

Minutes of a Meeting of the Audit Committee

Venue: STC Conference Room 1 / TEAMS

Date: Thursday 11 December 2025

Time: 10.30am – 11.30am

Present: Jim Dafter (Chair)
Neil Henry
Mark Turnbull
Lindsey Whiterod

Apologies: Michael Johnston
Rachael Taylor

In Attendance: Jane Cuthbertson (Chief Operating Officer)
Karen Ritchie (Director of Finance)
Lorna Lister (Senior Governance Support Officer)
Craig Scott (Executive Director of Digital and Projects)
Anastasia Mullen (RSM)
David Hoose (Mazars TEAMS)

ACTION TRACKER

Item		By whom	Status	Comment / Update
Meeting of the 11th December				
5.	Annual Report & Financial Statements for Year Ended 31 July 2025 including Regularity Opinion, Management Letter and Representation Letter: Arrange another meeting for 15.12.25	LL		Complete
8.	Annual Report of Data Protection and Policy Review: Data Protection Policy and report recommended to Board for approval	CS		Complete
11.	Internal Audit Reports: Emerging Issues Training to be shared with Gov's	AM/LL		Complete
13.	Internal Audit Annual Report the report is received and recommended to the Board for approval.	JC		Complete
14.	Regularity Audit Questionnaire: To be presented to Board for approval and signing	JC		Complete
17.	College Financial Handbook Update: To be presented to Board for approval	JC		Complete
15th December 2025				
2.	Audit Committee Annual Report: To be signed by the Chair prior to being presented to the Board meeting	JD		Complete
3.	Annual Report & Financial Statements for Year Ended 31 July 2025 including Regularity Opinion, Management Letter and Representation Letter: To be presented to Board for approval.	JC		Complete

MINUTES

ITEM No	ISSUES	ACTION
1.	<p>Meeting with Auditors in Absence of Management</p> <p>The Chair welcomed everyone to the meeting.</p> <p>Mazars Auditor, David Hoose, confirmed that there were no issues and felt that they had full cooperation from management, with a good open relationship throughout the year.</p> <p>RSM auditor, Anastasia Mullen also stated that the programme for 2024/25 had completed earlier in the year, there had been full engagement by management and the wider team to date and announced that there were no issues or concerns to report to the Committee.</p> <p>Staff joined the meeting.</p>	
2.	<p>Apologies for Absence</p> <p>The Committee approved apologies for absence received from those noted above after having first considered the reasons for their absence.</p>	
3.	<p>Declarations</p> <p>i. <u>Declarations of Interest</u></p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p> <p>ii. <u>Business to be raised under Item 14</u></p> <p>None.</p>	
4.	<p>Minutes</p> <p>The minutes of the Audit Committee meeting held on 5 June 2025 were approved and to be signed.</p> <p>Matters arising not covered on the agenda or tracker</p> <p>Actioned as shown on the Action Tracker.</p>	
5.	<p>With the governor's approval the Chair changed the order of business.</p> <p>Annual Report & Financial Statements for Year Ended 31 July 2025 including Regularity Opinion, Management Letter and Representation Letter.</p> <p>The committee reviewed the annual report which was tabled at the meeting for the year ended 31 July 2025 indicating that the audit was nearly complete, with only minor procedural issues remaining. DH provided a verbal update on the financial statements explaining that he felt there would be no major adjustments to the draft provided by the finance team. DH assured members that there were no significant findings and that the auditors were prepared to issue clean audit opinion.</p>	

	<p>The committee expressed satisfaction with annual report and confirmed their readiness for finalisation of the financial statements. The discussion highlighted the importance of ensuring the timely completion of minor testing around HE loans and ongoing concern assessments, which were procedural and unlikely to pose any challenges.</p> <p>It was agreed to arrange a meeting on Monday 15 December at 5.00pm to approve the Year End Accounts which were not finalised for the meeting.</p> <p>Resolved: That the committee accept the reports acknowledging the information as presented.</p>	LL
6.	<p>Review of Committee Performance against Terms of Reference</p> <p>The committee discussed its annual performance review, which had been completed online with a 100% response rate. Members deemed the committee's performance very good, with no significant concerns raised. Acknowledgement was given to the previous Chair, George Clark, for his contributions to the committee's success.</p> <p>Resolved: That the committee accept the report acknowledging the information as presented.</p>	
7.	<p>Committee Workplan 2025-26</p> <p>The purpose of the paper was to provide the Committee with a Workplan for 2025/26.</p> <p>LL informed members that the plan had been approved by the Board however there was an opportunity to review and update the future business to be conducted, if required.</p> <p>The committee reviewed the workplan for the upcoming year, which outlined the reports and activities scheduled for future meetings.</p> <p>Governors suggested that the Annual Report & Financial Statements for the Year including the Management and Representation Letter on future agendas be split into two sections.</p> <p>The workplan would be monitored and rag rated throughout the year.</p> <p>Resolved: That the committee accept the report acknowledging the information as presented.</p>	
8.	<p>Annual Report of Data Protection and Policy Review</p> <p>The purpose of the report was to provide the committee with the annual report on the colleges compliance with UK GDPR and to seek approval on amendments to the Data Protection Policy.</p> <p>The annual report on data protection highlighted a significant increase in reported data breaches during the year. This rise was attributed to improved staff training and heightened awareness of data protection protocols. While most breaches were minor, a few serious incidents led to HR investigations.</p> <p>The Data Protection Policy had minor changes following it's periodic review as noted below:</p> <ul style="list-style-type: none"> • Ownership and Contact: The policy now lists the Executive Director of Digital and Projects as the contact person, updating from the previous Director of IT. 	

	<ul style="list-style-type: none"> • Legislation Updates: References to data protection law have been updated to “UK GDPR” and the new “Data (Use and Access) Act 2025” is included. • Data Transfers: Overseas data transfers must now comply with UK GDPR and the updated adequacy test under DUAA 2025. • Data Register: A new section introduces a comprehensive data register detailing all data processed, lawful basis, and sharing summary. • Complaints Procedure: A formal complaints process has been added, including escalation routes and reference to the UK Information Commissioner’s Office, as required by the DUAA 2025 <p>Resolved:</p> <ul style="list-style-type: none"> • That the committee accept the data Protection Report acknowledging the information as presented and recommend to Board for approval. • That the committee approve the amendments to the Data Protection Policy and recommend to Board for approval. 	CS
9.	<p>Annual Report on Risk Management 2024-2025</p> <p>Confidential item</p>	
10.	<p>Annual Report on the number of applications the College process re UKVI</p> <p>The purpose of the report was to present to the committee the current status of UKVI applications since the Annual Basic Compliance Assessment on the 18th June 2025.</p> <p>The committee reviewed the annual report detailing the College's compliance with UKVI regulations. The report highlighted a successful compliance assessment for the previous year, demonstrating the College's robust processes in managing applications. During the current enrolment period, 258 CAS (Confirmation of Acceptance for Studies) references were processed, with a refusal rate of 1.5%, significantly below the 10% threshold set by UKVI. Refusals were attributed to factors outside the College's control, such as financial documentation errors and immigration bans.</p> <p>The committee acknowledged the effectiveness of the College's systems and praised the team for maintaining high standards of compliance. However, concerns were raised regarding the upcoming international student levy, which could potentially increase costs for the College, strategies to mitigate these costs were discussed.</p> <p>Resolved: That the committee accept the report acknowledging the information as presented.</p>	
11.	<p>Internal Audit Reports</p> <p><u>11i – Progress Report</u> AM presented the internal audit progress report, providing an update on internal activity since the last meeting. The report highlighted substantial assurance across most areas with reasonable assurance noted in others. The following audit reports were presented to the Board:</p> <ul style="list-style-type: none"> • <u>11ii – Procurement & Follow up 6.24.25</u> Received substantial assurance with one low-priority action identified. The follow-up audit demonstrated reasonable progress, with actions being implemented as planned. • <u>11iv – DfE Funding Rules Compliance</u> Identified five low-priority actions related to data accuracy, emphasising the need for enhanced precision in record-keeping. 	

	<ul style="list-style-type: none"> • 11v – Key Financial Controls – Purchasing Key financial controls in purchasing were assessed, resulting in reasonable assurance with three medium and three low-priority actions. The committee discussed the importance of addressing these actions promptly to strengthen financial oversight. • 11vi – Further Education Emerging Issues Emerging issues in further education were also reviewed, covering updates on sector-wide concerns such as changes to Ofsted frameworks, fraud awareness, and cyber security. These issues were acknowledged as critical areas requiring ongoing attention. <p>AM noted that the HR Implementation audit was to be delayed and replaced with Sickness Absence and Wellbeing which would take place in February 2026.</p> <p>AM stated that she would circulate the Emerging Issues training with Governors.</p> <p>Members expressed appreciation for the clarity and comprehensiveness of the reports, recognising the value of internal audits in identifying and mitigating high-risk areas. The discussions underscored the importance of maintaining robust internal controls and adapting to emerging challenges within the education sector.</p> <p>Other ongoing audits were still at various stages and in the fieldwork stage.</p> <p>Resolved: That the committee accept the report acknowledging the information as presented.</p>	AM/LL
<p>12.</p>	<p>Audit Recommendation Tracker</p> <p>The Senior Governance Support Officer presented the tracker for governors' consideration.</p> <p>The document identified any recommendations which were deemed a high or medium risk, which were either due/overdue for implementation or could be removed if completion had taken place. All personnel who were shown on the list with outstanding issues had been asked to advise if there had been any further progress and the tracker had been updated accordingly.</p> <p>There were a number of actions which had previously been marked as complete had been re-opened due to not achieving audit scrutiny. All actions were now confirmed as complete and could be closed off.</p> <p>CS was thanked for his efforts in organising and implementing the risk management improvements which had contributed significantly to the completion of those actions.</p> <p>Resolved: That the Committee receives the report, acknowledging the progress being made on the outstanding actions.</p>	
<p>13.</p>	<p>Internal Audit Annual Report – Yr Ended July 2025</p> <p>The Audit Committee reviewed the Internal Audit Annual Report for the year ended July 2025. The report presented the internal audit opinion for the 2024-25 period, confirming that the college had an adequate and effective framework for risk management, governance, and internal control. Opportunities for further enhancements were noted, highlighting the continuous improvement efforts within the college.</p>	

	<p>Of the six audits conducted during the year, four received substantial assurance, indicating strong performance in those areas, while two received reasonable assurance, suggesting room for improvement. Follow-up work demonstrated reasonable progress, showcasing the committee's commitment to addressing identified issues and implementing recommendations effectively.</p> <p>The CEO highlighted that when discussing the audit plan with Auditors, it was best practice to test and scrutinise high risk areas.</p> <p>Governors expressed appreciation for the positive outcomes of the internal audits and acknowledged the focus on high-risk areas to maximise value from the internal audit process. The discussion reinforced the importance of maintaining robust frameworks and continuing to address areas with reasonable assurance to achieve higher standards of governance and control.</p> <p>Resolved: That the report is received and recommended to the Board for approval.</p>	JC
14.	<p>Regularity Audit Questionnaire</p> <p>The committee reviewed the regularity audit questionnaire, which was an essential tool to ensure that funds provided by the government were used appropriately. The questionnaire was completed as part of the external audit process and governors confirmed its accuracy.</p> <p>Resolved: That the Committee recommends that the Board approves the questionnaire and that the Chair of the Board and Chief Executive formally sign the completed questionnaire.</p>	JC
15.	<p>Audit Committee's Annual Report</p> <p>The Audit Committee's Annual Report was presented in draft format during the meeting. Governors reviewed the report, which summarised the committee's activities and findings over the year. It was noted that the report was pending final updates based on the external auditor's annual report and would be represented at the recommencement of the meeting on the 15 December.</p> <p>Resolved: That the report is received and to be considered further at the next meeting.</p>	
16.	<p>Annual report on disclosures made under Public Interest Disclosure Procedure (Verbal)</p> <p>The Committee received a verbal report on disclosures made under the Public Interest Disclosure Procedure. It was noted that no public interest disclosures were formally reported during 2024/25.</p> <p>However, governors were made aware of two recent complaints, one via the NCFE, which was investigated and they concluded no further action was needed, and the other, after undertaking an initial assessment of the issues raised was deemed to have not met the threshold be considered under the Public Interest Disclosure Procedure but was investigated under the College's Disciplinary Procedure.</p> <p>Resolved: That the Committee accept the report acknowledging the information as presented.</p>	

17.	<p>College Financial Handbook Update</p> <p>The annual update of the College Financial Handbook was presented by KR. Key changes to the handbook were outlined in the accompanying paper, which had already been presented to the Finance and Resources Committee. The committee acknowledged the report and noted its alignment with the emerging issues paper referenced earlier by RSM. The update was recognised as relevant to financial management practices.</p> <p>Resolved:</p> <ul style="list-style-type: none"> • That the committee accept the report acknowledging the information as presented. • That the committee recommend to Board for approval. 	
18.	<p>Review Internal Auditors and External Auditors Performance against performance indicators.</p> <p>The committee conducted a review of the performance of both internal and external auditors.</p> <p>Internal auditors were commended for their responsiveness, adherence to deadlines, and effective communication throughout the audit process. No concerns were raised regarding their performance.</p> <p>Similarly, external auditors were praised for their professionalism and thoroughness in executing their responsibilities. However, the committee identified issues with timeframes as an area requiring improvement. It was agreed that these concerns would be addressed with DH to refine processes for the upcoming year.</p> <p>The overall relationship with both audit teams was described as positive, and their performance was deemed satisfactory. Additionally, the committee briefly discussed the contract lengths for both audit teams, confirming that the current contracts have another year remaining.</p> <p>Resolved: That the committee accept the report acknowledging the information as presented.</p>	
19.	<p>Any Other Business</p> <p>JC thanked the Chair for his support, challenge and leadership of the Audit Committee.</p>	
20.	<p>Date and Time of Next Meeting</p> <p>Monday 15 December 2025 at 5.00pm and Thursday 19 March 2026 at 4.00pm</p>	
21.	<p>Identification of Confidential Items</p> <p>Item 09 – Annual Report on Risk Management 2024-25</p>	

Audit Committee Continued.....

Venue: TEAMS

Date: Thursday 15 December 2025

Time: 5.00pm – 5.15pm

Present: Jim Dafter (Chair)
Neil Henry
Mark Turnbull
Lindsey Whiterod
Mark Johnston

Apologies: Michael Johnston
Rachael Taylor

In Attendance: Jane Cuthbertson (Chief Operating Officer)
Karen Ritchie (Director of Finance)
Lorna Lister (Senior Governance Support Officer)
David Hoose (Mazars TEAMS)

ITEM No	ISSUES	ACTION
1.	<p>Continuation of meeting</p> <p>The chair acknowledged the reconvening of the meeting from Thursday and thanked David Hoose for his attendance. This agenda item primarily served to establish the continuation of the previous meeting and ensure all necessary participants were present.</p>	
2.	<p>Audit Committee Annual Report</p> <p>LL presented the Annual Report to the committee explaining the comprehensive work of the audit committee. It was noted that draft areas presented on the 11 December had now been confirmed and a minor amendment had been made to the attendance figures, improving the audit committee’s attendance from 82% to 91%.</p> <p>LL noted the Chair would sign the report prior to the Board meeting on the 18 December in readiness to be presented to the Board.</p> <p>Resolved: That the report is approved and is to be signed by the Chair and presented to the Board for information before the sign off of the statutory accounts.</p>	LL/Chair
3.	<p>Annual Report and Financial Statements for Year Ended 31 July 2025 including Regularity Audit Opinion, Management Letter and Representation Letter*</p> <p>KR introduced the financial statements, explaining the four key elements: the statement of comprehensive income and expenditure (SOCl), the balance sheet, the cash flow statement, and the notes to the accounts. The SOCl showed a significant improvement in adjusted earnings from £870K to £3.7 million, reflecting strategic decisions and tighter budget controls. Despite a decrease in income, the college improved its performance</p>	

	<p>score and operational efficiency. The balance sheet highlighted the college's assets and liabilities, with notable investments in fixed assets and equipment. The cash flow report indicated an increase in cash to £4.8 million, demonstrating financial resilience and the ability to invest in the college. KR detailed various judgments made within the accounts, including lease assessments and pension scheme decisions.</p> <p>DH provided a brief narrative, confirming that the audit completion report showed no significant issues or adjustments. DH explained to the committee of a clean audit with no new internal control recommendations.</p> <p>The committee expressed their gratitude for the thorough work of the finance and audit teams. The Chair acknowledged the positive outcome and emphasised the importance of the accounts in providing assurance and a foundation for future work. The committee agreed to accept the annual report and accounts.</p> <p>Resolved: That the committee recommend the Year End Accounts 2022-23 to the College Board for approval and the Letters of Representation to be signed, as required.</p>	JC
4.	<p>Any other business</p> <p>None</p>	
5.	<p>Date and time of next meeting</p> <p>Thursday 19 March 2025 at 4.00pm</p>	
6.	<p>Identification of Confidential Items</p> <p>None</p>	

Signed:

Date.....