



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 28 NOVEMBER 2023  
AT 10.00 AM – HYBRID VIA MS TEAMS AND IN THE BOARD ROOM, THE  
ROUNDHOUSE, DCG**

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

In attendance: Jo Clifford (CFO), Heather Kelly (DCEO), Michael Ford (Corporate Services),  
Claire Love (FD) Cheryl Tacchi (DPO),  
Jonathan Creed (ICCA – Internal Auditors)  
Gareth Jones (RSM – External Auditors)  
Rose Matthews (Clerk)

Observers: Ron Hill (Stone King), Sarah Johnson (Stone King) – External Reviewers  
(full meeting)

Observers: Andrew Cochrane, Alan Brady, Phil Dover, Martyn Marples, Mandie Stravino,  
(Minute No 32/23-24 only)

**PART ONE - GENERAL MINUTES**

**24/23-24 WELCOME, APOLOGIES FOR ABSENCE AND INTRODUCTIONS**

The Chair welcomed all to the meeting.

Introductions were carried out with Ron Hill and Sarah Johnson, of Stone King, who were carrying out the External Review of Governance

There were no apologies for absence.

**25/23-24 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.

**26/23-24 FRAUD AND IRREGULARITY**

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

**27/23-24 MINUTES OF THE PREVIOUS MEETING**

**RESOLVED: The minutes of the meeting held on 19 September 2023 were formally approved.**

13/23-24 An overview of risk registers held by other committees included the Higher Education and Curriculum and Quality

Action

Date

Risk Registers, all of which fed into the overarching Corporate Risk Register. All other operational risk registers were scrutinised by the Risk Management SLT committee and any risks escalated where necessary to the Corporate Risk Register.

15/23-24 The Counter-Fraud and Irregularity Policy was approved by the Corporation on 23 October 2023.

17/23-24 The Terms of Reference were approved by the Corporation on 23 October 2023.

#### **28/23-24 ANNUAL REPORT ON RISK MANAGEMENT**

The Annual Report on Risk Management was presented to Committee members. This provided an overview of the work undertaken and the closed risks and is to be read in conjunction with the Internal Auditor's Annual report.

**The Chair questioned the remaining recommendations and asked if there was anything of concern members should be aware of.**

It was confirmed the dates had been agreed with the Internal Auditors and management were comfortable with these. The External Audit Report would be included on the register once Audit Committee had concluded.

A review had been undertaken of the Risk Management Policy and changes made to reflect the revised Corporate Risk Register.

**RECOMMEND: The Committee recommended the Risk Management Policy to the Corporation for approval at its meeting on 11 December 2023.**

#### **29/23-24 STRATEGIC RISK MANAGEMENT REPORT**

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

There were 26 risks under review on the Corporate Risk Register, with four rated as high which were detailed in the report.

There was a new risk relating to ONS and the bank covenants and three risks that weren't realised from the previous academic year which related to outcomes and future target numbers. These were on the register at present while the mitigating controls were being monitored.

**The Committee Chair asked for confirmation that the covenants had been met at the end of the 2022-23 academic year and the CFO confirmed they had.**

Apprenticeships risks were flagged, along with funding changes for English and maths. The DCEO suggested it

might be useful for the Committee to receive an update on qualification reform, which might identify future risks.

Clerk

12/03/24

There were no significant issues relating to health and safety, an overview of safeguarding disclosures and prevent risks were shared in the report.

Litigation was summarised and a point of note relating to a constructive dismissal case highlighted.

**The Committee Chair asked that cyber remain as a key risk, particularly in light of the spike with the cyber phishing simulation in the DPO's report.**

The DCEO responded that management had increased oversight through HR with regards to data sharing for repeat offenders. This was being consulted through JCG.

The risk remained high as the national risk register still had cyber as a main risk and it remained high post mitigation.

The Committee Chair asked that the HR Director be invited to the next meeting to share the action being taken to address.

Clerk

12/03/23

**The Committee Chair questioned the safeguarding disclosures and asked if these were similar themes.** Disclosures had increased year to date, but that could be due to student numbers. In terms of more alarming themes, there had been an increase in self-harm and hospitalisation. Last year saw a spike in domestic abuse and there had already been a number of cases this year.

**SE noticed the report referred to 42 senior interventions and asked what these referred to.** It was pointed out this was social care, police involvement etc., at a range of levels. The criteria is clear at what point these are handed to the safeguarding team.

**The Committee Chair referenced the budgetary constraints and the restructure in student support and asked if this had impacted.** Management responded that there had been some duplication and if anything focus had been in a specialist high level team able to support on such cases.

**30/23-24 AUDIT COMMITTEE ANNUAL REPORT**

The Committee received the Audit Committee Annual Report which had been reviewed by the Committee Chair.

The report provides an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements, framework of governance, risk management and control processes (including sub-contracting arrangements) for the effective and efficient

use of resources, solvency and the safeguarding of assets.

The Committee Chair advised of a revision to the section on Horizon Scanning to provide specific examples relating to cyber security, procurement for third parties and AI.

**APPROVED: The Committee accepted the report and approved for submission to the Corporation at its meeting on 11 December 2023.**

**31/23-24 POLICY REVIEW: ANTI-BRIBERY POLICY**

A review had been undertaken of the Anti-Bribery Policy. The key changes were covered in the report. There were no major changes to highlight.

**RECOMMEND: The Committee recommended the Anti-Bribery Policy to the Corporation for approval at its meeting on 11 December 2023.**

All DCG officers left the meeting.

Prior to the confidential session, Governors met in private with the representatives from ICCA and RSM.

*The meeting resumed at 11.15 am after the confidential session.*

DCG Officers returned and Corporation members were invited to observe the External Auditors present their report.

**32/23-24 2022-23 AUDIT FINDINGS REPORT AND MANAGEMENT LETTER**

Gareth Jones, of External Auditors, RSM, presented the Audit Findings Report which provided an unmodified opinion.

The report was not the final version, management responses had been returned and a final version would be shared for the Corporation meeting. It was confirmed the External Auditors were satisfied with the management responses returned.

The key risks identified were shared which related to income recognition, management override of internal controls, going concern, regularity – ONS reclassification and capital projects.

In particular discussion related to a letter of support with regards to DCG Services. The ESFA had confirmed this was not required and dialogue is ongoing related to the resolution of this.

Two amber recommendations had been made in relation to journal authorisation (which was a common theme across the sector) and taxable/non taxable income.

Recommendations in relation to the funding assurance work were shared. There were four red and four amber recommendations.

GJ explored the Term time learners, which related to an incorrect calculation. The ESFA had provide updated guidance which retrospectively applied to 2022-23. It was noted the updated guidance was not in place when those learners had been enrolled. The maximum funding risk was outlined in the report which had been ringfenced by the College as possible clawback.

Attention was also drawn to some RR learners who had transferred over and dilapidations.

**The Committee Chair asked if the control mechanisms could impact the accounts and providing a clean opinion.** GJ responded they could be material if they rolled forward to next year, but the Group had everything in its power to change it.

**The Committee Chair asked if there had been any surprises.** The CFO explained the audit was started as soon as possible, starting the first sample at the return of R12 through to R14 at closedown. Normal checks and balances would be picked up at year end and was down to timing matter. There were no surprises apart from term time learners and the External Audit team had to contact the ESFA to seek clarity. Some of that had already been mitigated.

**The Corporation Chair asked the External Auditors in a college of this size, in their experience, is the college in the acceptable perimeters.** GJ said as a sceptical auditor, he could say for a college of this size DCG were in the upper quartile.

JC, of internal auditors, ICCA, pointed out the whole sector has problems with apprenticeships and DCG was not exceptional.

**The Committee Chair said it was pleasing the risks were coming down and the feedback on the red points would be picked up through the Audit Committee and fed back to show when these had been closed down.**

**Martyn Marples, said notwithstanding any material elements, was the ESFA's view on inaccuracies from the College and were they seeing little inaccuracy from Derby and calm about it, or not?** If there was a serious concern the Group would receive a direct funding audit. The ESFA did not have the resource to look at every college, which is why there was so much pressure

on college MIS teams. JC of ICCA said the DFE were more concerned as they did not understand colleges the same way as they did schools.

**33/23-24 FINANCIAL STATEMENTS AND EXTERNAL AUDIT – REPRESENTATION LETTER AND GROUP ACCOUNTS REPRESENTATION LETTER AND MBS ACCOUNTS REPRESENTATION LETTER, LETTER OF SUPPORT AND DCG SERVICES ACCOUNTS REGULARITY LETTER OF REPRESENTATION REGULARITY SELF-ASSESSMENT**

The CFO shared the DGG Financial Statements and the subsidiaries.

DCG Services presented a break even position and MBS present a small surplus of £2k.

DCG had no significant changes to the numbers since they were last presented to the Corporation. The Members’s Report had been reviewed by and presented to Search and Governance and was recommended to the Corporation.

The representations letters were included in the pack, along with a letter of support for DCG Services which was yet to be determined by the ESFA.

**Kevin Slack questioned the pensions note for DCG Services. It deferred to defined contribution and defined benefit and questioned which it was.** The CFO said they operated a NEST pension scheme and would revisit in the DCG Services accounts.

CFO 04/12/23

**DCG Group also referred to a surplus on page 14 and Kevin said a deficit would need to be included.** The CFO would arrange.

CFO 04/12/23

Rosslyn Green had carried out a detailed review and handed a hard copy to the CFO.

Members discussed the wording linked to going concern and suggested softer wording be included.

CFO 04/12/23

**RECOMMEND: Subject to the outstanding actions on the Financial Statements for DCG, the Audit Committee recommended to Corporation for approval.**

Chair 04/12/23

The draft regularity self-assessment had been reviewed in detail at the previous meeting.

Finished at 12 noon.