

Minutes of the Audit Committee meeting held on Tuesday 9th June 2026 at 5pm via Microsoft Teams

Members Present: Liam Butler (Chair)
Wendy Davies (*item 8 onwards*)
Tsitsi Madzingira
Liz Sithole

In Attendance: Gill Darwood (Director of Governance) (DG)
Louise Jones (Chief Finance Officer) (CFO)
Cameron Penwill (Bishop Fleming)
Louise Tweedie (RSM) (*item 9 onwards*)

With the agreement of the meeting, the Chair varied the order of business. The sequence and numbering of items in these minutes reflect the order in which they were considered.

Committee administrative matters

1 **Confirmation of quorum**

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

2 **Apologies for absence**

2.1 Apologies for absence were received from Diana Martin.

3 **Declarations of interest**

3.1 There were no declarations of interest.

4 **Minutes of previous meeting held 3rd March 2026**

4.1 The minutes and confidential minutes of the meeting held on 3rd March 2026 were agreed by members as an accurate record.

5 **Matters arising**

5.1 There were no matters arising from the previous meeting.

6 **Committee business plan for 2026/27**

6.1 The Director of Governance presented the business plan for the Committee which provided the proposed programme of business and reports for the Audit Committee during 2026/27.

6.2 The proposed Committee meeting dates for 2026/27 were:

- Tuesday 29th September 2026 at 5pm
- Tuesday 24th November 2026 at 5pm
- Tuesday 2nd March 2027 at 5pm
- Tuesday 15th June 2027 at 5pm

6.3 The plan was aligned to the Governance Assurance Map agreed by the Corporation and reflected the Committee's responsibilities as set out in its Terms of Reference. It was intended to support effective governance oversight and provide appropriate assurance over key areas of risk and compliance.

6.4 The plan was not intended to be a rigid document and would remain under review during the year to ensure sufficient flexibility to respond to emerging priorities or issues as they arose.

6.5 **It was resolved** to recommend the Committee's business plan for 2026/27 and meeting dates to the Corporation for approval.

External Audit Matters

7 Plan for external audit of 2025/26 accounts

7.1 C Penwill presented Bishop Fleming's external audit plan for the 2025/26 accounts which provided an overview of the nature and scope of their audit work and highlighted key aspects of the audit. The document covered the audit of Dudley College of Technology and Transformational Technologies Partnership Limited (TTPL). The key points to note were:

- Materiality was based on 2% of income.
- Significant risks addressed by the audit were primarily standard items required under auditing standards, and would be:
 - o Management override of controls
 - o Fraud in income recognition
 - o Pension assumptions
 - o Accounting for other capital projects and capital grant funding
 - o Going concern (for the subsidiary TTPL only).
- The report provided updates on the following key areas:
 - o College accounts direction 2025/26
 - o FEHE SORP changes (effective for the next financial year).
 - o College Financial Handbook
 - o VAT treatment following the court of appeal Colchester Institute case
- The interim audit would take place week commencing 10 August with the main audit taking place weeks commencing 5 and 12 October.
- The fee of £43,750 represented a 3% increase on the 2024/25 fee.

7.2 C Penwill responded to questions from members in relation to the audit plan and the CFO advised that a full explanation of SORP changes was included within budget papers to be presented to Corporation the following week.

7.3 **It was resolved** to recommend the plan for external audit 2025/26 accounts to the Corporation for approval.

W Davies joined the meeting.

8 Fraud and irregularity annual report 2025/26

8.1 The CFO presented the Fraud and Irregularity Annual Report for 2025/26, noting the Corporation's responsibility, under grant funding agreements and contracts with the DfE and WMCA, to maintain an adequate system of internal control to ensure compliance and to prevent and detect irregularities and suspected fraud, including theft, bribery and corruption. This included maintaining an effective and proportionate counter fraud strategy covering awareness, prevention, detection, investigation and sanction, including seeking redress where appropriate.

- 8.2 It was noted that the College fell within the scope of the Economic Crime and Corporate Transparency Act 2023, which introduced a new corporate offence of 'failure to prevent fraud', making it a criminal offence for large organisations that failed to prevent fraud committed by employees or agents for the organisation's benefit. The College was taking a range of measures to address the associated risks, which would form the focus of fraud prevention activity over the following 12 months.
- 8.3 The annual risk assessment of fraud and irregularity reviewed all key risk areas, provided commentary on the existing control framework designed to prevent fraud, and identified any further actions required.
- 8.4 In response to a question from members, the CFO confirmed that the College was confident that strong controls were in place with training undertaken by managers, and that she was drafting a revised fraud policy to enhance current arrangements and explicitly set out compliance with ECCTA. This would then be followed up with deep dives into specific risk areas by the risk scrutiny group. It was further noted that this topic was included within the internal audit plan for next year.
- 8.5 **It was resolved** to recommend the fraud and irregularity annual report 2025/26 to the Corporation for approval.
- L Tweedie joined the meeting.*
- 9 **Appointment of Chair and Vice Chair for 2026/27**
- 9.1 **It was resolved** to appoint Liam Butler as Chair and Wendy Davies as Vice Chair of the committee for the 2026/27 academic year.

Internal Audit matters

- 10 **Internal Auditor's General Sector Update**
- 10.1 L Tweedie provided an overview of emerging issues in Further Education with a focus on the emerging risk radar. Most prevalent across all organisation types were the following risks:
- Increasing operating costs
 - Geo-political change and instability, due to trade wars, conflicts impacting society and business.
 - Cyber security and Artificial Intelligence
 - Operational resilience of technology
 - Continued economic slowdown
 - Supply chain resilience threats
- 10.2 A number of emerging risks were noted, particularly in relation to staffing, including trends of Generation X employees leaving the workforce before reaching state pension age, and the potential impact of artificial intelligence (AI) replacing certain roles.

- 10.3 Members considered the implications for Colleges, noting an increasing number of external risks alongside opportunities arising from policy developments such as the Growth and Skills Levy and the Lifelong Learning Entitlement.
- 10.4 Members discussed the report and L Tweedie responded to their questions on points of detail. She advised that there were currently limited examples of best practice with the use of AI within further education, which were largely confined to specific curriculum areas. In contrast, some private sector higher education institutions had adopted AI more extensively, including the use of AI assistants in specialist subject areas.
- 10.5 The CFO advised that the College was exploring its digital approach from multiple angles, including collaboration with JISC and wider college networks. It was also noted that the use of AI by individuals presented risks, and work was ongoing to ensure appropriate safeguards were in place.
- 10.6 Members discussed the risk of cyberattacks, querying whether there had been a general or specific increase across the sector. L Tweedie confirmed that there had been incidents, noting that colleges may at times have less sophisticated protections than other sectors, although they were not disproportionately targeted. It was also noted that colleges were not permitted to pay ransoms to cyber attackers, which may discourage such attacks.
- 10.7 In response to a question on whether the College had stress-tested its security controls, the CFO confirmed that this was undertaken regularly with a comprehensive set of actions reflected in the risk register. The risk remained scored as high, but with a significant number of mitigations. The College held Cyber Essentials Plus accreditation and undertook an annual third-party simulated data recovery exercise.
- 10.8 The Chair asked whether these emerging risks had been incorporated into the risk register. The CFO confirmed that sector updates were routinely reviewed to ensure alignment and that relevant risks were reflected appropriately, informing the ongoing development of the risk register.
- 10.9 **It was resolved** to note the internal auditor's general sector update.
- 11 **Internal Audit Progress Report**
- 11.1 L Tweedie presented the Internal Audit Progress Report which summarised work undertaken to date during the 2025/26 academic year.
- 11.2 Members noted that the following reviews had been completed since the last meeting and the reports were received for consideration:
- *Protect Duty and Martyn's Law* – the review provided reasonable assurance, with four recommendations agreed with management (three medium and one low priority). Two recommendations had already been implemented. L Tweedie highlighted that the level of implementation of the requirements compared favourably with other providers.

- *Follow-up Review* – the review concluded reasonable progress. Of 25 agreed actions reviewed, 19 had been fully implemented, five were partially implemented and one remained outstanding. For the remaining six actions, revised management actions had been agreed and reflected within the audit tracker. Members noted this as a positive position overall.

11.3 It was noted that two further reports, relating to secondment agreements and learner numbers, were in the process of being finalised and would be presented to the Committee in the autumn term.

11.4 In response to members' questions, it was confirmed that two planned audits had been deferred to the following year at the request of management, due to staffing changes within those areas. The overall number of audit days had been maintained through the inclusion of the additional review on secondment agreements.

11.5 **It was resolved** to note the assurance provided by the internal audit progress report.

12 **Rolling schedule of audit recommendations**

12.1 The CFO presented the report detailing progress made in implementing recommendations arising from internal audit reports submitted by RSM. The report excluded recommendations previously confirmed by RSM as implemented through follow-up audits. 19 recommendations had therefore been removed since the last report.

12.2 The report identified recommendations that remained in progress and highlighted those subject to delay. As noted earlier, one additional internal audit report had been received since the last Committee, relating to Protect Duty and Martyn's Law, which included three medium and one low recommendation. Members noted that there were 12 open recommendations, with the table setting out their current status.

12.3 Particular focus was given to four actions:

- Two relating to Health and Safety, which had been reviewed by RSM as part of the recent follow-up audit. These related to:
 - the requirement to document Health and Safety training, including both completed and outstanding training, noting that existing systems did not enable this to be recorded in one place, and
 - the requirement to undertake fire evacuation drills at the required frequency and consistently document outcomes. While evacuations had taken place during 2025/26, these had not met the expected frequency and recording had been inconsistent.
- Two recommendations arising from key financial controls relating to cashflow forecasting, which were now beyond their original implementation dates. Resource pressures within the finance team had meant that, although partial progress had been made, the recommendations had not yet been fully implemented.

- 12.4 The Chair drew attention to a high-priority action relating to learner number systems where the implementation date had been revised. The CFO reported that the College considered the action complete, however, RSM had determined that further work was required before the recommendation could be formally closed.
- 12.5 **It was resolved** to note the assurance provided by the rolling schedule of audit recommendations 2025/26 report.
- 13 **Internal Audit Plan 2026/27**
- 13.1 L Tweedie introduced the internal audit plan for 2026/27 advising that there had been a discussion with College colleagues to agree those areas where a higher level of scrutiny would be beneficial. As a result, RSM were proposing the following areas were reviewed in 2026/27:
- Planned and Reactive Maintenance Arrangements (February 2027)
 - Employer Engagement Framework (February 2027)
 - Learner Number Systems (April 2027) (specific area of review to be confirmed).
 - Key Financial Controls: Month End and General Ledger (November 2026)
 - Fraud and Bribery Compliance Framework (January 2027)
 - Follow-up (April 2027) – as undertaken annually.
- 13.2 Appendices provided an overview of audit activity over the previous three years and identified potential areas for future consideration.
- 13.3 The quoted fee of £34,920 plus VAT to deliver the programme was based on 45 audit days and represented a 5% increase on 2025/26 fees, in line with the agreed contract.
- 13.4 It was noted that the plan had been informed by the College's risk register, previous audit activity, levels of assurance and key operational areas. The first two reviews had been carried forward from the previous year.
- 13.5 L Tweedie provided clarification in relation to points of detail raised by members, confirming that different elements of financial controls were reviewed cyclically and advising that payroll had last been reviewed in 2022/23 and acknowledging that this may be an area for future consideration.
- 13.6 In relation to a question from members on the importance of reflecting emerging risks, including business resilience and IT, and whether sufficient capacity existed within the plan, L Tweedie advised that business resilience had been considered to some extent within the Protect Duty review but suggested that a broader review of business continuity could be considered for 2027/28. It was also noted that wider risks were considered periodically through review of strategic planning processes.
- 13.7 The Chair noted that, given the breadth of the risk register, it was not possible for internal audit to cover all areas in a single year and therefore a longer-term view of coverage was required.

- 13.8 The CFO advised that the risk register incorporated other elements of board assurance and highlighted the need to further enhance how wider risk assurance was captured and presented.
- 13.9 **It was resolved** to recommend the internal audit plan for 2026/27 to the Corporation for approval.

Risk Management Matters

- 14 **Confidential - Risk management termly update**
This matter is the subject of a separate and confidential minute.
- 15 **Any Other Business**
- 15.1 There were no items of other business.
- L Tweedie and C Penwill left the meeting.*

Confidential matters

- 16 **Confidential – Internal auditors’ performance in 2025/26 and re-appointment for 2026/27**
This matter is the subject of a separate and confidential minute.
- 17 **Date of next meeting**
- 17.1 Proposed dates were noted as per the business plan for next year (all 5.00pm start):
- Tuesday 29 September 2026
 - Tuesday 24 November 2026
 - Tuesday 2 March 2027
 - Tuesday 15 June 2027

The meeting closed at 18.17 hours.

Approved by committee members at the meeting held 29th September 2026.