed and are closely monitoring – the details of which were included in the report.

61/22-23 INTERNAL ASSURANCE: STUDENT ACHIEVEMENT AND CERTIFICATION

The Internal Audit Report on Student Achievement and Certification was shared.

The report aimed to provide assurance the College has effective systems and controls in place surrounding student achievement and certification and provided a substantial audit opinion.

There was one medium recommendation which was not accepted by the team. The historical reason and rationale for this was discussed by Members. **Members challenged if it was reasonable not to accept the risk,** but the CFO explained systems had been strengthened and a further review would be carried out in conjunction with quality.

62/22-23 INTERNAL ASSURANCE: KEY FINANCIAL CONTROLS

Jonathan Creed presented the report on Key Financial Controls which related to cash and banking – income and debtors.

The scope was to provide assurance effective and efficient controls governing its fundamental financial systems for the areas under review were in place for the College.

The report provided a reasonable assurance opinion with two medium recommendations. Both were accepted by Management.

Members queried why the procedure set out in the financial regulations were not followed. This was due to ongoing engagement with the debtor already and the outstanding cash has now been paid.

They also questioned the payroll payment, which related to staff that had left and was a one-off incident. **The Chair asked if it was recoverable.** It was noted this was harder as they had left the organisation.

63/22-23 ONS RECLASIFICACION – REPORTING OF NOVEL, CONTENTIOUS OR REPERCUSSIVE TRANSACTIONS (29/11/22 – 31/03/23)

The CFO provided a verbal report on the requirement of Managing Public Money to confirm compliance and report any transactions deemed to be Novel, Contentious or Repercussive during the period 29/11/22 – 31/03/23. She defined the transactions which were covered under these categories.

A list of write-offs also had to be provided.

The CFO confirmed the submission was made and there were no transactions to report.

64/22-23 INTERNAL AUDIT PLAN AND STRATEGY

Jonathan Creed, of the Internal Auditors, ICCA presented the draft Internal Audit Plan for 2023-24 and updated Strategy 2024-25, which had been developed in conjunction with the Group's SLT.

Of note, there was now only a three-year requirement to provide a sub-contracting certificate, which made a formal declaration of assurance to the ESFA the College continued to meet ESFA rules. However the College advised they would still like to continue with the annual review to provide assurance.

The plan also allowed a contingency of four days providing scope should there be any variances tot the plan throughout the year.

It was made clear the Audit Committee had the right to keep the plan under review and make changes as the risk profile or operating environment changed.

Members questioned HR performance and management, which had not been carried out for a while and cyber security. It was noted a new HR Director

would be joining the organisation shortly and would need time to establish.

MF commented that a management report on cyber security could be presented at a future meeting. It was further noted that an assurance report on IT security had been carried out last year and the IT Director had recently presented to FRC on cyber security.

RECOMMEND: Members recommended the Internal Audit Plan and Strategy to the Corporation for approval.

65/22-23 EXTERNAL ASSURANCE: SUB-CONTRACTING CONTROLS

The Sub-Contracting external assurance report was presented by ICCA and discussed. It is an advisory report which was mandated by the ESFA.

The scope of the review included covering all aspects of the ESFA's 'Sub-contracting Standard', in order to provide a report for submission to the ESFA by 31 July 2023, completed by an 'independent external auditor'.

The College were fully compliant on all aspects. ICCA advised that they may issue a revised report as they were clarifying the presentation of the report.

66/22-23 EXTERNAL AUDIT PLAN 2023

Gareth Jones and Chelsea Haigh of External Auditors, RSM, presented the External Audit Plan for 2023.

Gareth covered the planned scope which will focus on the areas of business that are considered significant to the results for the period and the position at the balance sheet date in respect of reporting on the financial statements.

The ONS reclassification had not changed requirements for the regularity conclusion, but extended the framework of authorities applicable to FE colleges. He explained the new international standards of auditing (ISA 315 – assessing risk of material mis-statements and ISA 240 – responsibilities relating to fraud) also required more random procedures to be undertaken.

Chelsea presented the audit plan and timeline and confirmed all was on track, along with the audit risks, paying particular attention to the pension risk which was the biggest figure on the balance sheet.

The Chair noted there was a 20% increase in fees and challenged if this was open to negotiation, pointing out as RSM's second year as external auditors, there were efficiency savings in year 2. Gareth explained the

rationale for the increase, but this was due to the increased reporting and having a qualified team. Other members agreed and noted they would be interested to see benchmarking. Gareth agreed to take this away and consider any efficiencies that could be made.

GJ

Sept
2023

Rosslyn questioned the percentage for planned materiality and this was confirmed 2-3% and around £1m. Performance materiality would be 75%.

67/22-23 EMERGING ISSUES

RSM presented their emerging issues document, which covered a range of updates relevant to the sector, with particular mention of the Posts-16 Audit Code of Practice changes.

68/22-23 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.

MF shared an updated version of the risk register and changes to the presentation on the recommendations at the previous meeting of the Audit Committee.

Members were satisfied with the changes made, **although as an Audit Committee did not feel they should accept the level of risk and felt this should be a recommendation from SLT.**

MF

Sept
2023

There had been no significant issues to health and safety this academic year and an update provided on the number of safeguarding and prevent disclosures made. **One member questioned if the College tracked what was inherited in terms of safeguarding as opposed to those once students were enrolled at the College.** It was clarified that all schools are required to send over safeguarding files and some were better at this than others. Sue Bradley represented the Board on the College's safeguarding forum and any common themes such as sexual exploitation and harassment are raised there for discussion.

Litigation cases were also shared.

69/22-23 REVIEW OF INTERNAL AND EXTERNAL AUDIT RECOMMENDATIONS

The Internal and External Recommendations Monitoring Report was shared.

18 out of 23 actions were complete with 5 ongoing and due to be closed off by the end of the academic year. The reports received at this meeting would be added to the report.

Sign off dates were raised at the previous meeting and a full review had taken place to close of those.

The meeting finished at 11.45 am