MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON WEDNESDAY 12 JUNE 2024

Present

Peter Grant	Governor
Preetha Kumar	Governor
Philippa Poland	Governor (for items 1-4)
Paul Pascoe	Co-opted Member
Mark Swales	Governor
Lee Walker	Governor (Chair)

The quorum for the meeting was 40% of membership to include at least 4 members. The meeting was quorate.

In attendance

Barrie Shipley	Chief Operating Officer, Finance & Infrastructure (COOFI)
Rachel Maguire	Chief Operating Officer, People & Information (COOPI)
Sharon Harmon	Clerk to the Corporation
Lisa Smith	RSM
Ryan Falls	Cavanagh Kelly
Paul Smith	Director of IT (Item 4)
Mark Atton	Director of Business Information Systems (Item 4)
Terry Hutchinson	Director of Student Information Services (Item 3)
David Wright	External Board Reviewer

The meeting was held on MS Teams and commenced at 5.00 pm.

Item	Minute	Action

1   Apologies

Apologies for absence had been received from Lee Tilman (Governor) and Greg Clarke (Governor).

The Chair welcomed David Wright, External Board Reviewer to the meeting.

The Chair noted that this was Paul Pascoe's last meeting as a coopted member of the A&R Committee and thanked Paul on behalf of the committee for his valued contribution to the A&R Committee. The Chief Operating Officer, People & Information (COOPI) echoed the thanks on behalf of the College.

2   Declarations of Interest

Members should declare any personal or financial obligation, allegiance or loyalty which would in any way affect decisions in relation to the subjects under discussion.

There were no declarations of interest.

3   Data Compliance Monitoring

Members welcomed the Director of Student Information Services (DSIS) to the meeting. The DSIS presented a Data Compliance Monitoring update report.

Audit Committee

The DSIS explained that alongside the numerous checks and data quality tools currently in use, including ILR validation results and reports, PDSATs, Funding and Monitoring reports, a new process of 'data compliance monitoring visits' have been developed. The DSIS reported that these visits commenced from May 2024 following the realignment of staff and functions to form the new Student Information Services department. Members noted that these visits follow a formal procedure and include sample testing, focussed checks, and feedback to curriculum areas and senior managers.

The DSIS reported that there is a total of six visits already undertaken or planned for the 2023/2024 academic year. The DSIS explained that the visits take place over a 7-week cycle, where the first 3 weeks include meeting the areas, preparing the samples and gathering responses; the 4th week is the visit itself, where the fieldwork is mostly undertaken; the final 3 weeks include review and updates of data records where possible, and drafting of the final reports to be sent back to curriculum managers and SLT. Members reviewed the table of visits scheduled for 2023/2024 noting that two visits have been completed to date.

Members reviewed the Data Compliance Monitoring Visit reports for each of the two completed visits. Members were assured that where errors or data quality issues are found during sample testing these are corrected and also trigger some follow-up recommendations, actions and further checking activities. Members were further assured that recommendations and actions are recorded in a main control document which is monitored to ensure actions are followed up and that recommendations are implemented.

Members asked about feedback from staff on the process. The DSIS reported that feedback received to date had been positive and that follow up face to face meetings with area mangers following visits were planned to receive feedback. Members were further assured that the Student Information Services team are working collaboratively with curriculum areas to ensure data quality.

Members were very supportive of the new process and agreed it is a robust addition to the control framework. Members noted the data compliance monitoring visits complemented the funding audits which will be continued and were assured by the continued improvement in data compliance.

The Committee thanked the DSIS and the Student Information Services Team.

Note: The DSIS left the meeting.
Note: P Poland left the meeting.

4   **Support Area Reports – IT Infrastructure and BSI**

IT Infrastructure

Members welcomed the Director of IT Infrastructure (DITI) to the meeting. The DITI presented the IT Infrastructure report providing an update on the summary position on the following areas:

- DNCG Telephony project
- Digital Strategy
- Laptop/desktop device strategy
- Microsoft (MS) licensing
- Mobile contracts
- New Build NLC

- Service Delivery
- IT Apprentices
- Review of the Contracts and Supplies Team
- I-Immersive rooms
- Automated analytics
- Penetration Testing

Members noted and discussed the contents of the report.

Members were appreciative of the update and were assured by the approach to consolidate IT infrastructure across the Group. Members asked about plans for moving students onto the standardise systems as part of the new DN Colleges Group (DNCG) infrastructure and were assured once in place new students would be put on the new system when they enrol.

Members asked for more detail on the plans for IT equipment. Members were assured that a rational approach was being taken to the provision of IT equipment to ensure the right equipment is available in each area, to negate duplication, maximise resources and standardise provision across the Group. Members were further assured that an appropriate Disposals Policy was followed.

The DITI explained the collaborative approach being taken to develop and deliver an effective and robust digital strategy across the Group. The COOFI and COOPI explained the rigorous business planning process for delivering an effective digital strategy including the necessary financial planning.

Members were assured by the continued positive progress on IT infrastructure projects and the significant progress made against the programme of works. Members agreed the report provides a high level of assurance that IT Infrastructure controls are in place and operating effectively. Members recorded their appreciation to the DITI and the IT Infrastructure team.

Note: the DITI left the meeting

Business Systems & Information

Members welcomed the Director of Business Systems & Information (DBSI) to the meeting. The DBSI presented the Business Systems & Information (BSI) progress report providing an update on recruitment within the BSI team, an overview of the new cross Group Digital Technology & Data Panel, Strategic Plan 2023-2028 project summary and a review of current risks aligned to the corporate risk register.

Members noted and discussed the contents of the report and the progress made in BSI projects. Members were assured by the update and substantial progress made. Members welcomed the introduction of the cross Group Digital Technology & Data Panel and suggested it would be helpful for the Corporation Board to receive a presentation on the Group's approach to AI.

Clerk

Action: The Clerk to follow up on suggested presentation on AI to Corporation Board with the Seach and Governance Committee and the SLT.

Members recorded their appreciation to the DBSI and the BSI team.
Note: The DBSI left the meeting.

Item	Minute	Action

5   **Minutes of the meeting of the Audit & Risk Committee held on 4th March 2024 and any matters arising**

The minutes of the meeting of the Audit & Risk Committee held on 4th March 2024 were agreed as a true and correct record.

Matters Arising

There were no matters arising.

6   **Group Risk Register**

Members received the Group Risk Register. Members noted that the A&R Committee has responsibility for seeking assurance on the robustness and adequacy of the Group's risk management framework and has specific oversight of four risks on the Group Risk Register relating to digital, data, legal and business systems and MIS. Members noted progress against planned actions.

Members reviewed trend analysis of residual risk scores to consider how the assessed scores have changed over the last 12 months and compare the latest residual risk scores assessment against the target risk as defined by the Corporation Board. Members noted that there are currently three strategic risks that exceed the target risk set by the Corporation Board, Legal, Property and Data. The COOPI and COOFI explained the reason these risks were currently above target risk appetite and provided an update on progress against mitigating actions. Members were assured by progress against planned mitigating actions and were confident that these risks will be mitigated further by the next reporting period.

Members agreed that risks are being appropriately assessed and mitigating actions are being undertaken, and that effective risk management and internal control systems continue to provide a high level of assurance to the Committee.

7   **Audit Recommendations and Actions (Composite Report)**

The COOFI presented the Audit Recommendations and Actions report. Members noted that since the last meeting of the committee in March 2024 thirteen further recommendation has been added to the Audit Recommendations Tracker following the completion of the internal auditors Continuous Assurance Visit 2, Learner Journey, and Data Governance audits and the External Audit of the Financial Statements 2022-23.

Members noted that, excluding the actions that are not yet due, 96% of actions have been completed. Members were assured that there are no high priority actions past their implementation date and not completed. Members reviewed the detail and analysis of the outstanding recommendations tracked as at June 2024. Members were assured that any outstanding actions were underway. Members agreed that good progress is being made on internal audit recommendations implementation.

8   **Internal Audit Reports**

The Internal Auditor provided the committee with an update on progress against the Internal Audit Plan for 2023/24 including a summary of the results of work to date.

Item	Minute	Action

Members were provided with internal audit findings reports for audits that have been finalised since the last meeting of the Audit and Risk Committee covering Continuous Assurance Visit 2, Learner Journey - Further Education, Higher Education and Apprenticeships audit, and the Data Governance audit.

Members were assured that following Continuous Assurance Visit 2 that of the 10 control areas tested that all documented controls have been complied with during the period under review. One control resulted in a low priority management action being agreed. Members agreed the audit findings report provided a high level of assurance.

Members noted that the Learner Journey – Further Education, Higher Education and Apprenticeships audit finding report provided a reasonable level of assurance and there were no high-level management actions.

Members were assured that the Data Governance audit findings found that the Group has a framework in place surrounding data governance which includes processes for the reporting and recording of data breaches, as well as mandatory training modules that highlight the importance of GDPR across the Group.

Members were provided with a verbal update on the ESFA Mock Funding Assurance audit and the Higher Education Framework audit. Members were assured both provided a high level of assurance.

9   Internal Audit Plan 2024/25 (Draft)

The Internal Auditor presented an indicative Internal Audit Plan for 2024/25. Members were provided with a long list of reviews that are proposed as potential areas as part of the internal audit plan for 2024/25. The COOFI outlined the proposed areas of higher priority.

The Audit and Risk Committee asked that a formal draft Internal Audit Plan for 2024/25 with detailed rationale for each audit included to be presented to the next Audit and Risk Committee meeting together with an updated Internal Audit strategy.

Action: The COOFI to work with the Internal Auditors to provide a draft Internal Audit Plan 2024/25 and updated Internal Audit strategy for the committee to consider for approval at the next Audit and Risk Committee meeting.

COOFI

10   External Auditors Letter of Engagement and Audit Strategy Memorandum year ending 31 July 2024

The External Auditors presented the DN Colleges Group Audit Plan for the year ended 31 July 2024. Members noted the contents of the report.

Members considered the plan taking account of the following points:
- Whether the assessment of the risks of material misstatement to the financial statements is complete;
- proposed audit response to address these risks and whether this is sufficient to meet the needs of the College;
- Whether they have knowledge of:
  - Any actual, suspected, or alleged fraud;
  - Instances of non-compliance with laws and regulations; and
  - Actual, suspected, or alleged irregularity;
- Are there any additional matters to be brought to the auditors attention;

- The proposed timetable and schedule of fees.

Members noted the approach and scope set out in the Audit Plan and agreed they were satisfied with the plan.

Resolution: The Audit and Risk Committee approved the External Audit Plan for year ended July 24.

11   Annual Subcontractor Audit Control Report

The COOFI presented the Annual Subcontracting Audit report. Members noted that the Audit and Risk Committee received the Internal Auditors review of Subcontractor Standards report at the 4th October 2023 committee meeting. The review report was sent to the ESFA by the 31st July 2023 deadline.

Members noted that once the report had been received by ESFA, they determine whether it considers the standard has been achieved. The achievement will remain in place for three years unless there are material changes and/or concerns arising, such as significant changes in the volume of subcontracting or changes in senior management.

Members noted that DNCG received notification on 13th March 2024 that the required standard had been achieved and confirmed that the next assurance review of the subcontracting standard is not required until 31st July 2026.

Members were assured by the confirmation that the required standard had been achieved.

12   Support Area Reports – Health & Safety / Procurement

Procurement Report

The COOFI presented the Procurement Summary Report for the Spring Term 2023/24. Members considered the contents of the report and noted the achievements and annual savings on awarded contracts in the period covered and over the life of the contracts.

Members agreed the report provides a high level of assurance that the Group has an adequate system of internal control in ensuring value for money when procuring goods and services.

Health & Safety Report

The COOPI presented a Health & Safety update report outlining the realignment activity of the Health & Safety Department and providing an update on health and safety management and arrangements.

Members were advised that the introduction of the DNCG Health and Safety Management Profile (HASMAP) as one element of the health and safety enhancement strategy currently under development.

The COOPI explained that the HASMAP is a management standard developed for use in Higher Education Institutions by the Universities Safety and Health Association. HASMAP is based on the Health and Safety Executive Publication, Successful Health and Safety Management (HSG65) and aligned to BS ISO 45001:2018 Occupational Health and Safety Management Systems.

Members noted that DNCG HASMAP version has been adapted to complement the structure of the College and language used within all areas of the College including FE, HE, Apprenticeships and Adult Learning. The framework also adopts the Group's existing health and safety area inspection and audit assurance level standards recently introduced as part of the wider revitalised programme.

Members agreed the adoption of the HASMAP standard will provide the Corporation with evidence based assurance of a robust framework and good standards of health and safety management.

The COOPI explained that both area specific and HASMAP findings will support and inform health and safety development objectives, strategy, training needs and proactive activity priorities. Progress against actions and performance will be monitored and reviewed on a regular basis, feedback will form part of the wider monthly health and safety report to the SLT and will be available for the Audit & Risk Committee to view at each Committee meeting.

The A&R Committee welcomed and endorsed the new HASMAP framework as a positive improvement to risk management.

13 Cycle of Business

Members considered the committee's proposed cycle of business for 2024/25. Members agreed the cycle of business for the four meeting in the academic year 2024/25. Members noted the Chair of the Finance and Resources committee is to be invited to the November meeting of the A&R Committee where the external audit of the financial statements will be on the agenda. Members noted that following the confirmation received under item 11 that required subcontracting standard had been achieved, the Annual Subcontractor Audit Control Report can be removed from the June 25 meeting agenda.

Action: The Clerk to invite the Chair of the Finance and Resources committee to the November meeting of the A&R committee.

The Committee agreed the A&R Committee Cycle of Business for 2024/25 for recommendation to the Corporation Board for approval.

14 Governance Development Plan

Members reviewed the spring term update to the Governance Development Plan noting progress against the target relating to the monitoring of risk management and reporting for which the committee has oversight. Members agreed the new system of reviewing and reporting risk is embedded and is working well.

15 Committee Chair's Report to Corporation Board

Members considered the business of the meeting and recorded key items and any changes to strategic risks identified for feedback to the Corporation Board in the Committee Chair's Report. The following items were highlighted for inclusion:

- Report on Data Compliance Monitoring and continued positive improvements in data quality.
- New digital strategy and significant progress on IT Infrastructure and Information Systems planning and delivery.
- Good progress on internal audit recommendations implementation.

Item	Minute	Action

- Positive internal audit reports.
- The committee received and approved the External Audit Plan for the year ended 31 July 2024.
- Sub-Contractor Audit completed, and confirmation received that required subcontracting standard had been achieved.
- Development of a new Health and Safety framework which enhances risk management and internal control.

16   Any Other Business

There were no items of any other business.

17   Date and Time of Next Meeting

The date and time of the next meeting of the A&R Committee is to be confirmed.

The meeting closed at 7.05 pm

Sharon Harmon
Clerk to the Corporation

Signed: ……………………………………… (Chair)   Date: ……………………..

TABLE OF ACTIONS				
Date	**Minute**	**Action**	**Responsibility**	**Due Date**
12/06/24	4	The Clerk to follow up on suggested presentation on AI to Corporation Board with the Seach and Governance Committee and the SLT.	Clerk	Sept 24
12/06/24	9	The COOFI to work with the Internal Auditors to provide a draft Internal Audit Plan 2024/25 for the committee to consider for approval at the next Audit and Risk Committee meeting	B Shipley (COOFI)	Oct 24
12/06/24	13	The Clerk to invite the Chair of the Finance and Resources committee to the November meeting of the A&R committee.	Clerk	Aug 24