



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 12 MARCH 2024 AT
10.00 AM – HYBRID VIA MS TEAMS AND IN THE BOARD ROOM, THE
ROUNDHOUSE, DCG**

WELCOME, APOLOGIES FOR ABSENCE AND INTRODUCTIONS	2
DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM.....	2
FRAUD AND IRREGULARITY	2
MINUTES OF THE PREVIOUS MEETING.....	2
QUALITY REFORM UPDATE	3
GENDER PAY REPORT AND STATEMENT	3
ARTIFICIAL INTELLIGENCE	4
INTERNAL ASSURANCE: RISK MANAGEMENT REPORT	4
EXTERNAL ASSURANCE: SUB-CONTRACTING CONTROLS REPORT.....	5
STRATEGIC RISK MANAGEMENT REPORT.....	6



MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 12 MARCH 2024 AT 10.00 AM – HYBRID VIA MS TEAMS AND IN THE BOARD ROOM, THE ROUNDHOUSE, DCG

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

In attendance: Jo Clifford (CFO), Michael Ford (Corporate Services), Claire Love (FD), Tony McIlroy (DSR), Ian McCormick (DI), Cheryl Tacchi (DPO), Di Troman (DHR), Rob Bamford (DH&S) – agenda item X only
Jonathan Creed (ICCA – Internal Auditors)
Gareth Jones (RSM – External Auditors)
Rose Matthews (Clerk)

PART ONE - GENERAL MINUTES

34/23-24 WELCOME, APOLOGIES FOR ABSENCE AND INTRODUCTIONS

Tony McIlroy, Ian McCormick, Di Troman and Rob Bamford were welcome to the meeting.

Apologies for absence were received from Heather Kelly.

35/23-24 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.

36/23-24 FRAUD AND IRREGULARITY

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

37/23-24 MINUTES OF THE PREVIOUS MEETING

RESOLVED: The minutes of the meeting held on 28 November 2023 were formally approved.

38/23-24 MATTERS ARISING

29/23-24 The Director of Strategy and Regulation had been invited to the meeting to deliver a presentation on qualification reform.

The HR Director was in attendance at the meeting to provide an update on the action to address compliance with training on cyber phishing.

Action	Date
--------	------

33/23-24 The actions relating to the External Audit and Financial Statements had all been completed and the Financial Statements were approved by the Corporation on 12 December 2023.

39/23-24 QUALITY REFORM UPDATE

The Director of Strategy and Regulation delivered a presentation on Qualification Reform which summarised the rationale for, and the key changes from, the Review of Post-16 qualifications. Attention was drawn to the key risks relating to de-funding of some qualifications and the overlap with T Levels of others.

SE sought confirmation that a student already on a civil engineering pathway would be able to complete that qualification, despite it being replaced with an Advanced Manufacturing Engineering qualification. Student would complete the qualification they enrolled on and not have to transfer from one to another.

Concern was expressed for those areas where there was no T Level and students in those areas were required to enrol on Level 2 courses – such as building and decorating as an example.

The Committee Chair asked how the teaching staff had reacted to the changes. Everyone in the sector had fought against its introduction, but during the Curriculum Planning process the staff were resolved that it was happening and they had to make it work.

As an early adopter of T Levels, a lot of investment had gone into upskilling the staff and based on current experience T Level outcomes had been good.

Members reflected on how it would impact Derby and the local students and it was imagined apprenticeships could increase, but that would be based on positions available.

Debate was currently taking place as to whether students needed English and maths to take a T Level, it's a very big qualification without having to take without having them.

RESOLVED: Committee Members acknowledged the presentation and the key risks the reform presented.

40/23-24 GENDER PAY REPORT AND STATEMENT

The Director of HR shared the Gender Pay Report which is a requirement for the College under the Equality Act (Gender Pay) Regulations.

Key findings were shared, with the mean gender pay gap was improving on the previous year, however the gap had widened consistently since reporting commenced in 2017.

The median gap had increased, with the female median rate increasing and the male rate decreasing. The detail of which was included in the report.

SE noted the College was heavily skewed on its figures by a largely female senior management team. If they were remove from the assessment, the gap would look worse. The HRD said it would be an interesting exercise, she said the College had committed to take some action and activity around females and growing female talent in the organisation and some work around unconscious bias.

RG asked what the College could do about it? For example, in male dominated areas such as Engineering where there is a limited number of females. It was acknowledged there were not enough teachers in these areas and there was a constant battle with other organisations offering them more money.

RESOLVED: Committee Members recommended the Gender Pay Report for approval by the Corporation and publication on the College's website.

41/23-24 ARTIFICIAL INTELLIGENCE

The Director of IT provided a briefing paper for the Committee summarising the different types of AI and its current use in the College for reporting and teaching, alongside the CPD provided for teachers. Further opportunities are being explored as part of the Systems and Data Strategy.

The Committee Chair asked how boundaries were being set and controlled in terms of policies and procedures. The Director of IT advised the IT browser for students had been changed due to an AI chatbot and it cannot be used for exams as it presents a risk.

There isn't a framework for how risks are mitigated. How the College uses its data will enable it to make a defined choice.

RESOLVED: Committee Members noted the report and would continue to monitor the risks around AI.

42/23-24 INTERNAL ASSURANCE: RISK MANAGEMENT REPORT

Jonathan Creed presented the report on Risk Management.

The scope was to provide assurance hat the College has in place effective risk management and assurance reporting arrangements.

The report provided a substantial audit conclusion opinion with no recommendations.

Members commended the team on the report and noted it was a long time since there had been a report with no recommendations. There had been lots of discussion about development of the risk register at the Audit Committee. Members still thought it be good to maintain a periodic review on the Audit cycle.

RESOLVED: The Committee accepted the Risk Management Report.

43/23-24 EXTERNAL ASSURANCE: SUB-CONTRACTING CONTROLS REPORT

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

The ESFA have not yet provided assurance around sub-contracting, this review did not need to be completed, but it is best practice to carry out an annual review.

There have been no recommendations and it has been a clean audit for the past two year. The College still have a relatively high value for sub-contracting provision, and having the review carried out two years in succession is not an unreasonable condition.

ICCA suggested it would not need to be carried out again next year unless there was any significant changes. The CFO explained there would be a recommendation of a roll-over for existing partners.

KS explained sub-contracting is a high risk area which is why the Committee had always kept a close eye on it and it was re-assuring the College had reached the standard it was now at.

RESOLVED: The Committee accepted the Sub-contracting Controls Report.

44/23-24 EXTERNAL AUDITOR UPDATE

Gareth Jones of External Auditors RSM provide a general update for the Committee.

He explained the Colleges Financial Handbook was due to be published on 20 March 2024. He also referenced RSM's OFS Guidance Report which had been circulated electronically to committee members and also to FRC members.

The ESFA had also offered a governance webinar training session on the handbook for RSM clients, which GJ would forward onto the Clerk to the Corporation.

Discussion related to the delays with the ESFA in terms of approvals for settlements etc., under the ONS move to the

GJ

19/06/24

public sector. **The Committee Chair asked if the ESFA were aware of the delays.** It was noted they were, but unless they had additional staffing it was unlikely to change.

RESOLVED: Members noted the External Auditor sector update.

45/23-24 STRATEGIC RISK MANAGEMENT REPORT

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

There were 25 risks under review on the Corporate Risk Register, with five rated as high. These related to failure to achieve financial targets across all key funding streams, failure to attract high calibre personnel, inflationary pressures, failure to manage ongoing projects and the effect of the ONS announcement.

There were no significant issues relating to health and safety, safeguarding and no referrals to prevent.

SE referenced concern around the increased safeguarding numbers and asked what the SLT suggested should be done to address. Does it need more focus from SLT, external help or does the Corporation need to support in another way.

The Designated Safeguarding Officer responded that the College has a good reporting culture where students are supported to report any concerns.

SE asked what that meant in relation to disclosures and the demographic. As a percentage the figure was not as concerning. A full review takes place as part of the operational group including any trends and concerns. The College follow the guidelines laid out by Keeping Children Safe in Education.

Safeguarding and Prevent action plans that are reported through to the SLT safeguarding meeting which is attended by the Lead Governor for Safeguarding and in addition 1-1 meetings take place with the Lead Governor monthly. Safeguarding has been strengthened within the pastoral team and a new safeguarding reporting and monitoring system CPONs has been introduced – which may account for the number of disclosures as there has been an awareness raising exercise around its introduction. All interventions are recorded on CPON, including any external help.

Assurance is also provided to governors through regular safeguarding reporting at the Corporation.

The highest proportion of disclosures related to the domestic abuse and self-harm and strategies are in place in College to address these, which were outlined.

The number of disclosures could relate to multiple disclosures against one student's name.

SE agreed with the open reporting culture and was comfortable with it. He said he would be pleased to see a report at the Corporation with more detail. He went on to ask how the total number of concerns and the high-level number of concerns compared with other colleges.

This information was not available, in terms of local issues it may be difficult to compare due to the demographic. The Designated Safeguarding Officer said he could reach out to other colleges and ask if they would be willing to share that information.

In terms of reporting and comparisons, this was a new system that had been introduced and it was difficult to compare with prior years due to the changed nature in reporting.

The Committee Chair said there had been some changes in student support and he asked if that had impacted on the number of incidents. It was difficult to pinpoint, as safeguarding had been strengthened, and feedback from the teams was that students were receiving the support they needed. It was likely due to the culture of raising concerns.

KS pointed out under the litigation section, it was mentioned a claimant had until January to initiate proceedings. He asked if it was January this year. It related to January this year and that had now been extended due to delays in receiving medical reports to the legal team.

KS asked about employment claims and the approval process due to ONS reclassification. The CFO reminded members under the new guidelines if the College wanted to make a settlement it would have to seek approval. The challenges of the approval process through the ESFA were shared and discussed. **Members questioned if this was being raised with the ESFA.** They were aware of the impact it was having on the sector and the delay the approval process was having.

The Committee Chair asked if the two litigations at Broomfield were linked. Both were separate cases and the only link was they had both happened at Broomfield.

RG asked if the claim regarding the working time directive could impact more people. It was a joint claim but could have wider implications if successful.

The Committee Chair noted industrial action had dropped off the register and asked how confident the College were in relation to this risk. Other Colleges had not settled. This was discussed, the College had strong union representation, it was noted it was not seen as a high risk at present, but that could change.

The CFO advised Members the OFS were carrying out a statutory audit, which was likely to carry on for several weeks. The risks around this were highlighted. An ESFA EAS audit was also due to commence next week. This could entail a risk of clawback.

Members praised the reporting of risk and the work involved to get to this position, particularly in light of the internal audit report on risk.

RESOLVED: The Committee accepted the risk register, discussed in detail, sufficiently challenged ahead of presentation at the Corporation.

All DCG officers left the meeting.

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

Finished at 11.30 am