

## Meeting of the Audit & Risk Committee

Monday 16<sup>th</sup> June at 9am

Conference Room 3

### Minutes

**Present:** Neil Boggin (Chair), John Mansergh (Vice Chair), Elaine Davies (Governor), Richard Quinn (Governor)

**In attendance:** Richard Evans (Deputy Principal), Sinead Kay (Director of Curriculum) , Michelle Croukamp (HR Manager), Scott Winter (ICCA), Tamara Breeze (Director of Governance and Compliance) this audit

**Observing:** Graham Gillespie (WBG)

### Key Items for reporting to Corporation

Item	Recommendation from Committee	Action required by Corporation To note/ to discuss and input/ to approve
923	Apprenticeship Strategy & Delivery. Timely monitoring of funding calculations, documentation & KPIs are key to avoiding clawbacks. Gaps in design of the above have been rapidly closed.	To note
924	Audit Tracker Report – actions continue to be overdue relating to HR strategy. Operational risks are mitigated; however, long term 'People' strategies require input from SLT – see link with Succession Planning / Knowledge Mgt deep dive & policy approvals  FRC to receive updates. Board to consider HR expertise in Governor recruitment	To note  FRC & Corporation to action
927	Croga Liquidation – potential fraud associated with this contract to be added to the fraud register. FRC providing oversight of updates	To note.
930	Change in Internal Audit Provision for next 3 years. Handover underway.	To note

Agenda Item Number	Description
919	<b>Apologies for Absence</b> K Nash, C Owen
920	<b>Declaration of Interests</b> None
921	<b>Minutes of the last meetings</b>

	The minutes of the meeting of the 3 <sup>rd</sup> of March 2025, were accepted as a true and accurate record.
922	<b>Matters Arising and Rolling Action Plan</b> The Committee noted the progress of the action plan, with most items addressed in the main agenda
923	<b>Internal Audit</b> Scott Winter (ICCA) provided an update on three internal audits carried out since the last meeting. 1. 03 Data Security  The data security audit had received, 'adequate' assurance for design, 'good' assurance for compliance, resulting in an overall assurance opinion of 'substantial'. The internal auditors made one medium risk recommendation, four low risk recommendations and one advisory. The internal auditor emphasised the need for the IT disaster management plan to be subjected to more formal end to end testing and that a formal programme of information security awareness training should be introduced. He noted that the college policies needed to be reviewed within expected time scales and there was the need for a definitive register of assets. ICCA recommended the improvement of existing recovery objectives and the implementation of password settings that conformed to the password policy. The governors questioned whether some of these risks should have higher risk rating, given the increased threat faced by colleges from hackers and malware. The internal auditors stressed that all recommendations must be implemented and taken seriously.  The Deputy Principal responded, acknowledging that the network manager had recently left the college but stating that they were still available for consultation. The new network manager was aware of the findings of the audit and was working on full implementation of the recommendations. The network manager planned to roll out of a full practice attack and recovery to test the systems in August. Governors asked whether the college would consider employing an 'ethical hacker' to test the strength of our defences. Scott Winter recommended JISC to do this.  Concern was expressed that the college did not have a full asset register for IT equipment, although noted that the new system iTrent would provide that. The Chair commented that the issue had arisen previously and requested that the committee note a repeat failure. The committee recommended that the college work towards gaining 'cyber essentials plus' in order to provide full assurance to the board that protective systems were robust.  2. 05 Senior Post Holder Performance KPIs  A two-day advisory review had taken place. The internal auditors had looked at the new Department for Education guidance and compared the college policies and practise to it. It was recognised that the college did not have robust policies and procedures in place for the review of senior post holders, however, the internal auditor recognised that the new board structure, and in particular, the reinstatement of the Remuneration Committee would address this. The audit contained many detailed recommendations for management and board and it was noted that the Chair must be appropriately qualified to carry out the appraisals, also targets for SPH must link to the Strategic plan and be SMART. The committee discussed the topic of performance related pay and the internal auditor noted that in most other Colleges the SPH were treated differently to the rest of the staff team in this regard. The DfE did advise that SPH pay was linked to performance. The Chair stated that the advisory report had been shared with the Corporation Chair and the Search and Governance Committee and Remuneration Committee would implement necessary changes.

	<p>3. 04 Apprenticeships Strategy and Delivery model</p> <p>This internal audit provided 'weak' assurance in the area of design, 'good' assurance on compliance, resulting in an overall assurance opinion of 'reasonable'. Three recommendations had been made, one high and two medium risk.</p> <p>The first risk concerned standardised reporting to allow managers to ensure that there was regular monitoring of the funding KPI's. The second recommendation was that the college should introduce a process to review TNP 1 and TNP 2 costs at regular interviews during the apprenticeship to ensure that changes were agreed with the employer and accepted by them. Then third recommendation was that the college should ensure that all sign-up paperwork was completed before the Apprentice commenced learning, the Director of Curriculum agreed that this would be within a reasonable time.</p> <p>The governors recognised that the admin involved in apprenticeships was very complex and acknowledged that swift management responses had been positive and appreciated. The Director of Curriculum assured the committee that immediately following the audit the reporting system had been improved, the KPIs were tracked and trends could be identified. They provided a current example of how this system worked looking at remedial action to increase reviews over the summer period. The chair asked about the regularity of checking the KPI's and the Director met with be Head of Business Engagement weekly and presented the KPIs to SLT half termly, that had previously happened but was not prescribed. The internal auditor confirmed that that level of reporting compared favourably to other colleges.</p>
924	<p><b>Audit Tracker Report</b></p> <p>The Director of Governance presented the audit tracker report and the outstanding actions remained the same as at the last meeting, namely, the implementation of Evolve software to improve the process of managing student trips and visits and the lack of a HR strategy.</p> <p>The deputy Principal assured the committee that Evolve would be fully implemented in the summer, the processes were compliant but the policies were yet to be updated. The HR manager explained that the HR strategy was drafted but had not been considered by SLT, it would need to be finalised by the new principle and connect to the overall college strategy. The committee questioned whether the lack of a strategy exposed the college to additional risk, the SLT believed this was not the case, in the short term but that there were long term risks in terms of quality improvement of HR.</p> <p>The director of governance recognise that the audit tracker should cover all college audits not just internal audits and would work towards that for the next meeting.</p>
925	<p><b>The Risk Register</b></p> <p>The Committee received an update on the College's Risk Register, which had been compiled by the current Principal and was presented by the Deputy Principal in his absence.</p> <p>The Risk Register currently contains 33 risks across 11 categories. Since the last report in March 2024:</p> <ul style="list-style-type: none"> <li>• 4 risks had decreased.</li> <li>• 1 risk had increased.</li> <li>• The remaining 28 risks remained stable.</li> </ul> <p>These changes resulted from the implementation of control measures and assurances by the College. The risk that had increased was primarily attributed to adherence to financial policies and the timing of the LUF money release concerning the Westmorland refurbishment.</p> <p>The SLT assured the Committee that risks were being monitored regularly and reported to the Chair of Audit and Risk where areas of concern arose.</p>

	<p>The Committee noted the following as the top 5 risks currently facing the College:</p> <ol style="list-style-type: none"> <li>1. Staff recruitment.</li> <li>2. Non-adherence to College financial regulations.</li> <li>3. Westmorland refurbishment and tender processes for phases 5 and 6.</li> <li>4. Financial Concerns from the DfE on the College finances</li> <li>5. Staff motivation and morale</li> </ol> <p>Staff recruitment difficulties were discussed and the existence of the Task and Finish Group considering that issue was acknowledged.</p> <p>The refurbishment of the Westmorland was dependent on the LUF funds and the deputy Principal advised that the forms had now been submitted to start the process of access to the money. The Finance governors were keen to stress that £400 of retrospective payment would help the unrestricted cash position.</p> <p>The staff satisfaction survey for 24-25 was about to be released and analysis would sit with the new Principal.</p> <p><b>Deep Dive into HR Processes that govern knowledge transfer</b></p> <p>The Committee clarified that this deep dive was due to a board concern that because of the resignation of the Principal, the retirement of the CFO and other key people, crucial knowledge could be lost.</p> <p>The SLT were not able to provide assurance that there were sufficient policies and processes in place to manage knowledge transfer and acknowledged that succession planning was poor. The SLT informed the board that Job descriptions had not been updated to align with new structure and the committee asked that these were prioritised.</p> <p>The committee heard that the new Principal would have to make organisational design decisions and that the FRC had agreed a budget for them to use to access organisational design support.</p>
926	<p><b>Receive Risks from Committees</b></p> <p><b>The Quality and Standards Committee</b> had reported that the lack of compliance with the Performance review policy on the business support side of the college could result in sustained poor performance of individuals and of departments.</p> <p><b>The Finance and Resources Committee</b> reported the risk associated with Croga, DfE financial intervention, and a lack of understanding of the detail of Managing Public Money.</p>
927	<p><b>Croga Contract update</b></p> <p>The Committee discussed the position of the contract and noted that the Fraud tracker should include the allegation of Fraud from an external supplier. TB to action.</p> <p>Legal advise had been taken and the liquidator rejected. No further progress reported.</p>
928	<p><b>Policy review and reports</b></p> <p>The Director of Governance presented the compliance report. The committee noted 3 data breach incidents and responses; none had been assessed as serious enough to be reported to the ICO. Seven 'freedom of information' requests had been made and one subject access request. Policy compliance was reported as 28 out of 129 policies out of date, all authors had been informed, and several were expected to come to the July board.</p> <p>The HR manager reported that many HR policies were awaiting SLT level input, and governors offered to advise on policies. The position would be reviewed in September. The committee questioned whether the low policy compliance could expose the college to employment risks and were assured that the crucial operational policies are in date, and others would be updated in Summer 2025.</p>
929	<p><b>Committee Review</b></p> <p>As this was the last meeting of the academic year for the committee, there were some administrative duties to complete in respect of compliance with the existing terms of</p>

	<p>reference, agreeing new terms of reference and confirming appointment of the Chair for the next year. The Committee noted;</p> <p><b>The Post 16 Audit Code of Practice 2024</b> was withdrawn 26 March 2025: had been replaced by the <a href="#">Framework for Auditors and reporting accountants of colleges</a>. The audit and regularity framework was essentially unchanged but had been updated to reflect the reclassification of the sector in November 2022 and the <a href="#">College Financial Handbook</a>.</p> <p><b>The Terms of Reference compliance report</b> demonstrated how the Committee had complied with its current terms of reference. There remained work to be carried out in partnership with the Finance and Resource Committee to strengthen processes on the oversight of finances, capital projects and procurement.</p> <p><b>Terms of Reference 2025/26</b> were accepted. Minor changes had been made recognising the reinstatement of the Remuneration Committee.</p> <p><b>Committee Membership was confirmed</b>, as four full governors plus with no proposal to increase that number.</p> <p><b>Appointment of Committee Chair:</b> the committee was asked to confirm the continued appointment of Neil Boggin as Chair and recommend that appointment to the board. Similarly, confirmation of the continued role of Vice Chair to John Mansergh. NB informed the Committee that he intended to step down as ARC chair, within the next 12 months, therefore succession would be need to be considered.</p>
930	<p><b>Introduction from New internal auditors</b></p> <p>Graham Gillespie from WBG, introduced himself and his company and it was agreed that he would work with ICCA to ensure a smooth transition between audit firms during the summer. TB to send papers from the meeting, then they would conduct a desk-based review, followed by a meeting, to produce a plan for 25-26 to be put forward at the September meeting.</p> <p>ICCA would complete the last internal audit and sign off the year with the audit report in August. The Committee members thanked Scott and ICCA for their services over the last few years.</p>
931	<p><b>Draft Schedule of Business for 25-26</b></p> <p>This was presented and agreed with the addition of the whistle-blowing policy and report.</p>
932	<p><b>Any other business</b></p> <p>The DP informed the committee that the College was expecting another letter from the DfE notifying the Chair that the deadline for the forecast funding claim had been missed. That had now been submitted.</p> <p>A risk had emerged that a former employee had been mistakenly paid for 10 months due to system failures. A root cause analysis had been requested by the FRC on the 2<sup>nd</sup> July.</p>
933	<b>Date of next meeting 29<sup>th</sup> September 2025 9am</b>
934	<b>Reserved Business</b>
	<b>Report from the External Auditors</b>