Minutes of the Audit Committee meeting held on Tuesday 3rd March 2026 at 5pm via Microsoft Teams

Members Present:	Liam Butler (Chair) Wendy Davies Tsitsi Madzingira (item 6.1 onwards) Liz Sithole
In Attendance:	Gill Darwood (Director of Corporate Governance) (DCG) Karen Gentles (RSM) Louise Jones (Chief Finance Officer) (CFO) Emily Lake (RSM) (items 1 – 6) Diana Martin (Chief Executive & Principal) Cameron Penwill (Bishop Fleming)

Committee administrative matters

1 Confirmation of quorum

1.1 The Director of Corporate Governance (DCG) confirmed that the meeting was quorate.

2 Apologies for absence

2.1 Apologies for absence were received from Craig Sullivan of Bishop Fleming and Louise Tweedie of RSM.

3 Declarations of interest

3.1 There were no declarations of interest.

4 Minutes of previous meeting held 25th November 2025

4.1 The minutes of the meeting held 25th November 2025 were accepted by members as an accurate record.

5 Matters arising

5.1 There were no further matters arising which had not been covered on the agenda.

Internal Audit Matters

6 Internal auditors sector update – new Fraud Offence Regulations

6.1 E Lake of RSM provided a presentation on the Economic Crime and Corporate Transparency Act 2023 (ECCTA) which introduced reforms to tackle economic crime and improve corporate transparency. This legislation had far-reaching implications for the College and persons associated with the College such as delivery partners, the leadership team, and compliance frameworks.

6.2 The Act introduced a new offence which came into effect from 1st September 2025, whereby a failure to prevent fraud meant the College could be criminally liable.

6.3 The Government had released guidance on reasonable prevention procedures which RSM would share with the College.

6.4 It was noted that the new legislation shifted the focus to the organisation being the beneficiary of fraud rather than the victim, as was the case in the previous fraud prevention procedures.

6.5 E Lake and the CFO provided further clarification in response to questions from members, noting that the benefit could be a non-financial benefit, for example related to the achievements of learners.

6.6 The CFO noted that the College was undertaking a review of its approach to fraud to ensure that compliance with the new regulations could be demonstrated and relevant leaders had received a detailed presentation from RSM. Measures identified for implementation included a review of the counter fraud strategy, roll out of suitable training for managers and staff, and a refresh of the annual fraud risk assessment presented to the audit committee.

6.7 **It was resolved** to note the new Fraud Offence regulations.

Emily Lake left the meeting.

7 Internal audit progress report, including internal audit report on Key Financial Controls: Cashflow Forecasting & Planning

7.1 Two internal audit reviews had been completed so far during the academic year: key financial controls (cashflow forecasting and planning), and the governance framework for compliance with legal and regulatory requirements relating to Protect Duty and Martyn's Law.

7.2 The key financial controls: cashflow forecasting and planning report had been undertaken at the request of the College and had resulted in a partial assurance opinion. The review had been commissioned due to the continued positive variance between actual and budgeted/forecast cashflow, and RSM had undertaken analysis to consider the causes of this. Although the College held a strong cash position, it was keen to improve the quality of forecasting to support decision-making, particularly in relation to capital expenditure and investments.

7.3 The CFO advised that the College had experienced a high turnover of senior finance staff, and the new Head of Finance was committed to establishing effective controls around cashflow management and forecasting. As a result of the internal audit, one high, two medium, and one low recommendation had been agreed with management, all of which would be implemented before the year end.

7.4 In response to a member's question regarding whether this variance had affected decision-making, the CFO confirmed that it had not yet done so but that the College was accruing increasing cash reserves to support future investment, and reliable information would therefore be essential.

7.5 Members queried the justification for the high-priority recommendation, and it was clarified that this represented a high priority rather than a high risk. A member also observed that the College did not typically receive partial assurance reports and asked about any potential impact on the annual audit opinion. RSM advised that some organisations requested a follow-up review before year end to mitigate such impact, but provided that other reports were not of a similar opinion, this should not affect the overall year-end assurance opinion.

7.6 The Chair asked whether the Committee could be assured about the resourcing of the finance team. The CFO advised that the structure of the team was under review and that increased reporting requirements from the DfE would also necessitate additional capacity.

7.7 In response to a question about whether the College was considering new systems to support cashflow forecasting, the CFO confirmed that the issue related primarily to the quality and frequency of information provided by certain areas of the organisation, such as Estates and the Capital Projects team, and that additional finance resource would support improvements in this area.

7.8 The report on Protect Duty and Martyn's Law had not yet been finalised and would be presented to the next Audit Committee.

7.9 The audit plan remained on schedule, with the review of learner number systems due to take place during the month. An additional audit had been requested on a partnership secondment agreement, which required Committee approval. The CEP provided further information regarding the need for this review to provide assurance that all processes and procedures were being followed appropriately.

7.10 **It was resolved** to note the internal audit progress report and report on Key Financial Controls: Cashflow Forecasting and Planning, and to approve the additional work on the partnership secondment agreement.

8 Rolling schedule of audit recommendations

8.1 The CFO presented the report detailing progress made in implementing the recommendations agreed in the audit reports submitted by RSM. The schedule excluded recommendations that had already been confirmed by RSM as implemented through their follow-up audits. Although the full tracker retained all recommendations until RSM confirmed completion, only actions remaining open were included in the report. The schedule identified recommendations that remained in progress and highlighted those subject to delay. One new internal audit report had been received since the last Audit Committee meeting, on key financial controls: cashflow forecasting and planning, which had resulted in one high, two medium and one low recommendation.

8.2 The CFO advised that a full review of all actions would be completed before the follow-up audit in April to ensure continued compliance where actions had previously been reported as complete. Following scrutiny of current evidence, she considered that four recommendations should be moved back to 'open'. These related to procurement and accounts payable; health and safety; financial planning and control; and data protection and FOI compliance. Some had already been flagged as delayed due to the length of time outstanding.

8.3 The newly appointed Head of Finance was aware of the urgency of ensuring that recommendations within her remit were addressed promptly.

8.4 There were a further six delayed actions in the areas of health and safety and capital project controls. A new Health and Safety Manager had been appointed and was actively addressing the issues, and a more positive update was expected at the next meeting.

8.5 Some progress had been made since the last report, with four recommendations implemented. The CFO had reiterated with the senior leadership group the importance of ensuring that implementation of recommendations resulted in a permanent change in the control environment.

8.6 This section is the subject of a separate and confidential minute.

8.7 Members requested clarification on the timeliness of completion dates, some extending six months ahead, and whether interim mitigations were in place.

8.8 The Chair noted that a further update would be provided to the Corporation and acknowledged the significant work taking place to progress the actions. The Chair also highlighted the clear link between the recommendations and the risk register, providing reassurance that the issues were being actively addressed.

8.9 **It was resolved** to note the rolling schedule of audit recommendations.

9 Internal Auditors' annual benchmarking report 2024/25

9.1 RSM provided benchmarking data on the work done in 2024/25 with the College compared to other education clients. The key points were noted as:

- In 2024/25 RSM issued one substantial assurance report and one partial assurance report. There were also three no opinion/advisory reports and the follow up report showed reasonable progress. This had changed the profile since the prior year and the chart contained within the report provided a comparison of the profile over three years compared to the FE sector.
- The average number of management actions agreed at each internal audit assignment dropped slightly to 4.2 compared to prior year of 4.64, however this was higher than the sector average of 3.6. These figures excluded actions from advisory audits which resulted in six actions compared to a sector average of 7.7.
- An overview of high priority management actions agreed across RSM's client base summarised by key themes was included.

9.2 It was noted that the College had had the same annual audit opinion over the last three years, in line with 70% of further education clients, in that there was an adequate and effective framework for risk management, governance and internal control, however further enhancements could be made to ensure that it remained adequate and effective.

9.3 Members noted that the College had been proactively directing internal audit to areas which they were aware required focus, which was not always the case in other organisations.

9.4 **It was resolved** to note the internal auditors' annual benchmarking report for 2024/25.

Risk Management Matters

10 **Risk Management spring term report**

10.1 The CFO presented the risk management spring term report, advising that the risk register had been reviewed by the Senior Leadership Group (SLG) including risk scores and levels of assurance. There had been changes to the net risk scores for the following risks as a result of the review:

- The net risk score for data protection had reduced from 8 to 4 as a result of the successful implementation of a number of the identified actions. The risk of a data breach was now considered to be much lower.
- The net risk score for apprenticeship provision had increased from 6 to 9. Although the actions to improve the approach to apprenticeships were progressing, insufficient impact or improvement on the student experience was seen. There was a dedicated senior task force working on improving the approach and support was being sought from the software provider who had demonstrated a more effective method in two other pilot colleges.
- The net risk score for capital projects had increased from 6 to 12. A number of capital projects were subject to delay and these would be discussed in more detail at the Finance and Estates committee on 10 March.

10.2 For other risks, good progress was being made and a number of actions were now complete. The Risk Scrutiny Group had met in December to focus on the risk around work experience and a number of further actions had subsequently been agreed. Although it was agreed that steady progress was being made in this area, updating the work experience policy was subject to delay.

10.3 Members noted the current risk register reflected the discussions which had taken place under previous items.

10.4 **It was resolved** to note the risk management spring term report.

11 **Any Other Business**

11.1 There were no items of other business.

12 **Date of next meeting**

12.1 The next meeting of the committee would be held on 9th June 2026 at 5pm via Teams.

K Gentles and C Penwill left the meeting.

The part 2 meeting is the subject of separate confidential minutes.

The meeting closed at 17.51 hours.

Approved by committee members at the meeting held 9th June 2026.