



WEST NOTTINGHAMSHIRE COLLEGE
AUDIT COMMITTEE

Minutes of the meeting of the Audit Committee held via Microsoft Teams on Monday 29th June 2020 at 5pm.

MEMBERS Neil McDonald, Chair
PRESENT: Rebecca Joyce
 Sardip Sandhu

ALSO IN ATTENDANCE: Maxine Bagshaw, Clerk to the Corporation
 Andrew Cropley, CEO/Principal
 Jon Fearon, Finance Director
 Diane Booth, Assistant Principal: Quality and Standards
 Lee Glover, Haines Watts
 David Hoose, MAZARS

Auditors confirmed that they did not wish to meet with the Committee without management present.

Before formally commencing the meeting, the Chair took the opportunity to express disappointment at the late provision of papers today. He indicated that this had meant that Committee members had not had the time and ability to review and consider. He asked for an explanation for the late provision of reports and asked that the executive review so as to ensure that this doesn't happen again.

The committee were advised that the apprenticeship paper had been uploaded on Friday but that the notification informing governors of this had not occurred until earlier in the day. In relation to the two internal audit reports uploaded to the system today, the Finance Director indicated that he had not expected them to be available to present, as the college was still in dialogue with auditors regarding the content last week. Auditors advised that carrying out audits remotely has meant that resolving any queries has taken a little longer as there is not always immediate access to staff.

The Finance Director explained that, if the reports had not been uploaded, there would have been a significant amount of information missing from the agenda, which is why the decision was made to provide them today, albeit late. A challenge from the Committee was that they would have liked to have had communication in advance to explain the position so that expectations could be managed and an

ACTION by whom	DATE by when

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agreed position reached.

1 DECLARATION OF INTERESTS ON ANY ITEM ON THE AGENDA

The Chair reminded everyone present to declare any interests that they may have on agenda items to be discussed. No interests were noted save for standing declarations.

2 APOLOGIES FOR ABSENCE

No apologies for absence were received. Clive Pitt was absent without apologies.

3 MINUTES OF THE MEETING HELD ON 21ST APRIL 2020

The minutes were reviewed and it was agreed that they were an accurate record of discussions.

AGREED: to approve the minutes of the meeting held on 21st April 2020.

There were no matters arising.

4 ACTION PROGRESS REPORT

The Committee considered the updates provided and it was noted that:

- Line 10 – the scope of the employer engagement/CRM audit has not yet been finalised, therefore provision of this scope to the Audit Committee, and the audit itself, is still outstanding.
- Line 5 – the audit work to be undertaken in the period July to November will be the outstanding activity required on the 19/20 plan, rather than being able to get ahead in terms of the 20/21 fieldwork.

5 APPRENTICESHIPS – 20% OFF THE JOB/REVIEWS – LATEST POSITION

Diane Booth, the Assistant Principal: Quality and Standards, introduced this item and drew the Committee's attention to table 1, which shows the percentage of learners that have not had a review for three months or more and the average off the job training for all continuing apprentices, including those past their expected end date.

She indicated that, for those apprentices who are past their end date, the college wouldn't necessarily expect a review; however, there would be the expectation that assessors were pushing to complete. In terms of the statistics, the Committee were advised:

- 34% of learners have not had a review for three months or more, which is an improvement of 1% since period 8.
- Off the job training currently shows an average of 18%, which is

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the same as at period 8 (it is expected to be at 20%). She advised that there were a number of reasons contributing to this: the first is a lack of monitoring and the second relates to some apprentices failing to 'tick' a required box on the OneFile system (equivalent to a signature). She confirmed that there is a need to improve the use and functionality within OneFile.

The Committee's attention was then drawn to table 2, which shows the percentage of learners who have not had a review for three months or more and average off the job training for continuing apprentices in funding. Table 3 shows the percentage of learners who have not had a review for three months or more and the average off the job training for apprentices that are past their expected end date and no longer in funding. Table 4 shows the average off the job training for apprentices that are in the gateway and have completed their learning – there are four apprentices that have not met the 20% off the job requirement due to poor monitoring. Table 5 shows the average off the job training for apprentices that are within 90 days of their expected end date.

She advised that, in some instances, reviews have taken place but, because the apprentice has not ticked to confirm this, they are not showing in the OneFile form as complete. This has been raised at the OneFile meeting and apprentice managers are addressing this with specialists at one-to-ones and team meetings. Furthermore, an announcement has been put on OneFile to remind apprentices to tick to confirm reviews; a reminder has been inserted on the review for learners to sign; and apprenticeship managers are working with specialists to get apprentices to adjust the settings in their OneFile account to receive emails so that specialists can email learners when they have not signed the review. She confirmed that the OneFile task group was working to ensure training is provided as needed and a better explanation given to staff regarding the impact and consequences of compliance. She acknowledged that there needed to be improved use of the system.

A challenge from one member of the Committee was that the process appears to be very 'admin heavy' and the college appears to always be fire-fighting. She described reports in this area as always feeling as if the college is 'on the back foot', and she therefore asked for assurance regarding when the college will get to a position where it is confident of the controls in place.

The Assistant Principal: Quality and Standards indicated that many areas are much improved and that data has been skewed somewhat by lockdown as it has just not been possible to evidence practical skills. She confirmed the expectation that improvements will be seen in the data by September 2020, if learners start to return to college and work. She confirmed that the quality team is working closely with apprenticeship managers and specialists. She expressed the view that,

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in many instances, it is believed that off the job training is taking place and it is a matter of this not being recorded correctly.

The Committee made specific reference to the statistics for business and management and asked why these were so poor. The Assistant Principal: Quality & Standards explained that there were some historic issues in that it has not always been custom and practice to consistently use OneFile, therefore it is now almost impossible to get the data back up to expectations. She confirmed that these learners will finish their apprenticeships between September and December 2020 and that, once they leave, they will cease to negatively impact upon the data.

Because of continuing concerns, a challenge from the Committee was that the college needs to provide a summary of actions taken, control points, training planned, etc. They asked that this be provided to the next meeting of the Standards Committee so that greater assurance could be given. They asked that the Standards Committee be provided with a progress update and a deeper analysis broken down by individual curriculum areas.

AP Q&S

04.09.20

The Committee indicated that it may be useful to extract out of the report the historic issues, e.g. those areas where the college has decided not to offer again (post February 2019). They indicated that it would be helpful to exclude this information or show it separately, so that the real focus can be on the learners who are core to the existing and future strategy.

The Committee expressed the view that, in terms of process, it is critical that everyone uses the system correctly the first time around, to avoid the significant time required to backtrack. The Assistant Principal: Quality & Standards provided assurance that the team do know where all the issues and glitches are and are working hard to address. The Committee agreed that this issue would be referred back to the Standards Committee and that the full Board would then seek assurance regarding the improvements required.

AGREED: to note the content of the update provided.

(Diane Booth left the meeting at 5.35pm)

6 **INTERNAL AUDIT**

Internal auditors confirmed that the two reports circulated earlier in the day were in relation to core financial controls and risk management. He confirmed that both provided adequate assurance and gave positive opinions. He confirmed that there were no high risk matters identified and that, in the main, recommendations were tips in terms of best practice. He confirmed that management have accepted

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all of the recommendations and will now take the steps needed to progress. In terms of the risk register, he advised that some challenges were made in terms of the scoring and calculation of points in some areas; however, there was nothing of significance. He confirmed that the governor response to the survey issued was positive and that no issues have emerged from this.

The Committee, on the basis that they had not had sufficient time to review these reports in advance of the meeting, agreed to defer detailed discussions to the next meeting.

Internal
auditors

15.09.20

In relation to the other outstanding audits, the Committee were advised:

- Employer engagement – the expectation is that the scope will be finalised this week.
- Curriculum planning – a date has now been agreed for fieldwork and this will commence in a few weeks.
- Learner records – the proposal is to defer this until the next academic year as it really does require auditors to be on site to undertake testing in this area.

The Finance Director advised that one further piece of audit work is underway and this is relation to subcontract certification; the submission deadline date to the ESFA for this is 31st July 2020.

One member of the Committee made reference to section 7.3 on page 1 of one of the reports, where it implies that risk management processes are immature and not devolved. Internal auditors confirmed that this is addressed in the risk management review, with recommendations made that have been accepted. The Finance Director indicated that the college accepts that there needs to be greater risk ownership at a departmental level. This will then flow up into the strategic register, rather than the strategic register being created by the executive. A challenge from the Committee was to ensure that the right risk management culture is in place.

The Finance Director confirmed that members of the executive team do bring feedback from their teams into discussions, but it was acknowledged that more could be done. It was confirmed that each curriculum team will now be asked to identify their top three risks so that these can influence future developments; it is anticipated that some of the risks will be common to a number of areas. The Finance Director accepted that, to date, risk has been a focus for the executive, however, there is now the plan to devolve.

It was agreed that the Committee would have more detailed discussions on this at the next meeting, as they felt that there were some really useful suggestions made within the internal audit report. A challenge from the Committee was that the time is now right to look to

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devolve risk without it being an excessive burden on staff. All agreed that the audit work undertaken had acted as a useful prompt. Internal auditors expressed the view that there were some really good points in terms of the arrangements that already exist at the college. The college has been on a positive journey and it was acknowledged that this has been an evolutionary process over the last eighteen months.

AGREED: to note the content of the update provided.

7 COMPOSITE COLLEGE RECOMMENDATIONS REPORT

The Finance Director drew the Committee's attention to his written report. He confirmed that there was some follow-up needed in terms of learner numbers and that the college had been in dialogue with internal auditors regarding the best time to complete this. As previously noted, an off-site audit of this area is not ideal; also, the end of year processes this year are going to be different given the impact of COVID-19 (e.g. AEB reconciliation). All concerned feel that this is an audit that would be best done face-to-face and, as a consequence, this will impact upon progress being made on the actions previously agreed. The proposal is to look at 20/21 data early and then pick up and address any issues identified.

In terms of the recommendations included within appendix B, these will be picked up by external auditors in the autumn term review.

AGREED: to note the content of the update provided.

8 EXTERNAL AUDIT 2019/20 PLANNING MEMORANDUM

Mazars introduced this item and confirmed that, in the main, the audit will be looking at a number of areas which are common to the sector. Key matters brought to the Committee's attention were:

- Page 4 – there will be more scrutiny in relation to going concern
- Page 7 – the regularity audit – there is a challenge for the sector in terms of OfS and HEFCE regulation; however, this is more an issue for auditors rather than the college. The ESFA is expected to issue more guidance to the sector shortly and the feeling is that the ESFA is expecting to see more regularity issues this year when compared with prior years.
- Page 8 – sets out the timetable for the audit. No blanket change to the 31st December submission deadline is expected. However, enquiries regarding going concern are likely to take a little longer to finalise in terms of the assurance available and/or requires (specifically, how colleges will be able to give this assurance to auditors). David Hoose confirmed that Mazars have been completing remote audits for the last 16 weeks and this is going well, and the expectation is to

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- complete a mix of remote and on-site activity.
- Page 9, section 4 – this needs to be looked at through a ‘COVID-19 lens’
- Page 12 – this details the other matters to be discussed and includes HE changes
- Page 13 – details fees. It has been agreed that a separate fee for the BKSb audit will be charged given the changing nature of the college/company relationship.
- Page 19 – the Audit Code of Practice has still not been issued for this year; however, significant changes are not expected. He confirmed that he would provide a note to the Committee highlighting any changes made.

External Auditors

A challenge from one member of the Committee was that there was not much detail included regarding audit ‘emphasis’. It was explained that this is usual for college audits and that the areas covered broadly align with the summary of key risks set out in section 4.

The Finance Director indicated that there may have been some historic overvaluation regarding some items on the fixed asset register and that, if this is the case, it will be picked up as part of the audit. He indicated that auditors were also, at the request of the college, looking at the accounting treatment in relation to the BKSb pension liability.

The Committee asked what the process was in terms of the fee variation proposed. The Finance Director indicated that the additional cost will be charged to BKSb; therefore it was agreed that approval of the expenditure of £5k would be presented to the next meeting of the BKSb Board of Directors. The Committee were happy to note the variation proposed and all agreed that they understood the reasons for it.

Finance Director

13.08.20

The Committee asked whether there was any policy in place in relation to non-audit fee values and the process for approval. The Finance Director confirmed that all of the items proposed are audit items, save for any tax work required. External auditors indicated that the fallback position would be the ethical standards in place for auditors.

AGREED: to approve the external audit planning memorandum 2019/20 as presented.

9 RISK MANAGEMENT

The Finance Director introduced this item and drew the Committee’s attention to the risk register and, in particular, the movements highlighted by the arrows. Key matters discussed were:

- COVID-19 – the financial risk in relation to this has been lowered. The college intends to defer some 19/20 income in relation to apprenticeship provision as there are some

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apprentices who are not completing as quickly as usual; however, the income is still coming in. It is known that there will be lots of catch-up activity required; therefore, funds will be required in 20/21 to cover the period that it takes to get to end point assessments and to gateway. Financial estimate in relation to this is between £500k and £750k, and it was explained that it is important to ensure that the college does not have a situation of unfunded activity in 20/21.

In reviewing the register, the Committee made the observation that there were five or six lines where the arrows have gone up to reflect increasing risks; therefore, they asked that the Finance & Estates Committee review risks 5, 6 and 11 and the Standards Committee review risks 32 and 2. They acknowledged that COVID-19, in all areas, is a Board issue rather than a matter to be specifically reviewed by any one committee.

The Finance Director confirmed that the risk register improvement suggestions made by internal auditors will be incorporated ready for the next meeting, these include more clarity regarding actions, dates, owners etc.

AGREED: to note the content of the update provided.

COVID-19 re-opening risk assessments

One member of the Committee confirmed that she is now the link governor for health and safety and can therefore provide assurance that these risk assessments are continually evolving and improving. The Health and Safety Committee is reasonably assured regarding the arrangements, however one improvement could be made in terms of the version control of documents. She described the assessments as evolving quite significantly over time.

All agreed that completing these risk assessments has been an excellent piece of work; therefore, they commended the Director: IT, Estates & Learning Resources and his team for all their hard work. The Principal confirmed that these are being lived for real in the college and they are delivering what was required in terms of the safety needed.

The Finance Director noted that there was an outstanding action to review the risk management strategy, and he explained that the college had needed the internal audit report, which was now available, so that any recommendations could be incorporated. He confirmed that an update to the strategy would be presented to the next meeting of the Committee for review.

FD 15.09.20

The Committee discussed whether there was a requirement or a benefit in having an annual report provided. The Clerk confirmed that

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she would provide some historic examples of an annual report completed in prior years and then the FD/Committee could take a view on purpose and benefit.

AGREED: to note the content of the update provided.

10 **REGISTERS, ATTENDANCE AND RECORDING – 2019/20 END OF YEAR REPORT**

The Finance Director provided a verbal update and indicated that the college does not yet have the end of year position and that, in any event, this year would be slightly skewed because of COVID-19 (i.e. recording of engagement rather than attendance after March 2020). He confirmed that some engagement rates were better than others in a number of curriculum areas.

The Committee discussed whether this was the right forum for debate and they questioned whether it is a matter that the Standards Committee would review in any event. It was noted that, previously, there has been a process issue regarding compliance, which is why this has historically been considered by this committee. In terms of the risk register, the Committee felt that there was no indication that compliance and process remain an issue; therefore, they did not feel that an annual report was required, save for the executive team advising them differently.

AGREED: to note the content of the update provided.

An observation and challenge from the Committee was that there were far too many items scheduled on this agenda for verbal updates. They indicated that this did not allow them a clear line of sight in terms of what would be discussed or asked of them at the meeting; therefore, they agreed that verbal updates would not be provided in the next academic year.

Policies and procedures

The Committee discussed the schedule presented and agreed that they would only be interested in policies that require specific consideration by this Committee, e.g. whistleblowing, fraud, etc., and also assurance regarding the process of review. They indicated that, in future reports, they would wish to be informed of any issues that increase the risk to the college in terms of policies and procedures.

AGREED: to note the content of the update provided.

11 **EXCEPTIONS REPORT**

The Finance Director confirmed that there was nothing to bring to the

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Committee's attention.

12 **AUDIT SERVICE SECTOR UPDATE**

It was agreed that there was no further discussion required and it was acknowledged that external auditors had provided a lot of sector information in their audit planning memorandum.

13 **COMMITTEE REVIEW**

The Clerk presented this item and a number of matters were considered:

1) Terms of Reference

The Committee asked whether the Board annually reviews membership and the Clerk confirmed that this is done at the July meeting each year, ready for the next academic year. The Committee were happy that the terms of reference presented remained fit for purpose and they were happy to recommend that they roll forward into 20/21 unchanged.

2) Self-Assessment 2019/20

The Committee acknowledged that, at this time in the prior year, they had identified the need to recruit an additional member with audit/finance skills and that Clive Pitt had joined the Committee, which had made membership four instead of three. An observation made by one member was that four seems quite small and it was noted that, in the terms of reference, it says that membership can be up to six. Following discussion, it was agreed that there was no compelling reason to increase the number of committee members; however, an invite would be issued to governors to see whether anyone was willing to volunteer to make this commitment.

The Principal expressed the view that the Workforce Development Committee probably would benefit most from the extra commitment required by governors, if they are able to give more time, as there is only one governor who sits on WDC. The Committee in general felt that they were happy with the size currently in place, however, they would be happy for any other governor to join if they wanted to for personal development. It was also acknowledged that a Committee co-optee could be sourced and it was felt that this may be of benefit if an individual can be identified who has an FE specific background and knows FE risks. The Committee felt that this was also an opportune way of succession planning.

3) Membership 20/21

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The Committee agreed that they were happy to continue with membership 'as is' in to 20/21, with the proviso agreed above regarding an extra volunteer or Committee co-optee.

4) Work plan 20/21

The Committee discussed the draft work plan and felt that, in terms of fraud, there could be more specific reference to the Bourneville questionnaire to be completed annually. Save for this addition, they were happy to agree the work plan proposed.

14 FRAUD, IRREGULARITY & WHISTLEBLOWING

The Finance Director confirmed that there were no matters to report to this Committee.

15 AOB

There were no items of additional business.

16 DATE AND TIME OF NEXT MEETING

The Clerk confirmed that the next scheduled meeting is 15th September 2020 at 3pm.

CONFIDENTIAL ITEMS

It was agreed that confidential items would be reported separately.

(Auditors left the meeting at 6.45pm)

Meeting closed at 6.55pm.

Signed : _____  _____ Chair

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