

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE HELD ON MONDAY 28 NOVEMBER 2022

Present

Greg Clarke	Governor
Peter Grant	Governor (via Teams)
Preetha Kumar	Governor (via Teams)
Paul Pascoe	Co-opted Member
Lee Walker	Governor

The quorum for the meeting is four Members. It was confirmed the meeting was quorate.

In attendance

Barrie Shipley	Chief Finance Officer
Jason Wilkinson	Chief Information Officer
Sharon Harmon	Clerk to the Corporation
Lisa Smith	RSM
Rob Barnett	RSM
Ryan Falls	Cavanagh Kelly

The meeting was held at Doncaster College and commenced 5.30 pm.

Item	Minute	Action
1	Apologies	
	Apologies for absence were received from Dolly Agoro, Antony Ball and Lee Tillman.	
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 made.	
3	Minutes of the Audit & Risk Committee meeting held on 28th September 2022 and any matters arising	
	The minutes of the Audit & Risk Committee meeting held on 28th September 2022 were agreed as a true and correct record and signed by the Chair.	
	Matters arising	
	Item 3 - It was noted that G Clarke was appointed as Vice Chair of the Audit & Risk Committee for a further two-year term, however, G Clarke's term of office will come to an end in one year's time. It was agreed that the Chair of the Corporation and the Clerk would discuss membership of the Audit & Risk Committee with G Clarke in a separate meeting.	Clerk
	Members asked for an update on the position with energy costs. The CFO reported that, as a result of the energy price cap, the College had received a small return against the cost of energy prices of c.£90,000 from the government. Members noted the energy price cap is in place until April 2023 and that the DNCG contract	

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	<p>with the current supplier is in place until June 2023. The committee discussed the various measures DNCG were taking to reduce energy consumption. The CFO reported that a Sustainability Report would be presented to the Finance and Resources Committee at their meeting on 30th November.</p> <p>Members noted that all actions from the previous meeting had been completed.</p>	
4	<p>Regularity Self-Assessment Questionnaire</p> <p>The Committee received the Regularity Self-Assessment Questionnaire (2021-2022). Members noted the contents and asked for further explanation on travel and subsistence expenditure on overseas trips. The CFO explained the expenditure was primarily provided for by external funding which provides students and staff with the opportunity to take part in overseas educational trips and visits. Previously the grant funding was provided by the Erasmus scheme via EU funding. This has been replaced by the Turing Grant. Members asked about the approval process for educational trips visits. The CFO assured members that there is a rigorous system of internal controls in place for the approval of educational trips and visits. The processes in place had been reviewed and strengthened in September this year. Members noted that RSM have also been asked to carry out testing on the controls to provide external assurance.</p> <p>Members had no further questions.</p> <p>Resolution: The Regularity Self-Assessment Questionnaire (2021-2022) was recommended for approval by the Board, subject to the completion of the PWC ESFA funding assurance audit.</p>	
5	<p>Annual Report of the Audit & Risk Committee</p> <p>Members received the Audit & Risk Committee's Annual Report 2021/22. The CFO explained that the Audit & Risk Committee's Annual Report is a requirement of the Post-16 Audit Code of Practice 2021/22 (ACOP) and is designed to assist the CEO and the Board with their respective responsibilities for the College's systems, controls, and risk management, which underpin the strategic objectives. Members noted that the draft report was received by the committee at last meeting in September where it was approved pending the inclusion of a statement on the OfS Audit.</p> <p>The CFO highlighted key updates to the report since the last review of the draft report in September. Members noted an update to the statement around internal audit of controls framework which tests and identifies where these could be enhanced further. Members noted the inclusion of a statement on the OfS Audit and an explanation of actions taken and assurances sought.</p> <p>Members noted that under section 2.3 of the report in relation to the election of Chair and Vice Chair the sentence should be updated to read 'was elected' rather than 'will be elected'.</p> <p>Member noted under section 3.2 of the report there is a duplication of the year '2021/22' which should be removed.</p> <p>There were no further questions.</p> <p>Resolution: Members approved the A&R Annual report for Board approval on 12 December 2022, subject to the completion of the PWC ESFA funding assurance audit.</p>	CFO
		CFO

Item	Minute	Action
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6 Draft Financial Statements and Regularity Assurance Report 2021/22

The CFO presented the draft Financial Statements and Regularity Assurance Report for 2021/22. The CFO confirmed that the headline numbers were consistent with what has been reported throughout the year. The CFO reported that there was some movement between ILR submissions R12 and R14. There was a recorded reduction in income of £950k. The reduction is primarily due to under performance on final achievement on Apprenticeship income and AEB achievement and under delivery of ringfenced tuition fee funding.

The CFO highlighted a decrease in pension liability. Members had a full discussion around the implication of changes in pension liability.

The CFO reported that the two trading subsidiaries Kingsway Consulting and Optime Support sets of accounts have been fully audited. There are no audit recommendations and no irregularities. The accounts were reviewed by the AGMs on 28 November and approved on the basis that their audits are substantially complete. The CFO reported that there are two small profits within those organisations and any profits are gift aided back to DNCG under a deed of covenant. The CFO explained that Doncaster College and North Lindsay College subsidiaries are not trading therefore dominant accounts.

The CFO reported that work on the ESFA funding assurance audit which is being conducted by PWC may not be completed until January. The CFO explained that the Board will not be able to sign off on the year end accounts until the issue of a confirmation of funding statement from ESFA. The CFO confirmed that an extension to the December deadline for submission of accounts has been requested.

The CFO explained that Board will be asked to sign off on the Financial Statements, subject to assurance from the completed ESFA funding audit, at the Corporation Board meeting on 12 December. Providing the findings of the audit have no material impact on the financial statements the accounts can be approved via written resolution. However, if the situation arose where there was material impact on the accounts a Board meeting would be required to bring the findings to the Board's attention for discussion. It was agreed, if there is a material change to opinion, an Audit and Risk Committee meeting would be called to review the finding prior to the Board meeting.

Ryan Falls (RF) of Cavanagh Kelly presented the Audit Report for the year ended 31 July 2022. RF reported that it is proposed that Cavanagh Kelly will issue unqualified audit opinions on all entities in the Group. Members noted there were two unadjusted misstatements but not material. There are two internal control recommendations that are low to medium priority. There are no high priority recommendations for management.

At the request of members, RF and the CFO explained how fixed assets are assessed and outlined the process for the evaluation of the estate. The CFO confirmed that audit recommendations are followed, and progress tracked.

There were no further questions.

Resolution: The Financial Statements and Regularity Assurance Report 2021/22 were recommended for approval by the Board, subject to the completion of the PWC ESFA funding assurance audit.

Item	Minute	Action
7	Internal Audit Progress Report	
	<p>The Committee received the Internal Audit Progress Report presented by Lisa Smith (LS), RSM. LS reminded members that the internal audit plan for 2022/23 was approved by the Audit and Risk Committee at the 8 June 2022 meeting and that this report provides an update on progress against that plan.</p> <p>Members noted, in light of the changes to the 2022/23 Internal Audit Plan which were agreed at the 28 September 2022 meeting, RSM have completed the Office for Students (OfS) Data Check and Provider Data Self-Assessment Toolkit reviews, The results of which have been shared with management. Due to the nature of the work, agreed and undertaken, these reviews did not result in the production of formal reports. Members further noted that Proposed dates for the remaining 2022/23 audits have been agreed with management,</p> <p>LS reported that the control areas for review agreed with management are debtors and cash, new staff training records in relation to safeguarding and Prevent, student performance and attendance, funding compliance, and educational trips and visits.</p> <p>Members reflected on the Audit Schedule and asked whether RSM felt the timing of reviews was achievable towards the end of the academic year. LS assured the committee that RSM have the reviews and resources booked in and all review dates agreed with DNCG management. It was agreed, as there would be a number of reports submitted to the Audit & Risk Committee in September 2023, that reports be circulated to the committee once complete in order to allow committee members sufficient time to read reports prior to the meeting.</p> <p>There were no further questions.</p>	Clerk
8	Audit Recommendations and Actions (Composite Report)	
	<p>The Committee received the Audit Recommendations and Actions (Composite Report). Members noted that recommendations are only removed by the College from its central tracker once the internal auditors have reviewed progress and agreed recommendations have been completed or superseded.</p> <p>Members further noted that, at the September 2022 Committee meeting, it was agreed that previous recommendations would be removed from the Tracker. Therefore, despite a reduction in the percentage of actions completed, the number of recommendations implemented was actually a further 9 recommendations since the September report which would have been 89% of recommendations prior to condensing of the report. Members were assured that new recommendations are added to the Tracker once audit reports are completed and approved by the Board.</p> <p>Members sought assurance that ownership of actions was kept up to date. The CFO confirmed that the ownership of actions was kept up to date and transferred where required.</p> <p>Members asked for feedback on the quarterly phishing campaign exercise. The Chief Information Officer (CIO) reported that the campaign had gone well and the number of users clicking through and inputting data was declining. The CIO agreed to provide a report on the progress of the campaign at the next meeting of the Audit and Risk Committee.</p> <p>Members were assured that actions that are outstanding are ongoing.</p> <p>There were no further questions.</p>	CIO / Clerk

Item	Minute	Action
9	Group Risk Register	
	<p>The Committee received the Group Risk Register. The CFO provided an update on actions against each of the areas of risk. The CFO reported an emerging risk, not yet reflected in the report, relating to the estate and the cost of roofing works that has moved significantly. The CFO assured members that a full report on estates works would be provided to the F&R committee at the meeting on 30th November.</p>	
	<p>Members received an update on mitigations again Risk 5 'Legal' and noted no serious breach of statutory duties and/or legal obligations had been recorded. Members agreed that a score of 9 remained appropriate for this risk.</p>	
	<p>Member noted the addition of a new risk 14 'failure to comply with data returns and funding compliance' and noted planned actions.</p>	
	<p>Members asked that for assurance that the Risk Register would be circulated termly to each committee going forward. The Clerk assured members that the Risk Register would be reviewed by all committees from the Spring term onwards. It was agreed that each committee should conduct a review of risk appetite and recommend risk target for each allocated risk to the Board for consideration. LS, RSM, agreed to provide a briefing pack on risk appetite and further training if requested. Members noted that the last Risk Appetite training the Board received was on 19 January 2022.</p>	Clerk
	<p>Members discussed Risk 7 'Digital' and considered whether it was appropriate for the oversight of this risk to sit with the Finance & Resources (F&R) Committee. The CFO advised that oversight of the risk currently sits with the F&R Committee as that committee considers the budget for resources for IT. It was noted that the F&R committee receive quarterly updates from the Digital department on financial and operational risks. Members noted that, from a financial perspective oversight sits with the F&R Committee, however, the Board member with the most expertise and knowledge in this area is a member of the Audit & Risk Committee.</p>	
	<p>Members agreed to recommend the Board review the Risk Register to consider risk appetite and committee responsibility, in particular oversight of 'Digital' risk.</p>	Clerk / CFO
	<p>There were no further questions.</p>	
	<p>Noted: Preetha Kumar left the meeting.</p>	
10	PDSAT Annual Report	
	<p>The Committee received the Provider Data Self-Assessment Toolkit (PDSAT) Report. The Committee noted that the PDSAT is a computer application commissioned by the ESFA and provided by them to audit firms and education providers in the FE Sector in England. It interrogates Individualised Learner Record (ILR) data and produces reports on this data, which can then be used by providers to identify and correct potential anomalies in the data.</p>	
	<p>The CIO advised the committee that RSM have also reviewed the PDSAT Report prior to IRL14 to provide an additional layer of assurance. RSM reported findings and recommendations to the MIS Team to follow up.</p>	
	<p>Its rag rated the majority are in green which provides assurance in terms of data quality. The data feeds into ILR 14 which was submitted in October.</p>	

11 Data Quality Issues Update

The CIO provided the committee with an update on both the ILR OfS Audit and the ESFA Full Funding Audit. The CIO advised the committee that the Group had also received notification from the ESFA of a PMOA review of the devolved adult education budget administered by the South Yorkshire Mayoral Combined Authority (SYMCA) in 2021/22.

Members discussed the reported errors in the ILR OfS Audit and mitigating actions. Members further discussed the OfS guidance on funding formula.

Members had a full discussion around the data quality issues and the CIO outlined plans for improving the way in which data is managed. Members agreed an update on data quality audits be presented at each Audit & Risk Committee meeting.

CIO / Clerk

The Committee recorded its thanks to MIS Team for all their hard work.

12 Committee Development Requirements

There were no Committee Development Requirements requested.

13 Review of Committee Risks arising from the meeting

Members considered the business of the meeting and agreed the following items for inclusion in the Committee Feedback report to the Board.

- Unqualified audit opinion
- Update on data quality audits
- Emerging risk relating to the estate and property condition

14 Any Other Business

There were no items of any other business.

15 Date and Time of Next Meeting

The next meeting of the Audit & Risk Committee is scheduled for Monday 6th March 2023, at 5.00 pm on MS Teams.

The meeting closed at 7.45pm

Sharon Harmon
Clerk to the Corporation

Signed: (Chair)

Date:

TABLE OF ACTIONS

Date	Minute	Action	Responsibility	Due Date
28/11/22	3	Chair of the Corporation and the Clerk discuss membership of the Audit & Risk Committee with G Clarke.	Clerk	March 2023
28/11/22	5	Annual Report of the Audit & Risk Committee - under section 2.3 of the report in relation to the election of Chair and Vice Chair the sentence should be updated to read 'was elected' rather than 'will be elected'. Under section 3.2 of the report there is a duplication of the year '2021/22' which should be removed.	CFO	Dec 2022
28/11/22	7	Internal Audit Progress Report - as there will be a number of reports submitted to the Audit & Risk Committee in September 2023. Circulate reports to the committee once complete in order to allow committee members sufficient time to read reports prior to the meeting.	Clerk / CFO	Sept 2023
28/11/22	8	The CIO agreed to provide a report on the progress of the phishing campaign at the next meeting of the Audit and Risk Committee in March 2023.	Clerk / CIO	March 2023
28/11/22	9	Include review of Risk Register on committee meeting agendas. Ask the Board to consider committee responsibility for oversight of 'Digital' risk.	Clerk / CFO	Jan 2023
28/11/22	11	Data Quality Issues Update to be provided at each F&R Committee meeting	Clerk / CIO	March 2023