

Minutes of the meeting of the Audit Committee held on Tuesday 8th February 2022

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

ALSO IN Maxine Bagshaw, Director of Governance
ATTENDANCE: Andrew Cropley, Principal & CEO
Jon Fearon, Finance Director
Lee Glover, Haines Watts (until 5.15pm)
Irene Mortimer, Haines Watts
Catherine Walker, Executive PA (until 5.15pm)
Sian Geeson, HR Director

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

ACTION by whom	DATE by when
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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. Irene Mortimer from Haynes Watts and Sian Geeson were welcomed to their first meeting.

3 MINUTES OF THE MEETING HELD ON 24TH NOVEMBER 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 24th November 2021.

Signed : _____  _____ Chair

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There were no matters arising.

4 **MINUTES OF THE JOINT MEETING WITH THE FINANCE AND ESTATES COMMITTEE MEETING HELD 25TH NOVEMBER**

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

AGREED: to approve the joint minutes of the meeting held on 25th November 2021.

5 **ACTIONS PROGRESS REPORT**

The committee considered the update provided and a number of aspects were discussed, including:

- Line 1 – an update was given to the full board at the meeting in December 2021 and, therefore, it was agreed that there was nothing further to discuss today.
- Line 4 – the committee considered the update provided in relation to the 'data classification policy', and they questioned whether there is an interim position given that the proposal is for full implementation in five years' time. The committee were advised that it is not the case that the college is doing nothing, and the plan is to move to Cloud-based systems; however, all of this information is currently held over 20 servers. To proceed more quickly would require repurchasing licences and, therefore, there are cost implications. It was indicated that the five-year date relates to the point in time where the college is confident it will be fully compliant. The CEO reminded that the director of IT's view is that the recommendation made is unnecessary, is very low risk, and is not a priority. It would cost an additional £40k in new licences to move forward now. He reminded that the issue raised does not relate to a key cyber risk but, instead, is about data management. The issue is consistency regarding the fact that the college currently uses 20 systems and each has different software. The CEO indicated that, in his view, the time and cost priority is getting the system cyber secure, i.e. introducing MFA rather than data management. He indicated that the college does not have a lot of different data types, that they are primarily related to either staff or students, and that there are no concerns regarding protected data. He confirmed that other options have been considered but that this recommendation is considered to be very low risk in terms of security and/or financial investment. The committee acknowledged that the action proposed is not proportionate to the cost and, therefore, they were satisfied with the proposal. They asked for an annual update on progress so

Director IT
& Estates

Sept. 2022
and each
September
thereafter

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that this action does not get lost.

AGREED: to note the content of the update provided.

6 COMPOSITE COLLEGE RECOMMENDATIONS REPORT

The executive assistant introduced this item and drew the committee's attention to the summary report and the detailed table. Key matters highlighted were:

- All of the 2019/20 actions have now been completed.
- Three of the 2020/21 actions have been closed.
- There are no new actions from internal auditors for 2021/22.
- Ten actions have been added from the OfS audit.
- There are two requests for deadline extensions: these relate to a) MFA testing & b) learner records. The request is to extend the deadline dates to March 2022.

AGREED:

- a) To note the content of the update provided
- b) Approve the two deadline extension requests presented.

7 2021/22 INTERNAL AUDIT

Internal auditors advised that all scopes have now been agreed and two audits have started. The finance director advised that the college paused the learner records audit work when notification of an OfS audit was received. He described this audit as very time-consuming. The plan had been to start the learner records work before Christmas, but this had to be delayed because of staff capacity.

A challenge from the committee was that the audit plan is starting a lot later in the year than envisaged, and it was noted that internal auditors are awaiting staff contact details before they can make arrangements for fieldwork dates. A challenge from the committee was that they wanted to see an updated plan with start dates agreed, and the finance director confirmed that he would circulate this outside the meeting. The committee indicated that they want assurance from the senior team that the plan for the year will be achieved.

The committee were advised that the safeguarding audit being undertaken relates to staff recruitment, and the proposal is that this is presented to the Workforce Development Committee at their next meeting in March, rather than having a delay by coming to this committee first. The committee were happy to agree the proposal but indicated that they would wish to see the internal audit report slightly before it is presented to the Workforce Development

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Feb. 2022

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Committee so that they can contribute to discussions if appropriate.

AGREED: to note the content of the update provided.

8

RISK REPORT

The finance director introduced this report and confirmed that some risks have now reduced in relation to finances. Key matters highlighted on the register were:

- Core 16-18 funding is likely to be within £1k of the current year in 22/23.
- The college is expecting the same level of maths and English funding.
- There has been an increase to the funding rates for 22/23 but this will come with the risk of significant pay increase expectations.
- There are no changes to the 'standards' aspects. Deep dives are going well and the college is collecting good evidence to prove a grade 2 at inspection.
- There are no changes to the Workforce Development Committee risks.
- The Prevent risk register has been added as the whole UK is on heightened risks, with some specific risks for the Nottinghamshire area.

When considering the Prevent risk register, the committee noted that, at area 3, the reference to right wing extremism notes training undertaken in 18/19. They questioned whether this needs a refresh. The CEO advised that regular training has taken place since 18/19 and that it is a matter of the comment in the document not being updated rather than training not being provided.

A question and challenge from the committee was that the Ofsted grade 3 risk is still quantified as 16 on the register; however, in board papers later in the week, it is showing a move to 'good/grade 2'. They asked that this figure be considered at the next risk register internal review to see if it can then reduce.

The committee then considered a report provided on the risks associated with staff recruitment and retention. Key matters highlighted were:

- There are some risks in this area.
- It is a national picture.
- The college has identified some challenging areas, with construction and engineering being a focus.
- The college has tried to mitigate the risks via a number of different initiatives. There is also a significant recruitment drive in relation to staffing for health and social care.

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- The college has had some recruitment successes in relation to A-Level provision.
- 'Growing our own' is a focus, and the college is accessing the teacher training fund to support this.
- There has been a review of the pay and reward strategy, including market supplements to make certain roles more attractive.
- The HR team continue to review the benefits platform.

There is still ongoing work in a number of areas including:

- Succession planning with assistant principals
- Participation in curriculum planning
- General recruitment day for all vacancies
- HR network meeting in March covering D2N2; the aim of this is to look at sharing resources
- Retention – more evidence to be gathered from staff to better understand why they are leaving.

One governor asked whether the five difficult to recruit areas are common or specific to WNC. The committee were advised that they are common across the sector and are driven by market forces. These tend to be the higher paid roles in industry. The committee were advised that the college is still struggling to recruit in construction, and an example given was a plumbing vacancy where advertisements had been placed a number of times unsuccessfully. It was acknowledged that pay in the construction sector is currently skewed and, as a result, some staff are returning to the tools.

The committee were advised that the college has increased its training budget as it recognises that there is a need to invest (e.g. partnership with NTU regarding new entrants). The college is no longer just looking for experienced teachers but is looking for individuals with good sector experience and/or relevant degrees. Some of the apprenticeship levy fund is being used to support this. A challenge from one member of the committee was to advertise the positive aspects of working in education: e.g. pension, holidays, sick pay, etc. The committee all agreed that they were really pleased to see the broad range of initiatives being used and considered.

One member of the committee asked whether the college could use its existing relationships with employers in the construction and engineering sector to try to access employee expertise: e.g. invite them in as industry experts. The committee were advised that one close relationship with a construction employer is being developed, and it is possible to start conversations with them. The committee acknowledged that the intent to go down this route was evident. A suggestion made was to consider reciprocal CPD, i.e. in/out of industry and FE. This is potentially something to follow up with

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employers at the Skills Conference and/or employer engagement events.

One member of the committee made the observation that there is likely to be a workforce who are thinking about 'coming off the tools' and that they may find a trainer/demonstrator role more attractive than being a 'teacher'. All agreed that this was really important as the college could double the number of construction apprentices that it serves but cannot currently because of capacity and the need to protect quality.

AGREED:

- a) To note the content of the risk register for 2021/22
- b) Note the content of the red RAG-rated reports
- c) Note the report provided in relation to risks associated to staff recruitment and retention.

(Sian Geeson left the meeting at 5.55pm)

9 **OFS AUDIT OUTCOMES AND ACTION PLAN**

The finance director introduced the report and acknowledged that there were a significant number of 'findings' detailed. He advised that the college has now provided a further 19/20 data file to OfS and they have confirmed that they are happy with the content. He advised that there was some data from Management Focus, which is a company that the college worked with which wasn't robust, and the college lost its HE data expertise when staff were TUPE'd over to NTU. He reminded that the college's HE provision is now much smaller.

He described the OfS approach as stringent, i.e. 100% compliance checks which leave absolutely no margin for error. He indicated that, as of 1st September 2022, the college will no longer have any individuals with learner loans and, therefore, there is an argument not to continue to register with the OfS. If this decision is made, there will be financial savings. He advised that higher level activity will be regulated through NTU and that another upside would be the fact that the college would no longer be subject to QAA arrangements as well.

He advised that the audit spanned six weeks and involved four auditors, which was a significant drain on staff time. He acknowledged that staff are not as knowledgeable about the HE data set when compared with FE and, realistically, HE data for the college is so peripheral that it is not proportionate to deal with it in the way OfS expect.

A question and challenge from the committee was whether or not

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there are any risks and/or drawback from any deregistration. The finance director advised that what the college will retain is funding through adult loans rather than student loans. The committee requested that the finance director present a deregistration proposal to the next meeting of the full board in March 2022.

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10.03.2022

AGREED: to note the content of the update provided.

10

GOVERNANCE PEER REVIEW – IMPACT ASSESSMENT OF THE EXTERNAL BOARD REVIEW

The director of governance presented her written report and confirmed that the proposal is to be considered by the Governance Committee at Stoke-on-Trent College later in the week. One governor questioned why Stoke-on-Trent College, and the director of governance explained that this is because of the links that she has between the two colleges. The CEO commented that they have been on a fairly similar journey to WNC and have a similar context and, therefore, they are a good match. He indicated that not all colleges will have had similar experiences and nor will they have undertaken external reviews. The committee agreed that it was important to get the right governors involved in the process, both at WNC and SOTC, and the director of governance expressed confidence in relation to this. Challenge from one member of the committee was not to ask governors to do too much and to avoid overburdening them. They asked whether the 'reasonable' assessment is appropriate, and they commented that it may be too much to ask on a voluntary basis. The CEO expressed the view that governors should see some real differences from the meetings back in 2019, including:

- A risk register then that was not robust and/or extensive
- Audits undertaken not being impactful
- Standards Committee focus was almost entirely on apprenticeship provision
- Finance focus at board meetings.

He indicated that, when 21/22 is used as a comparison, it should be possible to see the picture and the journey that the college has been on. In terms of the decision-making process, all agreed that it was important to share the scope of the review, the outcomes/recommendations report, the workshop notes, and the action plan with a review of 'now and then'. The committee hoped that it would then lead to a forward-looking piece and that they would welcome any recommendations; however, they are acutely aware that there is a need not to overburden the individuals in the process. All agreed that the aim is to assess the impact and then look forward.

One member of the committee asked whether there should also be a compliance review against the code of good governance, and it was explained that this is currently something undertaken internally

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and then presented to the Senior Postholder and Governance committee.

AGREED: to note the content of the update provided.

11 FRAUD, IRREGULARITY AND WHISTLEBLOWING

The finance director indicated that, whilst not part of a formal process, the ESFA have made an enquiry regarding one of the college partners. Full details have been shared in terms of all processes and arrangements, and they have confirmed that there is no further action required.

12 AOB

There were no items of additional business.

13 DATE AND TIME OF NEXT MEETING

This was confirmed as Tuesday 26th April 2022 at 5pm.

14 CONFIDENTIAL ITEMS

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

(Irene Mortimer and Sian Geeson left the meeting at 6.25pm)

Signed : _____  _____ Chair

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