

CHAIR APPROVED

**The Corporation of New College Durham**

**Minutes of the Audit and Risk Committee  
held on 16 September 2024**

**Present:**

Allen Eccles  
Emily Baxter

Jonathan Hamill

**Apologies:**

Ian Green

**Observing:**

Kathryn McCloghrie

**In attendance:**

Paul Bradley (Chief Finance Officer)

Bob Metcalf (Executive Director of Finance & Corporate Services)

Adele Dowson (Vice Principal)

Karl Fairley (Deputy Chief Executive) – *part*

Peter Morrison (Vice Principal)

Andy Stephenson (Vice Principal) – *part*

Nik Whiting (Executive Director of ICT and Corporate Services) - *part*

Elaine Bonham (Executive Director HR and Corporate Services) – *part*

John Horsman - Durham County Council (Internal Audit Service to 31.7.24) – *part*

Lucy Robson – RSM UK Audit LLP (External Audit Service)

Caroline Winter (Head of Governance & Corporation Secretary)

**Action**

**24/34 Chair's introduction and starred items**

The Chair welcomed everyone to the meeting noting that this was the first full committee meeting of the year, and the first to be held online as part of the trial being undertaken during the autumn term. The Chair welcomed Kathryn McCloghrie as an observer to the meeting following her appointment to Corporation.

Members were reminded to declare their interests in any item of business to be discussed at the meeting. No interests were declared in any of the agenda items. Emily Baxter advised the Committee that her employer had appointed Wylie and Bisset as its internal audit service but was assured that different staff members to those working as the NCD Internal Audit Service would be undertaking the work. The Chair thanked Emily for the notification for transparency purposes and it was agreed this did not present any conflict.

**24/35 Audit and Risk Committee private discussion with auditors**

In line with best practice and as agreed at previous meetings, the Audit and Risk Committee met in private with the internal and external auditors to discuss matters of interest or concern. There were none.

*Paul Bradley, Bob Metcalf, Adele Dowson, Karl Fairley and Peter Morrison joined the meeting at 4.07pm*

**24/35 Apologies for absence** – post-meeting apologies were received from Ian Green.

**24/36 Minutes of previous meeting**

The minutes of the meeting held on 17 June 2024 were agreed as accurate. The Chair noted that the confidential minutes would be considered at the end of the agenda.

**24/37 Matters arising**

24/20 – Internal Audit Plan - the Committee's comments were reflected in the amended IA Plan as approved by Corporation. Paul Bradley advised that the plan would be updated to include other sources of assurance after the Association of Colleges (AoC) Code review exercise and recirculated to committee members.

**PB**

24/22 – Personnel and Payroll review – it was noted that the business continuity recommendation was being tracked as a medium recommendation internally.

24/24 – the RSM Emerging Issues document was circulated to all Corporation members in July.

24/25 – it was noted that the NCD assurance map would also be updated after completion of the AoC Code review.

**PB**

24/28 – the Committee start time was changed to 4pm.

**24/38 Final Report – Safeguarding and Prevent Arrangements (Paper B1)**

John Horsman presented Paper B1, the internal audit review of Safeguarding and Prevent arrangements. John clarified that individual ongoing safeguarding concerns were not part of the review scope which focused on current processes and procedures.

John reported that the review provided substantial assurance and two low priority recommendations. John summarised the findings as detailed in the report and members noted the recommendations related to arrangements for DBS checks on new starters and review dates on policies supporting the College's safeguarding arrangements. The Chair invited observations on the report from Karl Fairley, the Deputy Chief Executive and Designated Safeguarding Lead. Karl welcomed the report and acknowledged the recommendations, noting that whilst the findings suggested the potential to cause some confusion, the management responses demonstrated that neither finding would result in safeguarding concerns. The recognition of the strong relationship with the Local Authority Designated Officer (LADO) was particularly pleasing.

In response to a member's question about the policy review, Karl confirmed that two copies of the same policy had been located in different places on the College's online systems and that this had been aligned to ensure future updates to documents would be linked. Members were pleased with the report's positive outcome in light of the importance of safeguarding.

Members noted the report.

#### **24/39 Final Report – HE Partnership Arrangements (Paper B2)**

John Horsman presented Paper B2, the internal audit review of Higher Education (HE) partnership arrangements.

John reported that the review provided substantial assurance and talked through one medium priority finding relating to staffing checks and staffing changes where the process for updating and approval of the relevant committees had been inconsistent. There was also one low priority finding relating to the review date of the Higher Education Strategy. Members noted that whilst the strategy had not been reviewed by the date specified in the policy, no changes were required. John suggested that implementing a formal process for the strategy review with a longer review period may offer a more manageable approach.

John drew the Committee's attention to paragraphs 14-16 of the report which outlined the receipt of and response to a whistleblowing disclosure received in July 2024. John advised that whilst the complaint was largely unfounded with no evidence to support the allegations made, the investigation had highlighted some areas of process requiring strengthening, and that this had been addressed. It was noted that the complaint was the subject of a report later on the agenda and members would raise related questions under that item.

John concluded that there was a large amount of positive work supporting the HE partnership arrangements and that the review had provided substantial assurance overall.

*Karl Fairley left the meeting at 4.20pm.*

The Chair asked Peter Morrison, Vice Principal for Higher Education for observations on the report. Peter thanked the Internal Audit Service for a comprehensive report and advised that the recommended actions were fair. Whilst staffing changes were reported to the HE approval committee for the panel to take a view on the skill set for a particular level and programme, it was acknowledged there was no central recording system. The partner SharePoint sites were being developed to strengthen arrangements and ensure all of the relevant information was recorded centrally. Members asked about NCD's responsibilities in relation to partner staffing checks and Peter confirmed that as

partners were delivering NCD's programmes, as the lead partner, NCD was accountable to the Office for Students for quality and standards and needed to have the relevant checks in place.

In relation to the HE Strategy, Peter advised that the strategic Key Performance Indicators within the strategy were reviewed on an annual basis with any amendments agreed with governors. It was also noted that a separate HE Partnership Strategy was currently being developed which would strengthen assurance around these arrangements.

Members noted the report.

#### **24/40 Final Report – Follow Up Review (Paper B3)**

John Horsman presented Paper B4, the review of follow up actions arising from previous internal audit reviews. John advised that the review focused on the recommendations since the previous follow up report in 2023-24.

John confirmed that of the seven recommendations made, six actions had been implemented and one had been partially implemented. The outstanding action related to the Student Management Information System (SMIS) audit and members noted the progress to date in implementing the GROFAR system but that an interim arrangement to manage work placements was in place pending full implementation of the system. Members asked what was preventing full implementation and John advised that further development of the system required involvement of the system consultant and was work in progress. It was expected that that this would be complete by the end of September.

The Committee asked that management provide a further update on the outstanding action at the next meeting. Paul Bradley confirmed that the curriculum team were confident the system would be implemented by the end of September and he would provide an update at the next meeting.

**PB**

In response to a member's question about the potential for any residual risk due to the delay, John advised that the only risk would be related to funding, but that there were a number of mechanisms in place to confirm the correct hours would be achieved.

Members noted the report.

#### **24/41 Grant Reviews**

- **Higher Technical Education Skills Injection Fund (Paper B4)**
- **LSIF (Paper B5)**
- **Sub-contracting Grant (Paper B6)**

John Horsman presented Papers B4, B5 and B6. John advised that in relation to both the Local Skills Improvement Fund and the

Sub-contracting Grant that no issues were identified and that arrangements were in accordance with grant requirements.

Part of this item is recorded confidentially under minute 24/41a.

Members noted the report.

**24/42 Internal Audit Progress Report (to 31 July 2024) (Paper B7)**

Members reviewed Paper B7, the Internal Audit Progress Report and noted the contents of the report.

**24/43 Internal Audit Annual Report and Opinion 2023/24 (Paper B8)**

John Horsman presented Paper B8, the Internal Audit Annual Report and Opinion for 2023/24.

The report provided the annual internal audit opinion on the overall adequacy and effectiveness of the College's framework of governance, risk management and control environment; a summary of the audit work carried out from which the opinion was derived; and details of the quality assurance arrangements in place during 2023/2024 to ensure conformance with the relevant audit standards.

Members noted that the report concluded that 'Internal Audit is able to provide a Substantial assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control arrangements operating in New College Durham in 2023/24'.

Members noted the report and agreed to recommend the report to Corporation.

The Chair conveyed the Committee's thanks to John and to Durham County Council for attendance at the current meeting following conclusion of the IAS contract and also for the work of the IAS over the last three years.

*John Horsman left the meeting at 4.52pm.*

**24/44 Oxford Business College – Investigation Report (Paper C)**

This item is recorded confidentially under minute 24/44a.

**24/45 Internal Audit Reviews - Terms of Reference – discussion**

Paul Bradley outlined previous arrangements under which the Audit and Risk Committee reviewed the Terms of Reference for all Internal Audit Reviews for approval. Members discussed whether this approach remained necessary following the appointment of Wylie & Bisset as the new Internal Audit Service provider.

*Andy Stephenson joined the meeting at 5.05pm.*

Members agreed that the Committee would discuss the broad scope of individual audit reviews as part of the annual planning process to prepare the Internal Audit Plan, but confirmed that finalising the detail of Terms of Reference should be undertaken by the Internal Audit Service in consultation with College management.

#### **24/46 Academic Fraud – Annual Report 2023/24 (Paper D)**

Andy Stephenson presented Paper D, which updated the Committee on the College's approach to and instances of academic fraud.

Members noted that the definition of Academic Integrity had been expanded to include maladministration as a form of academic malpractice but confirmed the Academic Integrity Policy had been validated and remained current policy. It was noted that there had been 5 instances of academic malpractice reported in Higher Education during the year and two reported in Further Education and Andy summarised the details and outcome of each case. In terms of College procedures it was noted that further updates would be made to the Academic Malpractice Procedure, that the HE exam invigilation process had been reviewed and that whilst it had been confirmed that the College was meeting Joint Council for Qualifications (JCQ) exam access requirements, further process improvements had been made.

Members discussed the issues presented by the developing external landscape in relation to generative artificial intelligence (AI) and noted that this had been reflected in the Academic Integrity Policy with activities also ongoing to explore AI detection.

*Nik Whiting joined the meeting at 5.11pm.*

Members emphasised the need to maintain oversight of instances and reports of academic fraud across the College's HE partners in recognition of the overall increase in student numbers and the opportunity to triangulate different issues.

Members commented that discussions on AI tended to focus on risk rather than the opportunities it presented for the College. Andy advised that whilst initial focus had been on academic integrity, the College recognised the opportunities and in addition to participating in an external group around the development and use of AI, had established an internal AI steering group. In addition to academic integrity, the steering group considered the active use of AI and how this could be embedded across the College ethically and effectively and would be integral to the utilisation of AI by the College moving forwards.

Members noted the report.

*Andy Stephenson left the meeting at 5.17pm.*

**24/47 Network Security Management 2023/24 (Paper E)**

Nik Whiting presented Paper E, which provided an update on network security management activity during 2023/24.

Members noted the ongoing significant risk to the College of a cyber-attack and advised that the number occurring in the education sector remained very high. [REDACTED]

[REDACTED]

[REDACTED]

*Elaine Bonham joined the meeting at 5.22pm.*

[REDACTED]

Members thanked Nik for her report and welcomed the extra security measures to deal with increased attacks and continued developments in cyber security.

Members noted the report.

*Nik Whiting left the meeting at 5.30pm.*

**24/48 Public Interest Disclosure (Whistleblowing) Procedure (Paper F)**

Elaine Bonham presented Paper F, which outlined proposed revisions to the College's Public Interest Disclosure procedure. The changes were intended to improve the policy's effectiveness, align it with current legal requirements and incorporate best

practice. Members reviewed the proposed changes as summarised in the report and highlighted in the policy document and agreed to recommend them to Corporation for approval.

*Elaine Bonham left the meeting at 5.36pm.*

**24/49 Annual Report on fraud attempts and whistleblowing 2023/24 (Paper G)**

Paul Bradley presented Paper G, which updated on fraud attempts made against the College and public interest disclosures during 2023/24.

Paul confirmed that there had been no recorded fraud attempts made against the College during the last year but that an allegation of fraud had been made against one of the College's HE partners and investigated as discussed earlier in the meeting. Paul advised that there had been one report of alleged academic malpractice reported via the Whistleblowing procedure, which although did not meet the criteria of a Public Interest Disclosure, was investigated internally and a number of procedural improvements made following the outcome.

Members noted the report.

**24/50 Regularity self-assessment questionnaire 2023/24 (Paper H)**

Bob Metcalf presented Paper H, the Regularity Self-Assessment Questionnaire (RSAQ), which the Committee were asked to review prior to signing by the Corporation Chair and Accounting Officer.

Members noted that the questionnaire was published annually by the ESFA to provide clarity of the accountability framework, key requirements and the evidence that may need to be provided to the external auditor. Bob confirmed that the structure of the questionnaire was similar to previous years and that the College had included a greater level of detail this year in response to previous feedback from the external auditors.

Lucy Robson confirmed that more expansive responses had been provided this year and that the document would be formally reviewed for audit planning processes, with testing to confirm stated measures were in place. In response to a member's question about testing around grants and income, Bob confirmed that the College's main funding was subject to a funding audit every year by the external auditors, which fed into their overall report and was considered by the Audit and Risk Committee. A number of other grants were required to be independently audited as seen in grant review reports considered earlier in the meeting and Bob cited other examples of contracts which were heavily audited. Members queried the management of reputational risks to the College from partner delivery and Bob confirmed that although this was difficult to manage, assurance was provided through due

diligence checks carried out prior to entering HE partnerships, credit checks were undertaken when contracting with large organisations and annual checks were carried out on sub-contractors.

Part of this item is recorded confidentially under minute 24/50a.

Members noted the completed questionnaire with no proposed changes.

**24/51 Strategic Risk Register – update (Paper I)**

Paul Bradley presented Paper I, which updated on the current version of the College Risk Register. The Chair advised that following the Committee's previous discussions on increasing consideration of risk at board level, it was proposed to submit the Strategic Risk Register to Corporation meetings in future for information and an opportunity to discuss any key changes.

Members reviewed the current risk profile and emphasised the need to keep HE partnership arrangements under review. Members asked whether there were any issues the Committee should note on the College's capital projects and Paul advised that the Construction Centre of Excellence was now in curriculum use and that construction of the Artificial Grass Pitch and Car Park project was underway. Paul drew members' attention to ongoing discussions with the Council in relation to the drainage strategy for the pitch and car park, but confirmed this was not currently a high risk.

Members noted the report.

**24/52 Risk Management Annual Report 2023/24 and Key Risks (Paper J)**

Paul Bradley presented Paper J, the Risk Management Annual Report 2023/24. Members reviewed the report and noted the overlap with the previous paper.

Members agreed to recommend the report to Corporation.

**24/53 Any other business – none.**

**24/54 Date of Next Meeting – 25 November 2024**

*Adele Dowson, Bob Metcalf, Peter Morrison, Lucy Robson and Kathryn McCloghrie left the meeting at 5.52pm.*

**24/55 Confidential Item – Confidential Minutes of the meeting held on 17 June 2024 (Paper K1)**

The confidential minutes of the meeting held on 17 June 2024 were agreed as accurate.

**24/56 Review of Internal Audit Service Performance Indicators  
(Paper K2)**

Members reviewed the Internal Audit Service (IAS) Performance Indicators for 2023/24 and discussed the overall performance of Durham County Council (DCC) as the IA provider over the last three years.

Paul Bradley commended the auditors' responsiveness and presence on site as particularly useful from a management perspective. Members noted that the performance indicators for the current year had been achieved and commented that delivery overall had been satisfactory following some initial challenges in the first year of the contract. DCC representation at the current meeting when the contract had already ended had been helpful.

**Signed**.....**Date**.....