



**WEST NOTTINGHAMSHIRE COLLEGE**  
AUDIT COMMITTEE

**Minutes of the meeting of the Audit Committee held via Microsoft Teams on Tuesday 27<sup>th</sup> April 2021 at 5pm.**

**MEMBERS** Neil McDonald, Chair  
**PRESENT:** Rebecca Joyce  
 Sardip Sandhu  
 Ann Treacy, Committee Co-optee

**IN ATTENDANCE:** Maxine Bagshaw, Director of Governance  
 Andrew Cropley, CEO/Principal  
 Jon Fearon, Finance Director  
 Lee Glover, Haines Watts  
 Catherine Walker, PA to the Finance Director

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

ACTION by whom	DATE by when

**1 DECLARATION OF INTERESTS**

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**

Apologies for absence were received from David Hoose. Absent without apologies was Anna Teal.

**3 MINUTES OF THE MEETING HELD ON 9<sup>TH</sup> FEBRUARY 2021**

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 9<sup>th</sup> February 2021.

There were no matters arising.

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

Date: 14/06/2021

#### 4 ACTION PROGRESS REPORT

The committee were happy to note the content of the update provided and were satisfied that matters were being completed as required.

#### 5 COMPOSITE COLLEGE RECOMMENDATIONS REPORT

Catherine Walker presented this item and drew the committee's attention to the detailed written report. She advised that there are just three recommendations that are now over the revised target dates to be discussed. These are:

- 1) Expense claim system – she explained that this has not been a priority for the college and the request is to amend the completion date to September 2021. The CEO confirmed that there have been virtually no expenses claimed during COVID, therefore the risk in relation to the delayed completion is very low. The committee acknowledged the position and were happy to amend the completion date to September 2021.
- 2) Core financial controls code of conduct – she advised that there is a draft form due for review by JCNP on 9<sup>th</sup> June 2021. There is a current code of conduct in place which is perfectly adequate, therefore, as this is only an update, there are no significant risks. Because of this, she would also like to request that the completion date be amended to September 2021. Committee were happy to approve this request.
- 3) Employer engagement marketing strategy and plan – the committee were advised that the college now has a new marketing manager who will contribute to the development of the strategy and plan. She is recently in post (three weeks) which means that the final document is not yet in final form. The CEO confirmed that the employer engagement strategy is well progressed and will be presented to the July board meeting, and the marketing strategy then follows this. The CEO confirmed that the marketing environment is changing significantly and that, as a consequence, it is likely that there will be a proposal to include a strategic objective relating to marketing for next academic year.

The committee, in considering the delay, asked for assurance that the college is in a good place to capitalise on the work that has already been done. The CEO provided assurance that this was the case and explained that student numbers for 2021/22 are looking very good. In addition, the executive team is considering a proposal to increase resources for apprenticeship delivery because the college is seeing a positive upturn as a result of the £3k government initiative. This seems to be having much more of a positive impact than earlier incentives. He explained that the college hopes to increase provision in the areas where there is capacity, therefore there will be no risk to quality and

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

Date: 14/06/2021

the learner/employer experience. He indicated that the college's approach to employer engagement and marketing is currently quite tactical rather than a strategic approach, with the college responding to demands and also catching up on what has been lost during the pandemic. He provided assurance that there will be a review of the strategy in light of a number of aspects including the White Paper. A challenge from the committee was that they would like to see a strategic approach developed in 2021/22, and they acknowledged the distractions in 20/21. The CEO indicated that the college will know in September 2021 whether it has been approved as a trailblazer in relation to White Paper developments, and this will also influence the strategic direction going forward.

On the basis of discussions, the committee were happy to amend the completion date of this action to 31<sup>st</sup> January 2022.

Catherine Walker advised that the curriculum planning audit actions have not yet been added to the composite report as it is scheduled for further discussion today. She confirmed that the actions will be added when the final report is received and confirmed.

In terms of external audit recommendations, the only aspect that the committee were asked to note was in relation to the sale of Thoresby Street.

AGREED: to note the content of the update provided.

(Catherine Walker left the meeting at 5.15pm).

## 6 **RISK REGISTER 2020/21**

The finance director introduced the updated document and confirmed that the RAG-rating colours had been changed, as requested at the last meeting. He advised that there were lots of positive movements in relation to the risks. A summary was provided in a number of areas, including:

- COVID risk not now a concern as the college/sector is being supported by the ESFA.
- The college has received 16-19 in-year growth funding, which is mitigating a number of risks.
- The college has some new initiatives that are starting to gain traction, e.g. 800 students enrolled on the new online learning offer.
- Subcontracting – the college has always been reliant upon subcontractors in relation to AEB delivery. The ESFA has confirmed a 21/22 allocation of £5.7 million, which is broadly similar to the current position; however, there is a key funding rule change next year (i.e. a 25% subcontracting limit). The college has been lining itself up to pursue other options, which

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

Date: 14/06/2021

will mean a likely scaling down of subcontracting activities and a reduction in the number of subcontractors. A proposal on this is going to the next meeting of the Finance and Estates Committee. Risk for the college is in relation to potential failure to directly deliver.

- The college is on track to hit income targets.
- Breach of bank covenants is no longer a risk because of the bksb sale.
- Risk of a failure to sell bksb is now significantly reduced as solicitors have confirmed that they have received purchase funds.
- Electrical apprenticeship delivery – this has now moved to the partner JTL. There have been a few teething issues but these have now been addressed.
- bksb underperformance is no longer an issue and the college has secured in-year Gift Aid.
- Potential for recoveries of 17/18 funds – this has been managed and the risk has been totally removed.
- Standards Committee – there is an increased risk in relation to a number of end of year actions, e.g. the impact of COVID on assessments, etc.
- Workforce Development Committee – there is a reduced risk regarding specialist staff retention as initiatives have been having some impact. There is no risk of industrial action.
- HR system concerns – the college has now made the upgrades and the system is fully updated. The college can now move to the next phase of development.

The committee asked for further detail on the position in relation to AEB. The finance director confirmed that:

- There are a lot of new initiatives starting.
- The target is 3,000 online enrolments, and the college is currently at 800. Typically, there are between 30 and 40 new enrolments per day.
- The Access to Sports offer is just starting. The expectation is that numbers will be between 800 and 1,000, but the college needs to see the evidence of this first.

The finance director confirmed that a really prudent view has been taken when preparing the management accounts. The position is currently ahead of EBITDA, and this is on the basis that there has been no recognition of any potential additional income from the new initiatives. AEB allocation will not be reduced for the next academic year. Whilst funding protection for this year is +10% of actual, the allocation will remain at £5.7m in 21/22. In relation to line F17 on the register, he confirmed that the ESFA has now determined the reconciliation process.

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

Date: 14/06/2021

In considering the update provided, the committee were pleased to note the really positive progress made.

AGREED: to note the content of the update provided.

**7**      **INTERNAL AUDIT REPORTS 2020/21**

Haines Watts provided an update on a number of items.

1) Curriculum planning audit update

The committee were advised that time is now being organised with management to revisit on the basis of the curriculum planning process for next academic year, which is currently being concluded. He described this as a 'work in progress'. A challenge from the committee was to make sure that the right managers are involved in the review process.

The CEO advised that he and the team have had a real in-depth review of this report, which has led to three scrutiny sessions following the points made. The aim is to be in a position to respond to the points made through self-reflection. It was confirmed that the updated report would be available for consideration at the next meeting. The CEO indicated that it was important for auditors to be able to see a full cycle of planning, which is why the timing is now right to undertake further review. A challenge from the committee was that it was important to conclude this work in the current academic year.

Haines  
Watts

June  
2021

2) HR health check

Auditors confirmed that this was a really pleasing report with substantial assurance provided. There are two 'merits attention' recommendations which relate to:

- Policy updates
- Verification of qualifications.

3) Payroll and benefits

Auditors confirmed again that this was a really pleasing report and that, whilst there are no specific recommendations, this does refer back to the health check recommendations in relation to outstanding policies due for update.

The committee considered the two reports together and noted that the completion dates in the HR health check report are imminent, and they questioned how confident the college is, particularly in relation to the policy updates. The finance director advised that the dates are influenced by the need to report to the Workforce Development Committee, which is scheduled to meet at the end of May 2021. The

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

Date: 14/06/2021

committee were advised that there is a meeting with trade unions on 9<sup>th</sup> June to review policies and, potentially, their feedback is the one aspect which could lead to delay. The committee felt that it was important to set realistic timescales and, because of the potential delay while trade unions respond, they agreed with the proposal that July 2022 should be the target date.

In terms of HR, it was explained that there is a lot of catching up to do because of the challenges and unexpected aspects this year, but assurance was given that there is nothing critical outstanding. The CEO advised that review cycles generally for policies are being reconsidered so that it becomes a more manageable exercise. A challenge from the committee was that health and safety policies should never be out of date but that, other than this, it is important to be realistic regarding preparation dates. One suggestion made was that review dates are based upon college preparation rather than trade union agreement, as this is out of the college's control.

A question from one member of the committee was whether or not the review of policies should be a part of internal audit follow-up or a separate piece of work. Auditors advised that their follow-up is a view on the management tracking, particularly its accuracy, rather than a revisit of every action. A suggestion made was to have a Workforce Development Committee update on policies at each Audit Committee meeting, and the director of governance was asked to try to factor this in to the meeting scheduling for next year so that the Workforce Development Committee meeting note could be simply extracted from the minutes of their meetings.

Director of  
Governance May  
2021

Internal auditors indicated that it is very unusual to have a fully clean payroll audit, therefore the college can take substantial assurance in relation to this. The committee asked that their appreciation be passed on to the HR team and agreed that the reports had been very reassuring and impressive.

#### 4) Progress against the 2020/21 annual plan

Internal auditors confirmed that they are a little behind where they expected to be but do anticipate concluding all of the work required in this academic year. They confirmed confidence regarding the May fieldwork dates and the planned work.

The committee were advised that the student record reviews will be the most difficult to finish, which is why the proposal is to conclude these by the end of June. The impact of this is that reports will not be available for the next meeting. The committee acknowledged that this had been an unusual year and that they would schedule a short meeting in September to consider the reports in relation to student records and also the internal audit annual report for 2020/21.

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

Date: 14/06/2021

AGREED: to note the content of the updates provided.

**8**      **INTERNAL AUDIT PLANNED ACTIVITY**

Internal auditors presented the draft briefs for the proposed student record reviews, which are:

- Apprenticeship onboarding
- 16-19 funding
- Learner support

Committee observations and comments were invited on the draft documents provided.

In relation to learner support, one member of the committee asked whether it is possible to add in whether there is sufficient resource available. Auditors advised that it is possible to include something regarding monitoring and management information which would highlight any issues regarding resource challenges. He confirmed that management information targets will be in place and whether or not these are being met should or should not flag up resource concerns.

One member of the committee asked whether the 'management objective' and 'audit focus' are standard or college-specific. In relation to objectives, he advised that most are quite general in terms of the systems and processes and that the 'focus' reflects anything specific that has come from management or committee.

In relation to learner support, the CEO explained that it will look at the financial aspects of ALS and also the support provided to students, and that how ALS works can differ significantly between local authorities. He indicated that it is important for internal auditors to sit with the vice principal's team to clearly understand the arrangements in place to give context for the audit.

The committee chair cross-referenced with a governance recommendation made during the external review by Ian Ashman, i.e. 'the audit committee to review risks on accuracy of funding returns, such as report on what issues have come up in the DSAT report, as part of future internal audit work.' He asked whether this could be picked up as part of the work undertaken, i.e. more clearly identifying for this committee whether there are issues. Auditors confirmed that they will run the ILR through DSAT and that DSAT is a tool to identify any anomalies. He explained that the college will then undertake a process of self-cleansing once they have run the DSAT.

The finance director advised that, for three years running, the college has had ESFA audits on the funding position and that DSAT was a focus during these. The error rate was described as the lowest the ESFA have ever seen, therefore the college can be pretty confident on this.

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

Date: 14/06/2021

That said, DSAT is not static and it is possible to identify learner values at risk.

The committee were asked to note that the internal audit planned will not cover AEB in this cycle and, therefore, it will not be a 'full funding audit'. However, it should be possible to identify the values at risk at the point in time of the audit. The finance director expressed the view that it is the level of confidence regarding the college's control systems that will be the focus of the audit and will inform whether there are any potential issues. All agreed that it was important to obtain an external overview to obtain assurance on this, albeit that it will only ever be a point in time analysis.

Following discussion, it was agreed that auditors would report back on any DSAT issues that present a risk so that the committee can then better understand how the college manages and mitigates the risks flagged in the DSAT returns. It was acknowledged that the expectation is that auditors will not review and analyse the accuracy of DSAT returns and that it is more about how the report is phrased to the committee, the link with funding risks, and then investigation and mitigation. It was acknowledged that DSAT reports are 'all at a point in time' and that the college will continue to finesse to maximise the funding position and address any anomalies found.

The committee then considered the apprenticeship onboarding draft document and the CEO asked for two specific areas to be reviewed. These are:

- The time taken between an induction request and actual onboarding.
- Appropriateness of the apprenticeship, i.e. the process. He explained that he would like some assurance regarding the sales team taking responsibility for getting the right learner on the right apprenticeship scheme for them.

Subject to the discussion points at the meeting and the changes requested, it was agreed to approve the scopes as presented.

AGREED:

- a) To note the content of the draft documents provided.
- b) To approve them, subject to the comments and requests at the meeting.

9 **PROCUREMENT – MID-YEAR REVIEW 2020/21**

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

Date: 14/06/2021

The finance director introduced this report and confirmed that it provides a high-level summary of procurement activity for the year. He confirmed that COVID has been a great learning opportunity and that the college has changed many of its processes. There have been a few major system changes to remove unnecessary levels of bureaucracy, e.g. obtaining approval for new suppliers on the system: this allows for more competition. He confirmed that any proposed purchase over £2.5k triggers an automatic requirement from the system to produce a report and evidence in relation to procurement. The college does have a document that allows approval for single tenders. In relation to single tenders it was explained that these have been used in a number of situations, including:

- Building condition fund spend
- D2N2 project for robotics development – in relation to this, the college has been able to ensure a fully aligned curriculum with procurement processes and can evidence a real value-added exercise.

The CEO indicated that the procurement changes have been a real triumph and are evidence of a significant cultural change. They have been impacted by a business improvement piece with staff really taking ownership and the design being 'bottom up', the consequence being that the college is saving money and is more efficient.

One committee member made an observation regarding the high level of spend with Stone Computers and asked how contracts were awarded. The finance director confirmed that it was always by quotation. In some instances they were the only company who could supply because they have UK production. National supply of laptops has been a huge challenge as a consequence of the pandemic. Stone did not increase their prices to the education sector and chose to maintain and honour their supply. The committee were given assurance that, generally, the contracts were managed by three quotes but that in some instances, e.g. provision of laptops, it was simply a case that others could not provide in the time required.

The committee discussed procurement reporting to Audit and Finance & Estates Committees. It was agreed that the detail of procurement values etc. would go to F&E and that the Audit Committee would look at procurement processes twice per year.

One member of the committee asked how the college manages the number of suppliers so that there are not too many, i.e. with the aim being to get to an optimum number. They asked how the college will look at the value-added, including ethics, environmental, social responsibility, etc. It was described as a 'maturity issue' and, specifically, what the college would like to add in in terms of its aims and objectives. The finance director indicated that the college is part

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

Date: 14/06/2021

of the Crescent Purchasing Consortium and that they really help to select providers; however, there is some resistance to a number of aspects. Part of this is the 'small and local focus' and how this might fit in to decision-making and objectives. The finance director expressed the view that it is important to take maximum advantage of CPC contracts, e.g. Arco, Screwfix, etc., and that to do this there needs to be a culture of all areas in the college operating in the same way.

The finance director expressed the view that it was important not to narrow the list down too much and that there needs to be a balance to ensure competitive pressure. A challenge from the committee was to look at a statement and view on what is important to the college when making procurement decisions. The finance director acknowledged that now was probably the right time to review and refresh the procurement policy and that this is something that he would look at for early in the new academic year.

Finance  
Director

October  
2021

The committee acknowledged that there needed to be balance with discounts obtained on high values versus a small and local approach. They agreed that it was important for this committee to be assured regarding the internal controls, and a challenge was for the college to have a holistic approach to support the whole.

In terms of future reporting, it was agreed that the F&E Committee has the role of looking at detail in terms of top 10 spends, frequency of contract allocation, etc. and that the role of the Audit Committee is to look at processes and systems.

AGREED: to note the content of the update provided.

**10**      **AOB**

There were no items of additional business.

**11**      **DATE AND TIME OF NEXT MEETING**

This was confirmed as Monday 14<sup>th</sup> June 2021 at 5pm.

**12**      **CONFIDENTIAL ITEMS**

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

(Lee Glover left the meeting at 6.30pm)

Meeting closed at 6.35pm.

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

Date: 14/06/2021