



Minutes of a meeting of the Audit Committee held on 13 March 2023 at 1700h in FO27 with participation by Teams

Present: Robert Milburn; Norma Boyes
By teams: Elaine Clinton; Lee Todd

Apologies: Denise Rollo

Also present: Karen Wilson (Deputy Principal); Patrick Clark (Internal Auditor);
Karen Rae (External Auditor by teams); Jane Murray, Clerk
Shirley Collier, External reviewer of Governance

01/23 Minutes

Resolved – that the minute of the meeting held on 28th November 2023 be approved and signed as a correct record.

02/23 Declarations of Interest

None received

03/23 Internal Audit: T-Level Work Placements

The audit, which considered whether there were effective controls in place around work placements for T-Levels, gave substantial assurance with 1 medium and two low recommendations: there was informal consideration of work placements which needed to be formally recorded; there was inconsistency in the recording of formal reviews and consideration of developing a template for work readiness should be considered. All the recommendations had been accepted.

The Deputy Principal noted the challenges of delivering new provision and there was a need to ensure process were embedded. She welcomed the reinstatement of incentives for employers to offer T-Level work placements as this had been a real challenge nationwide. It was noted that you almost needed an employer lined up before you recruited for T-Level.

It was asked why there were paper copies of assessments in some circumstances (this would also refer to word documents) rather than using existing software such as e-trackr and it was felt that it was a question of consistency. The working group which had been set up for implementation was being resurrected to help ensure a consistent approach.

It was asked who had oversight for work placements and it was noted that the team had historically sat with the Business Engagement team (to avoid duplication), but

there had been some turnover in the team. They were now to sit under recruitment and admissions with oversight by the manager, who had already picked up the importance of advance planning.

It was asked about the risk of clawback if work placements were not delivered and it was felt that the impact would be on quality – if the student had not had a suitable work placement then they would not complete in a timely fashion. However, as would be reported to the board, there had been clawback of £167,000 as T-Level numbers had fallen short of contract expectations.

The Deputy Principal also drew attention to the reform of level 3 technical qualifications, which she felt would bring a lot of change across many areas and that work would be required to quantify the size of the change and what is required to make it successful.

The conclusion was drawn by the Committee that while T-Levels presented opportunity, there was also risk involved and it was felt that there was merit in considering further audit work in this area.

Agreed – that consideration given to further audit work in the audit plan for next year.

04/23 Internal Audit: Risk Management

The Internal Audit had given substantial assurance with green gradings across the piste. It was felt that the register, although using a different format to most, was not unwieldy and there had been two recommendations; 1 low and 1 advisory.

In discussion of the advisory recommendation about ownership at departmental level of risks, it was felt that there likely was that ownership in the Continuous Improvement Plans, but that it may not be readily identified as such. A review of the policy would address this and it was also an opportunity to risk assess certain areas in terms of succession planning for risk to ensure continuity.

The low recommendation to have an action plan which sought to address those areas which were amber or red in the risk register was accepted. It was asked whether audit committee could have their usual input into the changes, noting that this may change the deadlines.

Agreed – that Audit Committee consider the revisions to the policy and the high-level action plans at their next meeting for onward approval to the Board.

05/23 Key Financial Controls

This audit gave reasonable assurance with two medium and two low recommendations.

Included in the issues raised was a concern over cash receipting discrepancies in a few transactions; in respect of purchasing, above the £5,000 threshold, the three quotes demonstrating value for money were not evident in 20% of cases; in some instances purchase orders had been raised retrospectively. There was also concern over the timeliness of credit card logs in some instances and a backlog over unmatched creditor payments.

The Deputy Principal noted her disappointment at the audit and felt that this was usually a strong team. The amounts were not materially enormous, but if controls were not in place it made abuse easier. The Committee concurred with the disappointment.

Despite some known personal circumstances, the Deputy Principal had felt there would have been more resilience. She assured the Committee that the Finance Manager had reacted swiftly to the findings and issued reminders to all staff about their obligations under the purchasing rules and financial regulations. It was suggested by a governor that it would be helpful to have some Elementary refresher training for staff.

The external auditor expressed some concern around implications for the regularity audit. In response to questioning, it was confirmed that all of the actions arising from the audit had been completed.

It was asked for an update report for the next meeting (more detailed than the usual audit tracking report) and this was agreed.

Agreed –

- 1) That a spot check of the same issues be carried out and the findings reported to the next audit committee on 19th June 2023.
- 2) That additional Elementary training be put in place.

06/23 Risk 10

The Deputy Principal discussed this risk (around the impact and pace of sector change on the resilience of the college). She noted in particular the now significant reduction in funding over a number of years which had left colleges very stretched, and the impact of changes to qualifications and processes. It was felt that this issue in particular was having a significant influence on operations and was influencing discussions at a strategic level.

It was felt that the pace of change was becoming a burden and at odds with the aspirations of Government to have responsive provision to employer need.

It was noted that reclassification was a more recent example of the change imposed and that it was affecting everything the College did, while there was a pause to consider the impact on a particular area of business and whether permission is needed.

It was asked about the impact of reclassification on the National College for Nuclear and the Clerk noted that there had been confirmation from DfE that it was not considered to be a subsidiary as it was not a designated institution, but a joint venture company. It was likely that legal advice would be sought to confirm this. In the interim, monitoring was taking place that there was not activity which would be at odds with public sector reclassification (bearing in mind the organisation did not have the same level of complexity as the founding colleges).

The external auditor pondered whether the government would change the year end date to 31st March to align with the majority of public sector reporting. She noted that an Auditors Forum was due to take place in the next few weeks. She also noted that it was unlikely that the College would benefit in the short to medium-term from capital funding.

It was added that there would need to be a review of policies and procedures to ensure that they were aligned with the information that it is currently available.

The Deputy Principal returned to the influence this had on strategic planning with some quite fundamental issues to be resolved bearing in mind the impact on a small college.

The Committee noted the importance of making the right decisions, thinking about the resources available and where they are spent. They felt the biggest defence was being successful and it was agreed that this was helping.

07/23 Audit Tracking Report

The Deputy Principal noted that some cyber security training had still to be completed and that in-house sessions had been programmed. She noted that recent GDPR training had been well attended.

The deadlines on the mock funding audit had been extended to June 2023, to coincide with those of the actual ESFA funding audit. It was very much more complex under the new standards and external support had been commissioned to help out. For the moment, there was a focus on getting it right for new starters, however, there were legacy issues which needed to be sorted out.

The Committee was reminded that the clawback had been £23,000 which it was felt was not bad and the internal auditor that there were other colleges where clawback was in six figures.

In response to questioning, there was to be focus on some of the actions over the Easter holidays with progress to be reported back to the 19th June 2023 meeting.

08/23 Whistleblowing Policy

The Clerk tabled a revised whistleblowing policy with a few minor amendments. The Committee agreed that it met the brief in terms of articulating policy and demonstrating independence of process and agreed to recommend to the Board.

The External Auditor raised whether significant issues should be reported to the Charity Commission. The Clerk felt that ESFA was the reporting line, but she would double-check. (Action since: Guidance has been located and distributed noting that significant events should be reported to the ESFA).

Agreed – to recommend the whistleblowing policy to the Board for formal approval, subject to any amendments as above.

The meeting closed at 1830h.