

**Minutes of the meeting of the Audit Committee held on Tuesday 26<sup>th</sup> April 2022**

**MEMBERS** Neil McDonald, Chair  
**PRESENT:** Sardip Sandhu  
Rebecca Joyce  
Ann Treacy

**ALSO IN ATTENDANCE:** Maxine Bagshaw, Director of Governance  
Andrew Cropley, CEO/Principal  
Jon Fearon, Finance Director  
Catherine Walker, Executive PA  
Lee Glover, Haines Watts  
David Hoose, Mazars

Auditors confirmed that they had not requested a meeting with the committee without management present.

ACTION by whom	DATE by when

**1 DECLARATIONS OF INTEREST**

The chair reminded everyone present to declare any interests that they may have on agenda items to be discussed. No specific declarations were made and standing declarations were noted.

**2 WELCOME INTRODUCTIONS & APOLOGIES FOR ABSENCE**

There were no apologies for absence, with all committee members present.

**3 MINUTES OF THE MEETING HELD ON 8<sup>TH</sup> FEBRUARY 2022**

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 8<sup>th</sup> February 2022.

There were no matters arising.

**4 ACTION PROGRESS REPORT**

Signed : \_\_\_\_\_  \_\_\_\_\_ Chair

Date: 05/07/2022

The committee were happy to note the content of the update provided. In relation to line 5, the OfS registration proposal, the committee were advised that the college had still not finalised the transfer of the engineering students; however, it was the intention to take the proposal on this to the May 2022 Corporation Board meeting.

FD

May 2022

## 5 **COMPOSITE COLLEGE RECOMMENDATIONS REPORT**

The executive assistant presented the summary report and detailed table of actions previously agreed. Key matters highlighted were:

- There are four actions that have been concluded for 2020/21.
- There are two 2020/21 requests for revised completion dates. The first relates to the rollout of multifactor authentication, and she explained that it was just taking slightly longer than originally envisaged. The proposed revised date is May 2022, and this was approved by the committee. The second relates to the action arising from 16-18 follow-up, and the action is now proposed to be completed in April 2022. The committee were happy to approve the completion date revision.
- In relation to 2021/22 actions, 19 have been added to the rolling log and three are outstanding. Of these, two arise from the safer recruitment report to be considered later on the agenda, and there is one deadline extension request, with the proposed new completion date as August 2022. It was explained that this relates to a new module on i-Trent, which is currently being piloted, and that this may, therefore, impact on the policies and procedures to be created. The view of staff is to await the outcome of the pilot and then align the policies and procedures to the new system if it is introduced. The committee were happy to approve the completion date extension as requested.

In general discussion, a challenge from the committee was that it is important to have dates agreed that are reasonable and can be achieved. They indicated that any extension request is to be forward-looking rather than waiting until a date has been missed/passed. The committee felt that, if realistic targets were agreed at the conclusion of the audit, this would avoid the need for any date reviews.

AGREED: to note the content of the update provided.

(Catherine Walker left the meeting at 5.10pm)

## 6 **2021/22 INTERNAL AUDIT**

Signed : \_\_\_\_\_  \_\_\_\_\_ Chair

Date: 05/07/2022

Haines Watts provided an update on a number of areas.

- 1) Safer recruitment audit – key matters highlighted were:
  - A positive assurance opinion.
  - There are a few areas noted for improvement.
  - There is real confidence regarding training that is in place.
  - Similarly, confidence regarding safeguarding checks for members of staff.
  - In terms of suggested improvements, these include:
    - Establishing a single central register of information for contractors. It was explained that it was found at audit that the estates team compile this, and their structure is not as robust as that in the HR department. The suggestion was also to add in an explicit requirement for identification checks.
    - The second recommendation is to update the process and procedures document to match the actuality in terms of recruitment and selection. One aspect of this is to specifically include how the college will deal with breaks in employment.
    - A recommendation has also been made in relation to reperforming DBS checks, with the suggestion being that these are every five years.
  - The college has been recommended to clarify expectations when signing up with agencies as there are a number utilised which could involve separate terms and conditions, and it is important that the college's own expectations regarding safer recruitment are consistently applied when using agencies.
  - The final recommendation is the creation and publication of a formal safer recruitment statement.
  - Overall, a positive level of assurance with good outcomes.

The committee acknowledged that the report was quite positive with some sensible suggestions and that it was now a matter of tightening up on some documentation, which it is envisaged will be completed by August 2022. The committee were assured that there is clear evidence that the college has taken, and is taking, steps to strengthen processes.

AGREED: to note the content of the report provided.

- 2) 16-18 follow-up – key matters highlighted were:
  - At audit, there were still a number of learner agreements with no signatures. However, auditors acknowledged that the college was chasing this. The number did reduce during the audit exercise, decreasing from 400 to 237.
  - In terms of areas for improvement, these include:

Signed : \_\_\_\_\_  \_\_\_\_\_ Chair

Date: 05/07/2022

- Consistency of staff checks regarding learner agreements.
- One recommendation made regarding withdrawals, although auditors acknowledged that this was not a wider issue than the one instance identified in the sample. All acknowledged that having timely withdrawals is important.
- The college is moving in the right direction but is still not where it needs to be, and staff acknowledged that this was not the audit outcome required.
- Audit assurance opinion is borderline 'adequate'.

A question and challenge from the committee was what is required to address the issues identified. The finance director provided some context and reminded that, at the audit undertaken in June 2021, there were 60% of learner agreements not signed. The college has since changed processes and undertaken a couple of rounds of chasing; however, there are some learners who are stubbornly refusing to engage. He advised that the figure prior to the Easter break was 133 and, of these, 30 are known to have left the college; therefore, it is unlikely that signatures can be obtained. The current position is circa 100, which falls below the 5% tolerance, and it was explained that, in the vast majority of outstanding instances, the barriers are students.

The committee were advised that, in the next academic year, it is likely that the college will do far less online signing, which should improve the level of non-response.

The committee then discussed the issue highlighted in relation to staff signatures, and it was explained that, in reality, the 'signing' is the fact that staff create the document on the system. However, the college has simply not included a printed name and date, which can easily be included and incorporated within the system. It was explained that this would be for presentation purposes only because actually creating the document itself is proof of staff engagement and approval.

The finance director indicated that, having reviewed processes, it is believed that systems could be quicker from a curriculum information perspective. He provided assurance that there is very close tracking and monitoring regarding attendance and, therefore, in reality, the college is running its own compliance checks regarding the risk of withdrawals.

The finance director indicated that, from an ESFA perspective, they are happy with an accuracy rate of 95% but that, if it were to get to 90% or below, then they would be looking at clawback. A challenge from the committee is that the college needs to get to a position

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where it is not chasing the completion of paperwork. The finance director confirmed that the college has added more resource to the learner records team and separated out responsibility for exams. There are also seven extra staff approved to be employed for the period from August to September 2022 to improve the start of year compliance position.

Staff acknowledged that the timing of this audit had been helpful as it was then possible to take action early to chase and address any gaps.

The committee asked whether there were likely to be any financial/funding implications. The finance director expressed the view that the risk is low and that, given the exercise undertaken, there should be a minimum level of withdrawals. He confirmed that the college is now positively ensuring accuracy of the ILR in-year rather than waiting until yearend. The committee acknowledged that, whilst the college is on an upward trajectory in this area, it is important to get to adequate or substantial assurance at the next audit. A challenge from the committee was to try to build in checks in the first 42 day project that is currently underway.

The committee asked whether noncompliance is focused in any particular area that needs to be addressed. The finance director explained that it was 'scattered' with no particular focus.

AGREED: to note the content of the report provided.

### 3) Progress against the plan for the year

The committee's attention was drawn to the table on page 4 and an update was provided, including:

- The core financial report was issued today.
- There are a number of other audits starting now, including:
  - Quality management – this is starting today
  - Health and safety – an initial kick-off meeting has taken place
  - Information governance – start is planned for early May.
- The expectation is to have all completed by the end of May or the beginning of June 2022.
- Subcontracting certification will be done at the end of the year.
- The only area of planned fieldwork where there is no current date agreed is the follow-up; however, the audit team can use the item 5 report (composite college recommendations) discussed earlier in the meeting as the starting point to validate by testing.

The committee noted on page 3 that there are three unused days in

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the plan, and they asked what will happen in relation to this. The finance director indicated that the college could 'bank the days' or, alternatively, complete a PDSATS test. However, in relation to the latter, he expressed the view that it would be better to do this later in the calendar year and, therefore, it would make more sense to roll this into the 2022/23 plan. If this is rolled into the 2022/23 plan there may be benefit in looking at capital estates/project management with the days not used.

AGREED: to note the content of the update provided.

**7**      **OFS AUDIT OUTCOMES**

The finance director presented the letter, which confirmed OfS audit signoff. All agreed that it was pleasing to get the audit conclusion presented.

AGREED: to note the content of the update provided.

**8**      **RISK REPORT**

The finance director introduced this item and explained that there were not a lot of changes to the register at this point in time. There have been some reduced financial risks as performance has been improving. The college has made good progress in relation to AEB and is now ahead of profile and budget, which is a major shift. It was acknowledged that this is regularly reviewed by the Finance and Estates Committee.

The committee were advised that, as 16-18 growth hasn't materialised as envisaged, the college has been able to take some internal capacity/resources to use for catch-up coaching, which has meant that there has been less to pay externally in relation to this.

The committee considered the capital project funding risk and, specifically, the potential for Mansfield Towns Fund clawback, and it was explained that this has reduced following ESFA confirmation of in-principle capital grant to match fund.

In relation to capital projects, the finance director indicated that each project will have its own risk register and that projects will be monitored by the Finance and Estates Committee. The Audit Committee expressed the view that it was also important for them to have an overview.

In relation to workforce development risks, the committee were advised that the college is having a really positive period in terms of staff resourcing; however, there has been one member of staff leaving the construction department, which was a departure in their

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probationary period.

The committee were advised that the risk in relation to an Ofsted grade 3 has reduced. This is on the basis of the deep dive profiles and the self-assessment reports, which give much more confidence regarding a grade 2.

In relation to the workforce development risks, the committee asked whether the risk reduction is because the college currently has a full workforce compliment or, instead, whether the college has got to a position where there is confidence regarding recruitment and retention abilities. It was explained that the college has done a lot of things differently this year: an example given was the work and training with NTU in relation to industry specialists, which has allowed the college to move away from a focus on recruiting 'teachers'. The college has been able to use apprenticeship funding to train them as trainers. The HR department is working hard at different recruitment events and deploying different recruitment methodologies. This is allowing the college to move away from bidding battles. The CEO expressed the view that the commitment to train new employees has been really effective and has been a big change. There was a recent staff open event which 60 individuals attended to discuss various roles across the college.

The committee were reminded that the college has also reduced the time taken to get to the top of the teaching pay scale, which has been positively received and is attractive to new entrants. There has been effective use of the apprenticeship levy to develop industry specialists.

In general discussion, the committee indicated that, from a presentation point of view, it would be useful to also include a descriptor on the register lines – rather than just using F3, F4, etc. – so that governors do not need to flick between documents.

AGREED: to note the content of the update provided.

## 9 **PROCUREMENT REPORT**

The finance director presented this item and confirmed that the report gives an update on the compliance position and identifies where there has been any request for a variation against the financial regulations. Further detail was given in relation to the variations approved, and it was explained that these were in response to some particular issues, including:

- Where the college may not have had a choice in terms of where to buy, an example given was additions to existing kit.
- Where a company may have connections with employers

Signed : \_\_\_\_\_  \_\_\_\_\_ Chair

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and, therefore, the partnership is needed to engage particular types of learners.

- Purchase of a second-hand electric car. Assurance was given that pricing was tested through Auto Trader and local price matching to validate.

The committee thanked the finance director for the report and confirmed that it gives them confidence regarding processes and awareness and that they were pleased to see that everything is transparent.

The committee noted the £700k figure on one line and asked what the tender and delegated authority limit is. It was explained that this figure is not one contract/contractor, and assurance was given that proposals in relation to this were taken through the Finance and Estates Committee, who review partnership arrangements. A large part were strategic development projects where the college only had a six-month spend window.

AGREED: to note the content of the update provided.

**10 FRAUD, IRREGULARITY AND WHISTLEBLOWING**

It was agreed that discussions would be recorded on a confidential basis.

**11 CODE OF GOOD GOVERNANCE COMPLIANCE CHECK IN RELATION TO THE SECTION ON 'FINANCIAL STRATEGY AND AUDIT'**

The director of governance presented this item and explained that, in reviewing this early, there is an opportunity to identify any gaps or additional actions required. The committee particularly discussed the one area which was described as 'partially compliant', which is section 6.10: 'the board must ensure that effective arrangements are in place for the management and quality assurance of data. This assurance should include a statement on data quality from the audit committee.' The committee asked whether general data (i.e. non-financial) is adequately tested.

The finance director indicated that he had RAG-rated this as partially compliant because it is a new enhanced expectation. The committee acknowledged that the balanced scorecard gives a broad overview and that the reviews undertaken of student records have provided adequate assurance. The finance director indicated that, throughout the sector, there is a 'stepping up of obligations' and that the data assurance statement required is now explicit. He indicated that, historically, this has not been a focus but that aspects of data are reported on throughout the year; however, this new expectation requires explicit referencing regarding data more generally and not just financial. The committee were advised that the college always

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undertakes an internal review of student records; however, this is on a cyclical basis.

A challenge from the committee was that governors need to be happy about the quality of data that inputs into the balanced scorecard as this is a key assurance mechanism. The committee were reminded that, in 2020/21, internal auditors reviewed the balance scorecard processes and the audit opinion was RAG-rated as green. In addition to this, the college had a positive ESFA audit. A challenge from the committee was that the amber RAG-rating may be too harsh, and it was acknowledged that this had been a mechanism just to flag up what was different from previous requirements. Governors agreed that, as this committee will need to include a new conclusion statement in its annual report, part of this will require drawing on evidence over the three-year cycle rather than just one year. The committee acknowledged that this requirement emphasises the greater expectations on the sector.

The committee asked what more will be required/needed so as to move this from an amber to a green. It was agreed that this is a summary of the three-year evidence where the data testing journey can be mapped.

The CEO expressed the view that there were enough questions raised regarding data to require some sort of follow-up in terms of outcomes and, therefore, it was agreed that a data internal audit piece (including PDSATS) would be completed before the December 2022 meeting so that this can be referenced in the committee's annual report and assurance statement. The committee indicated that, for the September/November 2022 meeting, they would need to see a list of where data assurance is obtained. The committee agreed that it was also going to be important in their report to include narrative regarding how the college has moved on its journey in terms of data compliance. A challenge from the committee was to review this early so that the RAG rating is green from 1<sup>st</sup> August 2022.

Finance  
Director

Sept. 2022

AGREED: to note the content of the update provided.

**12**      **AOB**

There were no items of additional business.

**13**      **DATE AND TIME OF NEXT MEETING**

This was confirmed as 13<sup>th</sup> June 2022. The committee discussed the date and it was noted that there would be several apologies; therefore, it was agreed to look for an alternative date in the following week.

Dir of Gov

April 2022

Signed : \_\_\_\_\_  \_\_\_\_\_ Chair

Date: 05/07/2022

**14**      **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded on a separate basis.

(David Hoose and Lee Glover left the meeting at 6.15pm)

Meeting closed at 6.20pm.

Signed : \_\_\_\_\_  \_\_\_\_\_ Chair

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