

TRAFFORD & STOCKPORT COLLEGE GROUP

**Minutes of the Audit Committee Meeting
held on Monday 23 June 2025 at 1.00pm in the Boardroom at the Altrincham Campus**

Present:	Heather Lang (Chair) Ian Duncan Shaun Parker *Matthew Swann Catherine Thomas Jeremy Woodside
In Attendance:	Rebecca Clare (Corporation Secretary) Henry Taylor-Toone (Chief Finance and Operations Officer) Lyndsay Sheridan (Director of Finance) Karen Rae (Armstrong Watson – Audit Manager) Helen Armstrong (Beever and Struthers) Rachael Wright (Beever and Struthers) Jess Pembroke (Naomi Korn Associates – Data Protection Officer) Danielle Houghton (Vice Principal Apprenticeships and Adult Skills) Yvonne Riley (Assistant Corporation Secretary)

*Joined remotely via Microsoft Teams

Minute No

Members of TSCG staff joined the meeting once the Committee ascertained whether there were any matters that the auditors would like to raise to the Committee.

The auditors did not raise any matters.

AUD/14/25 Apologies for Absence

The Corporation Secretary (CS) reported that no apologies had been received.

The Chair welcomed Jess Pembroke from (Naomi Korn Associates) to the meeting and introductions were made.

AUD/15/25 Declarations of Interest

There were no declarations of either direct or indirect interest in any of the meeting's business items.

AUD/16/25 Minutes of the Meeting held on 31 March 2025

The minutes of the Audit Committee meeting held on 31 March 2025 were approved and accepted as a correct record.

AUD/17/25 Matters Arising from the Minutes

The Chair of the Audit Committee referred members to the previously circulated summary and progress update concerning the actions arising from the minutes and earlier meetings of the Audit Committee.

Minute No

It was noted that the majority of actions had been closed. There were three open actions that were to take into consideration within reports to be presented in the future.

Action: Director of Finance

It was confirmed that the Value for Money report will be shared at the November Audit Committee. This item will be presented at the November Audit Committee on an annual basis.

There were no further matters arising from the minutes.

AUD/18/25**Data Protection Progress Update Report**

The Data Protection Officer (DPO) from Naomi Korn Associates referred members to the previously circulated report and summary of the latest position regarding data protection and its effectiveness across the operations of the Group.

It was noted that the Group must be able to demonstrate its compliance as set out under the UK General Data Protection Regulations and that the highest level of leadership considers data protection issues and risks.

The following areas of the report were highlighted:

- Overall compliance
- Data Protection Impact Assessments
- Personal data breaches

Key points included:

- Overall information rights requests and freedom of information are low with 100% compliance achieved.
- No severe or reportable breaches to the ICO and individuals.
- One minor breach reported which involved a student record being accessible in error through the 'Enrolment Check in Tool'.
- Three data subject access requests were received and dealt with on time.
- Four Freedom of Information requests were also handled within the required timeframe.
- There are two DPIAs for this period. One is regarding a change in process to online enrolment. The DPA conducted for the online enrolment system was to ensure compliance with data protection requirements. The other DPA is regarding the secure physical transfer of data and equipment between sites.

The DPO referred to recent matters reported in the news and confirmed that advice and guidance had been provided on various topics, including cyber security, particularly in light of recent incidents involving Marks and Spencer's and the Co-op.

The DPO confirmed the government passed the Data Use and Access Act, which will allow more flexibility in marketing activities to support the Group. The Data Use and Access Act will provide more avenues for marketing without requiring explicit consent at events like student open evenings.

Minute No

Questions and comments were invited from members.

A member questioned the data protection impact assessment paragraph when a reference is made to the supplier, what they are supplying. The DPO confirmed that the supplier means software and reported that the data protection impact assessment covers the risk assessment of how data is handled, including security, data deletion, and supplier compliance with data protection standards.

A member questioned how the minor breach came to light. The CFOO provided details of the breach and the DPO emphasised the importance of ensuring that customer-facing teams are aware of data protection and the need for regular training (referenced on the first page of the report, under risk, FOI request).

The DPO confirmed that training encompasses more than just security measures. While Cyber Essentials training may not entirely prevent a data breach, it can offer assurance through comprehensive education.

There were no further questions or issues raised by members arising from the report and after discussion and consideration it was resolved that the Data Protection Progress update be received and noted.

AUD/19/25**Chief Finance and Operation Officer Update on OfS HE Data Action Plan**

The CFOO referred members to the previously circulated report and update on the ongoing actions relating to HE data compliance.

It was confirmed that a reportable event had been submitted to the OfS on 5 December 2024 concerning the HE contractor OLC with a further update provided during the last week of March 2025.

The CFOO reported that there was no significant update since the March Audit Committee and confirmed the following actions:

- OLC arrangement coming to an end. No further issues have been raised by OfS. A final update to be provided to OfS in June 2025
- FY24/25 data continues to be cleansed and reviewed between now and August 2025.
- New online enrolment system in place that will help future enrolments by ensuring complete data is collected at the outset.
- Internal Audit scheduled for 18-22 August 2025

Questions and comments were invited from members.

A member commented on the positive clarity around the report.

Action: Group Principal

The Group Principal to present the final report at the Confidential Board meeting in July.

There were no further questions or issues raised by members arising from the report and after discussion and consideration it was resolved that the OfS HE Data Action Plan be received and noted.

Minute No

The Vice Principal Apprenticeships and Adult Skills left the meeting at this point.

AUD/20/25**Internal Audit Reports**

The Committee received the Internal Audit reports as follows:

Business Critical Controls – Assets & Inventories Management

The Internal Auditor (IA) advised that the scope of the review was to test the operation of specific internal controls covering the period May 2024 to April 2025. This review covered the following areas:

- Accuracy and completeness of the asset registers across the college campuses.
- Existence and physical verification of a sample of assets of varying types, values, and locations.
- Timely and accurate recording of asset additions and disposals.
- Controls to ensure appropriate asset verification, tracking, and updates.

The IA provided a detailed overview of the findings from the report including an explanation of the 2 recommendations from the report (2 medium).

The IA reported the detail surrounding the recommendations and highlighted Completeness and Accuracy of the FAR and Asset Disposals: Data and Environmental Compliance.

A member questioned the assets that couldn't be verified and whether it suggested that there was a wider issue. The IA confirmed that it requires tightening of controls and was due to the location not being reported effectively.

A member questioned the bottom of page 7, and the follow-up evidence for one of the recommendations relating to asset disposal. It was noted that one of the findings was about when IT equipment's disposed of, whether the machines are being wiped cleanly, but does not detail evidence to confirm how that is going to be resolved. The CFOO confirmed that every asset that's on the register has a responsible person attached to it and they are given a list. The CFOO confirmed that this has not been as regular as it should have been, and it will be more frequent going forward to verify the asset. The Director of Finance confirmed that this will be a joined up approach with IT going forward and a specific resource within the finance team to be linked to assets and disposals.

In term of the scope of the review the IA confirmed that this report was in line with the FE Sector.

Student Attendance

The Internal Auditor (IA) advised that the scope was to review the significance of the risks associated with low student attendance and that student attendance is a national issue.

It was confirmed that the review considered whether controls around student attendance were fit for purpose and tested to ensure they were being applied correctly and consistently across TSCG's campuses. It was advised that the sample focused on 16-18 years, where there was lower attendance in the

Minute No

academic year, for instance English and Maths courses (sample of 10). Samples of 10 were also selected from other students across different courses and campuses – 20 altogether from across all campuses.

The areas included within the review were:

- Benchmarking of TSCG's Student Attendance Policies and Procedures.
- Sample testing of 20 students across campuses to validate attendance management actions.
- Validation of attendance reporting accuracy provided to Board, committees, and senior management.
- Assessment of trend analysis in attendance reports by department, course, campus, and demographics.
- Review and validation of the improvement plans established for addressing attendance issues.
- Assessment of accuracy and alignment of recorded attendance data within TSCG's MIS systems.

It was noted that the review was linked to risk SP3/1 Failure to respond effectively to the changing needs of students. The IA confirmed that they have not raised any recommendations with regards to this as part of the review.

The IA provided a detailed overview of the findings from the report including an explanation of the 2 recommendations from the report (2 medium).

The two medium risks were reported as follows:

- Sample testing of eighteen 16-19 students with unsatisfactory attendance revealed inconsistencies in interventions for four students, such as irregular one-to-one meetings and missing GROW1 plans and LIPs (Learning Improvement Plan). Management attributed these inconsistencies to staff changes, including long-term absences and tutors leaving the college.
- Source information to enable validation of performance information reported to the Board is not currently saved.

The IA confirmed that there was an acceptance that the data was not where the Group wanted it to be and there would be a continued focus on attendance at Board level and FE Curriculum & Quality Committee.

A member raised a question about the percentages mentioned in the sector insights, seeking clarification on how the figures were calculated for non-attendance and mental health/general illness. It was explained that the figures were based on a survey by the Association of Colleges, and there was some discussion about the presentation of the data.

A member raised that at his FE College some work is being carried out relating to the link between attendance and safeguarding, emphasising the importance of monitoring attendance as an indicator of potential safeguarding issues. He also raised that the focus was quite often on students not attending, rather than reasons for preventing it. The CFOO confirmed that work was being carried out on a model to get students off to a good start and improve attendance from the beginning of the academic year. The Group was also looking at disaggregating groups for reporting to see where the problem lies but inaccurate data or lack of data from schools remained an issue.

Minute No

A member questioned the link to Safeguarding and Prevent training and the CFOO confirmed that this is provided to students through tutorials.

There were no further questions or issues raised by members arising from the reports and after due discussion and consideration it was resolved that the following reports be shared with the Board of the Corporation for approval:

- a) Business Critical Controls – Assets & Inventories Management**
- b) Student Attendance**

AUD/21/25**Internal Audit Progress Report 2024/2025**

The Internal Auditor (IA) advised and updated the Committee concerning the current progress in respect of delivering the agreed Internal Audit Plan for 2024/2025.

The IA referred members to a table that showed a summary of the progress against the planned audits and the proposed scoping and timing arrangements to be completed by the end of the Academic Year 2024/2025.

It was confirmed that all audits had been delivered as planned.

Reference was made to an additional piece of work in relation to the Office for Students (OfS).

It was advised that, based on the work undertaken to date, the Audit Committee and Board can be provided with reasonable assurance in respect of the design and operation of internal controls within the scope of work reviewed.

The Internal Auditor confirmed that partial assurance has been provided for the audit related to insurance, with no high-level recommendations issued this year.

The Internal Auditor also confirmed that the Customer Strategy and Learner Numbers and Follow-up reports would be presented at the November Audit Committee meeting. A final opinion to be reported at the November Audit Committee, along with additional assurance for the piece relating to the OfS.

The IA confirmed that as the organisation is maturing the assurance levels are improving with pockets of non-compliance expected for a group of this size.

There were no issues raised by members arising from the report and after due discussion and consideration it was resolved that the Internal Audit Progress Report 2024/2025 be received and noted.

AUD/22/25**Internal Audit Tracker – Management Actions Arising from Audit Reports – June 2025**

The CFOO referred members to the previously circulated report and an update on outstanding audit recommendations with a view to providing assurance that previously agreed audit recommendations were being implemented within appropriate timescales.

Minute No

The report provided members with detailed progress that had been made in respect of audit recommendations. There was confirmation that a total of 12 recommendations were carried forward from the last report with a further 4 added of which 5 recommendations had been completed. The CFOO confirmed that 12 recommendations were open and not yet due and actions were being closed at a positive pace.

Comments and questions were invited.

A member commented on the significant clearing of MIS recommendations and that this was pleasing to see. The CFOO confirmed that staffing in this area was stabilising, and that the Consultant was due to leave in September.

There were no further questions or issues raised by members arising from the reports and after due discussion and consideration it was resolved that the Internal Audit Tracker be received and noted.

AUD/23/25 Draft Internal Audit Plan 2025/2026 (Needs Assessment covering three years)

The Internal Auditor (IA) presented their report which made proposals for the Group's Draft Internal Audit Needs Assessment (DIANA) for the period 2025-2028.

The IA provided the Committee with full details of the extensive processes and consultations they had undertaken in drawing up the DIANA. The IA also provided an in-depth analysis and justification for the areas that were included in the proposed plan for 2025/26 which included the following:

- Quality Assurance Framework
- Complaints (Business Critical Controls)
- IT Cyber Security
- Onboarding Learner Journey (Business Critical Controls)
- Payroll and Expenses
- Procurement and Value for Money
- Careers
- Learner Numbers (focus TBC)
- Follow up

The IA confirmed the approach for discussing the priorities for the Internal Audit Plan. It was confirmed that the Chair of the Audit Committee and CFOO had participated in discussions in relation to priorities.

Questions and comments were invited from members.

The IA confirmed that Careers took precedence over Equality, Diversity, and Inclusion as an internal audit to review for next year.

A member questioned the logic around the Quality Assurance Framework and the timing for this. The CFOO confirmed that the review would focus on ensuring that the Group's quality assurance processes are robust and effective, particularly in light of the upcoming Ofsted inspection. The timing was debated, but it was decided to conduct it after the current year's quality framework actions were completed to provide assurance.

Minute No

A member questioned what was included in the Payroll and Expenses audit. The IA confirmed that the review would include testing controls to mitigate fraud, such as verifying ID checks for new starters, analysing payroll data for anomalies, and ensuring proper authorisation for changes in payroll details.

The External Auditor questioned whether compliance against the Financial Handbook had been conducted. The CFOO confirmed that it hadn't.

The Committee agreed that this was a well-balanced plan overall and confirmed their support.

A member questioned why Cheadle Project was not included in the Procurement and Value for Money audit. The CFOO confirmed that the building was expected to be handed over on 18 July 2025 and that the Confidential Resources Committee had assurance around this particular project though the External Advisor.

There were no further issues raised by members arising from the report and after due discussion and consideration it was unanimously resolved that the Audit Needs Assessment 2025-2028 be recommended to the Board of the Corporation for approval.

AUD/24/25**Draft Internal Audit Annual Report 2024/2025**

The Internal Auditor (IA) advised that this had been deferred and would be presented at the Audit Committee at its next meeting in November 2025.

Action: Internal Auditor (Beever and Struthers)

It was confirmed that the Draft Internal Audit Annual Report would be presented to the Audit Committee at its next meeting in November 2025.

AUD/25/25**External Audit Strategy Year Ending 31 July 2025 and Future Going Concern Assessment****Going Concern Assessment**

The CFOO reported that based on the draft 2025/2026 budget and current assumptions, there was sufficient headroom (both in terms of cash and Income and expenditure contingency) to support the Going Concern assumption for a period of at least 12 months from the signing of the financial statements being up to December 2026.

The Financial Statements and Regularity Auditor (FSRA) presented a report which included a copy of their proposed Audit Strategy Memorandum (ASM) for the period ending 31 July 2025.

The FSRA provided the Committee with details of the key highlights of the ASM as follows:

- Purpose, Scope, and Responsible Individual
- Audit Independence and Objectivity
- Audit approach and Planning meeting

Minute No

- Risk Assessment and the identified high risks which included, Income Recognition and Entitlement, Management Override of Controls, Going Concern, and the Defined Benefit Scheme
- Areas of focus including Regularity and Value for Money, the potential of Claw back and Debtor Recoverability
- Related party, relationships and transactions
- Assignment administrative details including reporting, timetable, fees, and team

The External Auditor provided the following detail in relation her report:

- **Introduction and Services:** Armstrong Watson to continue as the external auditor for the year. The audit will include the Teachers' Pension Agency return audit and other grant audits, which are mechanical processes based on figures provided by the Group.
- **Audit Approach:** The approach will be similar to previous years, focusing on internal controls and assessing the risk of fraud, which is currently considered low. Materiality levels will remain unchanged.
- **Going Concern:** The audit to review forecasts and plans post-year-end to assess the Group's position as a going concern. This includes verifying unadjusted and adjusted financial statements.

Significant Audit Risks were highlighted as follows:

- **Revenue Recognition:** Ensuring income is accurately calculated and recorded in the correct financial period.
- **Management Override:** Reviewing journals, estimations, and judgments to ensure no manipulation of financial results.
- **Defined Benefit Pension Schemes:** Benchmarking against other clients to ensure calculations align with industry standards.

Key Focus Areas were highlighted as follows:

- **Regularity Self-Assessment:** The Group to complete this, and the audit to verify its accuracy.
- **Value for Money:** Testing policies and procedures to ensure funds are spent appropriately.
- **Payroll Costs:** Reviewing payroll processes and ensuring accuracy in financial statements.
- **Timetable and Fees:** The audit to include an interim visit in July, planning in September, and on-site work in October, with finalisation in November. Fees to see a slight inflationary increase but no significant changes.
- **Changes in Regulations:** The audit to ensure compliance with new disclosure requirements and changes in the post-16 audit code of practice.

The External Auditor questioned whether from a Governors perspective there was anything that the External Auditor should know. The Audit Committee confirmed that there were no matters that they were aware of.

A member raised a question around income liability primarily revolved around the treatment of capital funding at Cheadle. It was mentioned that the Group had about 3.5 years to assume the funds, and the treatment of these funds in the accounts were discussed. The External Auditor confirmed that these funds were currently recognised as a liability.

Minute No**Action: Corporation Secretary**

The External Auditor confirmed that there were a couple of movements not reflected in the current list of governors, and this would be updated before review in November.

The External Auditor confirmed that the Chair of the Corporation is no longer required to sign a number of documents.

The topic of leasing was discussed in the context of upcoming changes to accounting standards. It was highlighted that the new standards would require the recognition of the full value of leases on the balance sheet, including a right-of-use asset and a corresponding liability. This change will apply from January 1, 2026, and will impact the financial statements for the year 2027. The External Auditor explained that the Group would need to start gathering information on leases to comply with this new requirement. The CFOO confirmed his previous experience of dealing with this to provide assurance to the Audit Committee.

There were no further issues raised by members arising from the report and after due discussion and consideration it was unanimously resolved that the External Audit Strategy for Year Ending 31 July 2025 and future going concern assessment be recommended to the Board of the Corporation for approval.

AUD/26/25

Board Assurance and Risk Management Framework 2024/2025 Update

The Chief Finance and Operations Officer (CFOO) presented a report which updated the Committee in respect of the Board Assurance and Risk Management Framework (BARMF) and confirmed that the report provided members with a summary of the risks as detailed in the Strategic Risk Register as follows:

- that there were 38 total risks, of which 36 had a gross score over 15 and were therefore monitored by the Audit Committee and of the risks there were 4 with a net risk over 15.

The CFOO reported that, following the challenge at previous Audit Committee meetings, the Executive Team had reviewed Risk Appetite and that as a result the number of risks outside appetite had increased from 14 to 25.

The CFOO recommended the addition of the following risk:

- **OTH/5: Failure to protect systems from unauthorised access**
The CFOO advised that although Business Continuity was already a separate risk this new risk related wholly to protection of our systems and had been added following input from the Chief Technology Officer (CTO).

It was noted that the CTO was currently looking at cyber security and 24-7 monitoring.

The CFOO provided a summary of the key risks as follows:

- Demographic Growth: Missed target this year, with a need to grow by about 300 students next year to get back on track.
- Higher Skills Strategy: Under-recruitment in higher education, with a deteriorating trend.

Minute No

- Volatile Revenue Streams: High risk due to fluctuating income sources.
- Cheadle College Project: Remains a high risk until completion, as any delay could significantly impact operations and recruitment.
- College systems and data: New risk as detailed above.

The CFOO provided the following mitigations and controls:

- Actions and mitigations are in place to address these risks, but some risks remain outside the appetite due to their inherent nature.
- The framework includes steps to bring risks back within the appetite, with ongoing monitoring and adjustments.

In response to a question the CFOO confirmed that the risk of data breach/theft, particularly in the context of cybersecurity measures and the need for improvements related to the lack of 24/7 monitoring for cyber threats. The Group are currently exploring a solution to address this.

Action: Chief Finance and Operations Officer

A member questioned the timeline for monitoring risk appetite. The CFOO confirmed that timeframes can be added to the document.

Action: Chief Finance and Operations Officer

The safeguarding risk was discussed in the context of the Group's risk management framework. It was noted that safeguarding is a critical area where the impact of any incident would be very high, making it challenging to bring the risk within the Group's appetite. Committee members provided a view that there are robust controls in place and therefore the risk is controlled as much as it can be. **The CFOO confirmed that the inherent risk remains significant due to the potential reputational damage and severe consequences of any safeguarding failure. Therefore, the risk is likely to remain outside the Group's risk appetite. This will be explored further by the Executive team.**

Action: Chief Finance and Operations Officer

It was agreed that considering the Committee and IAs feeling that there are too many risks outside of risk appetite and this does not accurately reflect the organisation that an Executive review will take place with a focus on the top 10 risks and how this be presented/reported.

There were no questions or issues raised by members arising from the report and it was resolved that the Board Assurance Risk Management Framework update be approved with appropriate reporting to the Board of the Corporation with the addition of one risk.

AUD/27/25

National Updates

The Chief Finance and Operations Officer (CFOO) presented a report which provided members with an overview of recent national updates which were relevant to the Committees work.

Supporting documentation included:

- Framework and guide for external auditors and reporting accountants of colleges

Minute No

- College Accounts Direction 2024-25 including summary of the accounts direction changes
- Regularity Self-Assessment Questionnaire 2024-25

The CFOO covered the following key areas of update:

- Framework and Guide for External Auditors and Reporting Accountants of Colleges: That the framework replaced the Post 16 Audit Code of Practice. The CFOO reported no significant changes for the Group, with the Group well placed to meet the requirements of the framework.
- College Accounts Direction 2024-25: That the Group is satisfied that they are in a good position to include all changes, with no additional processes or procedures required.
- Regularity Self-Assessment Questionnaire 2024-25: That a response had been drafted with no issues noted at this stage.

A member questioned the Self-Assessment Questionnaire in relation to a debt write off for STEGTA. The CFOO confirmed that the Group were awaiting approval from the Department for Education (DfE) to write off a debt owed by STEGTA, which has gone into liquidation. The DfE is assessing the situation collectively for all affected organisations before issuing approval.

Action: Chief Finance and Operations Officer

A member asked if a word compliance grading could be added to each section of the document to add assurance to the document.

There were no further issues raised by members and after due discussion it was resolved that the update be noted.

AUD/28/25**Any Other Business**

There were no matters raised under any other business.

AUD/29/25**Date of Next Meeting**

The Corporation Secretary provided the meeting with the proposed Committee dates for 2025/2026, as detailed below:

- 17 November 2025
- 23 March 2026
- 22 June 2026

It was advised that the meetings were scheduled to take place at 1.00pm

Action: Corporation Secretary

Audit Committee meetings 2025/2026 to be confirmed following Board approval in July.

The meeting closed at 2.38pm.