

Minutes of the meeting of the Audit Committee held via MS Teams on Thursday 5th February 2026 at 17:00

MEMBERS Charles Heaton, Chair
PRESENT: Alison Griffiths, Vice Chair
Nick Butler

ALSO IN ATTENDANCE: Andrew Cropley, Principal
Jon Fearon, Finance Director
Roopa Patel-Harji, Validera – internal auditor
Eloise Hopkinson, Head of Governance
Diane Booth, Vice Principal: Curriculum and Quality (until 17:20)
Gavin Peake, Director: IT, Estates and Learning Resources (until 17:15)

		ACTION by whom	DATE by when
1	<p><u>AUDITORS TO MEET WITH THE COMMITTEE WITHOUT MANAGEMENT PRESENT</u></p> <p>The auditors and committee did not have any matters to discuss without management present.</p>		
2	<p><u>WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE</u></p> <p>Apologies were received from David Hoose (Mazars – external auditor), Lee Hoose (Validera – internal auditor), and Theresa Hodgkinson.</p>		
3	<p><u>DECLARATIONS OF INTEREST</u></p> <p>The chair reminded everyone present to declare any interests that they may have on agenda items to be discussed. Standing declarations were noted.</p>		
4	<p><u>MINUTES OF THE MEETING HELD ON 27TH NOVEMBER 2025</u></p> <p>The minutes were reviewed and it was agreed that they were an accurate record of discussions.</p> <p>AGREED: to approve the minutes of the meeting held on 27th November 2025.</p> <p>There were no matters arising.</p>		
5	<p><u>ACTION PROGRESS REPORT</u></p>		

Signed:  _____ Chair

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The committee members were happy to note the content of the update provided.

6 COMPOSITE COLLEGE RECOMMENDATIONS REPORT

The finance director presented this paper. He provided the following updates in relation to those overdue actions which were not yet complete:

- He informed the committee that the counter-fraud strategy had undergone some significant changes and would be presented to the committee under this agenda for feedback. The delay in completion was simply due to how complicated this endeavour was, informed by the DfE's recent best practice guide. Now much more corporate responsibility and need to rethink whether systems re as robust as need to be. Once this has been approved and is in place, the relevant audit action can be progressed. This also ties into fraud awareness for staff: the initial idea was to create a shorter document based on the full strategy, but there is a lot to bring to staff members' attention. The college will continue to increase fraud awareness. Online fraud training has been fully implemented via BoxPhish, and the conversation remains as to whether to use Policy Reader or email to share the fraud awareness summary with staff. This will be repeated annually to refresh knowledge, provide highlights and updates, and prompt staff to bring any issues to the attention of the senior leadership team.
- There is now an updated electronic form for staff to use for declarations of gifts and hospitality, which is an effective way of gathering data. The document will increase awareness of the rules and regulations relating to gifts, as well as the potential for them to be used as a way to persuade staff to take actions that they should not take (or to not take actions that they should). It should also raise staff members' ability to recognise potential fraud.

The chair asked how the college can ensure that staff actually understand what they are being told. The finance director explained that the financial regulations enforce an annual conflict of interests declaration for budget holders. Where this will have a wider reach, and where it was previously ineffective, relates to staff members being given gifts by students, as this may cause them to be kinder when assessing or marking. The college is clearly still reliant on staff declaring any such gifts, but anything declared is logged on StaffNet and the college can monitor the cost.

The chair indicated that there are worse implications when third parties offer hospitality, and he asked whether staff are aware of what is acceptable and what falls foul of the guidance. The finance director explained that form asks staff to declare what has been received and the rationale for this – i.e. whether it was about forming a relationship,

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whether it is a supplier that the college works with a lot, etc. If it were an awarding body and the event were about increasing educational knowledge or providing CPD, this would be different to a construction contractor taking a staff member for a meal and potentially influence the awarding of contracts. The college must ensure it is highlighting these potential conflicts of interest and where a conversation might be necessary to caution staff where people are not acting in the organisation's interests. Where something is found to be appropriate, at least everyone is still aware that it took place.

The finance director also explained that larger or more expensive gifts should be donated to the college, rather than accepted as a benefit by individuals.

One governor indicated that there have been a few challenges in his sector about integrity, and some quite mature policies and processes have been implemented, along with some good learning packages to embed these into the culture. He had already shared some documents via the head of governance, but he was happy to share others if the finance director would be interested. He stated that these were all open-source items. The finance director offered his thanks and agreed that these resources would be helpful.

AGREED: to note the content of the update provided.

7 FIRE SERVICE INSPECTION, NOVEMBER 2025

The director: IT, estates and learning resources attended the meeting to present an update in relation to a fire inspection which took place in November 2025. He particularly brought the following points to the committee's attention:

- The college was visited by two fire officers – Oddicraft Lane's visit had a good outcome, but Station Park's did not and there were a number of items which needed to be moved forward quickly. However, he particularly emphasised that this was an advisory letter.
- The general fire safety culture at Station Park was found to be quite poor; however, it should be noted that the site was also in the midst of a move sequence, so every department was packing up in preparation for this. However, the fire officer pointed out that this is exactly the sort of time at which an organisation needs to be most careful.
- One member of staff, when questioned, informed the fire officer that fire safety issues were not their job, which set the tone for the rest of the visit.
- Some issues were actively being worked on at the time – for example, the college had just installed a new fire panel, so the fire points were disconnected as they were being worked on. This was flagged as an issue.

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- There was a culture of door-wedging, and the college has worked closely with staff to overcome this.
- The director noted that the whole Station Park team is working well with the Health and Safety and Estates teams to drive improvements.
- Very regular fire safety walk-arounds and checks are being carried out on all sites, and the director was now very comfortable that everything had been addressed bar two items, which were still in progress.
- The first item in progress relates to fire doors. A full survey has commenced across the college and prices are coming in for remedial works. These will be underway before the fire officer returns.
- The second issue relates to the testing of emergency lighting. As the college regularly tests its evacuation times and can do this in three minutes, it had been identified that one-hour discharge tests were sufficient, and this had been agreed with local officers. However, following this inspection, the college must now run three-hour tests, which means paying people to come in at the weekend. Station Park is now compliant, and this is being rolled out to other sites.
- The process of monitoring compliance is almost at its end, and the college just needs to keep working with staff to ensure that attitudes to fire safety do not slide backwards.

The chair asked whether this was an isolated issue. The director felt that the general issues were confined to Station Park, and he confirmed that he had not seen a repeat anywhere else. He informed the committee that he had appointed a new building services manager before Christmas, and this person is taking the lead on checking and leading improvements.

One governor asked when the last inspection of this type was conducted and whether there had been a change since then. The director explained that no compliance items were identified during the last inspection. He advised that these visits happen every three to four years, and the fire officers usually come unannounced. He advised that they always advise on something, and he emphasised again that this was an advisory visit, not a compliance visit. However, the volume of issues this time was a concern. Although this was not the only reason for many of the issues found, the director felt that the change was largely due to the impending building moves as this meant that more things were lying around waiting to be transported. Things have now been moved out of the way and a location provided where items can be stored safely until they are ready to be moved.

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In response to a question from one governor, the director confirmed that an action plan has been pulled together to be worked through, and this was attached for governors' information.

The chair asked whether the college carries out its own fire checks, and the director indicated that the college does have its own fire officer, but some checks had fallen by the wayside. Another post has now been reinstated and there is the capacity to do checks across all sites.

The vice chair asked which support personnel may have had a focus on this. The director indicated that this would be the health and safety officer, initially, with external support provided in relation to compliance. The vice chair asked whether these role descriptions had been checked and reassessed to ensure they are correct and fit for purpose. The director explained that the college had always known that it was not compliant against the three-hour discharge testing regime, but this was a decision that had previously been reached with the fire officer as the college's evacuation times are below four minutes and so a three-hour testing seemed excessive. He explained that the one-hour testing regime was given a perfect score on another site under the same inspection.

However, the director indicated that the college was reviewing the external fire officer role and had approached two other firms for quotes. In respect of the building services manager post, this was a capacity issue rather than a capability issue, so there is more comfort now that an additional person is in place.

AGREED: to note the content of the report and the update provided.

(The director: IT, estates and learning resources left the meeting at 17:15.)

8 FRAUD, IRREGULARITY AND WHISTLEBLOWING

The vice principal: curriculum and quality attended the meeting to provide an update in relation to the malpractice incident which occurred within the Beauty department in 2025. The awarding organisation had indicated that it was happy for the college to conduct its own internal investigation under its own procedures. Based on the quality of the review, the college retained direct claims status, which is important for certificating students. Following the subsequent internal investigation, the college has taken action and fully implemented the recommendations. Action plans are in place and are being monitored by the appropriate assistant principal to ensure that there can be no repercussions. The matter has now been closed. The vice principal assured governors that the internal investigation was very robust, and governors were content with this outcome.

There were no other incidents of fraud or whistleblowing to report.

Signed:  _____ Chair

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AGREED: to note the update provided.

(The vice principal: curriculum and quality left the meeting at 17:20.)

9 **RISK MANAGEMENT**

The head of governance presented the risk register for the committee to note and discuss. Key points highlighted were as follows:

- Three risks have been added. These relate to the insurance requirement of the installation of a sprinkler system in the undercroft parking area; the rewriting of the management reporting pack to read directly from Business Central; and the necessity for further refinement to enhance Financial Regulations control within procurement.
- Eight red risks remain on the register. One of these was added in January 2026; two others also date from the 2025/26 academic year; one was added during the previous academic year; and five date from previous academic years, four of which pre-date 2024/25.
- Four risks have been removed by their owners since the previous meeting of the committee. Three were removed because the risks had been completely mitigated, and the fourth was removed as it pertained to the National Minimum Wage and all relevant points have since been combined within one risk.

The chair raised a question in relation to the value of the insurance, and the finance director confirmed that he now knew the value to be £10m. However, he explained that the insurer has been unable to confirm what kind of system to install in the undercroft. The college has obtained two quotes: one for a misting system at £375k, and the other for a full wet sprinkler system at £750k. These were noted to both be substantial capital costs, and the finance director was not certain that a mist system would prevent the spread of a car fire. Neither was he able to give confidence that a wet system would be effective enough. Therefore, the college could make either of these expensive investments and still not be any better off.

The finance director explained that there were two other options:

1. The college was out to tender for new insurance and was trying to confirm that the current insurer will extend the decision beyond the renewal. Only one other party is prepared to underwrite the sector (Aviva), so the college is trying to secure a site visit for them to look at the parking and apply their insurance and risk view to it.
2. More capital grants will be coming through for expansion, so it may be more cost-effective to change the parking into indoor, teaching space. A large part of the structure is already there.

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If the area is retained as parking, the college may have to agree some form of mitigation, such as banning electric vehicles from accessing the undercroft (although it was acknowledged that petrol and diesel cars can also catch fire). The finance director indicated that he was still gathering information, but the college had been waiting a long time for a response from Zurich's team, which was making it hard to move forward. If both insurers take the view that the risk is too high and the value will be reduced if the college does not tackle the sprinkler issue, then it will be necessary to explore and risk assess the various options.

The chair asked whether it would be worth getting in touch with the property team at Luton Airport to see what they have done and what safeguarding systems they have put in place, as the airport will not have been able to ban EVs from accessing its car parks. The finance director suspected that the airport may have replaced its ruined car park with a concrete structure containing less steel. However, he was concerned that whatever is in place may still, at some point, become insufficient if expectations and risk appetites change. The risk relates to building damage, rather than human life. It would be possible to evacuate everyone, but a car fire would spread from the undercroft and would take out a major part of the premises very quickly, which is why the insurance value has been depleted so significant. He noted that the car park has been where it is for many years, and this is the first time it has been an issue, so the risk profile is obviously changing.

The chair asked for clarity that the insurer was not going drop the value immediately and had allowed a stay of execution on this. The finance director advised that he hoped the value would not be adjusted until the renewal. He agreed to keep governors updated as he receives further information. However, he was of the view that it would be better to convert the space. The college would then be subject to a planning challenge in terms of replacing the parking – some spaces may be reclaimed by removing the portacabins, but this would only replace 12 spaces of around 50 spaces. There is also some temporary parking that could be designated as a permanent car park. Nonetheless, closing off the undercroft would cause a challenge with parking at Derby Road. The director: IT, estates and learning resources has started a project in relation to this, and he has an outline cost to assess the feasibility of conversion. If the college can then get some certainty about planning permission for the parking, this would be helpful. If Aviva were happy to insure the college under the current conditions, this provides the short-term option. However, the finance director warned that this issue could arise again in the future and, if this is an increasing area of risk focus among insurers, it was noted to be likely that this would be the case. The matter will remain on the risk register until the answers are in place.

One governor indicated that he works alongside the fire service and has access to resources, advice and guidance, which he would be happy to

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share. He invited the finance director to contact him directly if this would be helpful.

Governors advised the senior team to give careful consideration to where the college should put its EV charging points when installed, and this was noted. The principal suggested that it would be sensible in the short term to prohibit petrol or electric vehicles from being parked in undercroft. Governors agreed that it would be beneficial to make the area diesel-only on a permit basis. It was discussed that diesel is less explosive and more controllable as it is slower spreading.

Principal

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2026

AGREED: to note the content of the update provided.

10

PROCUREMENT

The finance director presented his detailed report, demonstrating the spend and suppliers by category and firm. He informed the committee that some interesting suggestions had emerged which could lead to some changes within the Financial Regulations. He went on to pick out key points of the report.

- At the moment, there are a number of approval stages which create bureaucracy, and documentation is required to justify decisions. This could be made more efficient for some matters – for example, decisions that relate to improving the quality of education, such as choosing awarding bodies, could be justified via a shorter process.
- Currently, even low-value transactions such as hiring rooms at community venues require a volume of documentation. The finance director felt that the Financial Regulations could allow a dispensation for local authority room hire. This then comes back to needing a stronger fraud risk assessment, and the finance director proposed to develop a risk assessment form to look at larger or at-risk transactions, such as property transactions, occasions when work is needed at short notice, or jobs that have only had a small level of interest from contractors and so there are not enough quotes. The decision-making process needs to be strengthened, and this will also involve having variations and approvals documentation in place.
- Some single tenders relate to very specialist pieces of equipment where there is only one product and so the college can only obtain one quote – this not a concern in these situations. Concerns arise when the college has only had one company to quote on building work rather than spending more time and obtaining a number of quotes.
- Questions need to be enhanced, and the fraud risk assessment needs to play a larger part in these processes. More than one person needs to be involved in making the decision so that the decision can be verified. The segregation of duty must be strengthened also. There are weaknesses in the current system

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in that some decisionmakers are not subject to any scrutiny. The finance director clarified that he was not implying that anything was definitely wrong, but the process must be tighter, and choices need to be justifiably correct. An example given related to ensuring that variations are not being missed out of quotes in order to make one provider appear cheaper. Conversations about accountability have taken place with teams in order to minimise variations and ensure that capital costs do not rise significantly mid-project.

- It is important to avoid being swamped by minor approvals, so that the focus and energy can mainly be on the risk relating to those larger transactions. Risk assessments will be in place relating to skills academy partners and subcontractors as well. There are robust controls in place, but the processes must be clarified. The best defence is to have a robust process and evidence that all issues have been considered. At the moment, although the process is there and consideration is given, this is not documented.
- The college will soon appoint an experienced procurement professional, which will further support these endeavours.
- There needs to be a targeted approach. This must include higher value procurement of materials for curriculum areas such as engineering and construction, as well as food. The college must ensure that these are monitored and, if the supplier has not been changed for a long time, that someone is looking into the reason for this.

The chair asked whether this might be an area that Validera should assist in reviewing as part of the audit programme to ensure the college is doing what is expected. The finance director confirmed that this is ongoing and sampling is taking place. It is hoped that that this will show the college where it needs to be stronger. There must be a risk-based approach, ensuring that people are not making decisions by themselves and that they do not have too close a relationship with specific contractors. There must be levels of scrutiny in place, and these must be documented to evidence that there are robust processes in case anything does go wrong. Documentation will be strengthened and assessed, but this will take time. The finance director planned to pass this piece of work to the new chief financial officer, and he hoped that this would all be operational for the next academic year.

FD

CFO
hand-
over

AGREED: to note the content of the update.

11

COUNTER-FRAUD/ANTI-BRIBERY

The finance director presented his detailed report and the updated strategy to be recommended to the Corporation Board for approval.

- The review was supported by a best practice guide, issued by the Department for Education.

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- The Post-16 Audit Code of Practice checklist has been scrapped and replaced by a new checklist based on that good practice guide.
- Areas have been identified wherein it is necessary to strengthen controls and processes.
- Clarity has been provided in relation to what fraud is, and the strategy highlights how this can occur.
- The strategy was previously missing the refinement of ownership and oversight, and this has been added. Areas of risk have been identified, and the document states where responsibility lies for due diligence, as well as the internal controls.
- The strategy refers to the College Financial Handbook, which defines a lot of the rules which need to be complied with, such as the need to notify the DfE of any fraud that is £5k or over.
- The fraud risk assessment had also been updated and attached.
- These updates will provide additional protection for the organisation in response to the Economic Crime and Corporate Transparency Act 2023.

Governors were invited to submit feedback with a view to approve the strategy, with any amendments, at February's board meeting. The new policy will then be shared with staff.

Governors agreed to take the attachments away and provide any comments or feedback to the finance director, either directly or via the head of governance, in advance of the Corporation Board meeting in February 2026 (with such feedback to ideally be received by the upload deadline.)

AGREED:

- to note the content of the update
- that governors would provide any comments or feedback to the finance director, either directly or via the head of governance, prior to February's board meeting.

12 **2025/26 INTERNAL AUDIT**

The internal auditor presented their progress report, particularly highlighting the following key points:

- There had been no amendments to the plan so far in this period.
- Members were reminded to follow Validera on LinkedIn to receive sector updates.
- Since issuing the progress report, all audit reviews have now been scheduled with management, with the exception of the follow-up.
- The auditor was hoping to start the payroll audit in February.

The finance director noted the request from the special board meeting in relation to auditing the management accounts. He suggested that the

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management accounts audit could either replace the estates audit or be added on as an extra piece of work. The chair was of the view that the management accounts audit should be additional activity rather than a swap. He reminded members that the programme was agreed at the start of the year as these were the areas which the committee wanted to have audited. Governors were in agreement that this was an exceptional circumstance and the work should be in addition to that already agreed. The brief will be presented and agreed at the next meeting, and the number of days will also be agreed.

IA / FD

Apr
2026

The auditor agreed to provide an updated progress report with the meeting dates included so that the board has the full detail.

IA

Feb
2026

AGREED: to note the content of the updates provided.

13

ANY OTHER BUSINESS

The finance director informed the committee that the DfE was conducting an audit of 16-19 student bursary payments. He indicated that there will be some recommendations from this audit.

One key recommendation will relate to cash payments being made to those students on the vulnerable bursary, as the DfE objects to them being made regularly. However, if these payments are made ineligible, there will be no loss to the college as the money will move into the discretionary bursary.

The finance director clarified that cash payments are generally acceptable but, in this situation, they are being made too regularly for the DfE to accept them. The college will need to look at how else it can support these learners as a result of the changes which it will need to implement following this audit. Options include increasing the allowance on cards that students can use at college so that they can buy an additional meal to take home with them.

The audit also uncovered a few discrepancies, such as that the record relating to free school meals per learner is made blank at the end of the year. The college can demonstrate that its overall recovery is legitimate and reasonable and is in line with the money taken by the tills, but none of the specific activity can be documented. However, the finance director was hopeful that it would be sufficient for the DfE to see how the process works in-year. One suggestion to overcome this in future was to have a 'system dump' before the data is wiped, so that the detail can be retained.

AGREED: to note the content of this verbal update.

14

DATE AND TIME OF THE NEXT MEETING

This was confirmed to have been scheduled for 17:00 on Monday 27th April 2026 via Microsoft Teams.

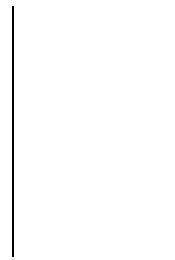
Signed:  _____ Chair

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It was agreed that confidential items would be recorded separately.

The auditor left the meeting at 18:30.

The meeting closed at 18:40.



Signed:  _____ Chair

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