

# MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION:

## MEETING OF THE AUDIT COMMITTEE HELD ON 26 SEPTEMBER 2019



Present: Andrew Hind (Chair)  
Louisa Poole  
Simon Meakin

Roger Merchant  
Tom Wilson

In Attendance: Louise Hazel  
Shabir Ismail  
Chris Williams  
Fayaz Chana  
Dal Grewal (Item 13)

Director of Governance and Policy  
Deputy Principal/CEO  
RSM  
Governance and Policy Officer  
Director of IT

### 1. **DECLARATIONS OF INTEREST**

1.1. There were no declarations of interest.

### 2. **APOLOGIES FOR ABSENCE**

2.1. Apologies for absence were received from Lisa Smith, Mark Dawson, and Zubair Limbada.

### 3. **MINUTES OF THE LAST MEETING AND MATTERS ARISING**

3.1. **The Minutes of the meeting on 13 June were agreed as an accurate record and approved.**

3.2. As a matter arising under minute 3.2 governors asked a number of **questions** including:

3.2.1. **Whether the conditions survey had been completed?** The survey had been completed and the results from the survey would be brought to the next Audit Committee.

3.2.2. **Whether the surveys covered the whole estate?** They did and included leased buildings.

3.2.3. **Whether they include assessment of compliance with asbestos/legionella requirements?** They did not, they just covered the structural condition.

3.2.4. **Who had carried out the survey?** There were two surveys carried out, one was commissioned by the ESFA and the other by the College. The ESFA survey was undertaken by Capita, the College

survey was undertaken by Savills. The ESFA survey had not been in depth.

#### **4. FE COMMISSIONER DIAGNOSTIC VISIT – DRAFT REPORT**

- 4.1. The Deputy Principal presented the draft FEC diagnostic assessment visit report. This report was compiled following a visit from the FEC team in June. The main purpose of the review had been to look at the College's financial position. The final report had not yet been issued. The following points were highlighted:
  - 4.1.1. Leadership and governance for the College was described as 'well led' and 'supported by an experienced clerk.'
  - 4.1.2. The senior leadership team was described as a 'strong team' who were 'professional and thorough.'
  - 4.1.3. There was a particular focus on HE subcontracting and staff costs as a percentage of income with the FEC team wanting to use a variety of calculations to assess the percentage; the College maintained that the known and official financial model only should be used to make any calculations.
  - 4.1.4. Overall recommendations of the report were to endorse the College's approach and no recommendations are required.
- 4.2. Governors asked a number of **questions** including:
  - 4.2.1. **Whether the College had asked for the review?** It had not but it had been considering requesting an assessment.
  - 4.2.2. **Whether the report would be published?** No it would just be for the College and the ESFA.
  - 4.2.3. **If there had been a less favourable report, would it have escalated to formal intervention?** It would.
  - 4.2.4. **Whether the College had weekly cashflow reports and whether discussion had taken place over an overdraft?** It had daily cashflow reports and 24 months cashflow was reported in the management accounts. Discussion had already taken place with the bank prior to the FEC visit.
- 4.3. **Governors noted the report and commented that they were content with the report.**

#### **5. ESFA LETTER AND BOURNVILLE COLLEGE INVESTIGATION REPORT**

- 5.1. The Deputy Principal presented an overview of the ESFA letter and investigation report received on Bournville College. Governors **discussed** the key failures within the report and asked the following question:
  - 5.1.1. **What processes were in place to ensure rigorous scrutiny of spending?** Papers highlighting spending were presented at the Corporation meetings. All spending was reported to the Finance and General Purposes Committee.

- 5.2. **Governors noted the report and requested a report on the College's approach to controls over overseas travel and hospitality at the next meeting.**

## **6. RISK MANAGEMENT STRATEGY 2019/20**

- 6.1. The Director of Governance and Policy presented the final version of the Risk Management Strategy. There were no major changes except an addition of one new risk.
- 6.2. The new risk was in relation to the new application process programme which was not being utilised by all schools/colleges and therefore impacting on 16-18 recruitment. There is an action plan in place to reduce the risk.
- 6.3. **Governors noted the report.**

## **INTERNAL AUDIT REPORTS**

## **7. POST 1 MAY APPRENTICESHIPS**

- 7.1. Chris Williams presented the report which was compiled following a review of Apprenticeships. A sample of 30 post 1 May Apprenticeship Learner files were reviewed. Eight recommendations were identified:
- 7.1.1. Skills Scans to be undertaken with each learner to assess eligibility for their chosen programme.
  - 7.1.2. To ensure apprenticeship agreements are on file for all learners.
  - 7.1.3. As part of assessing learners' suitability, their Personal Learning Record (PLR) should be reviewed prior to enrolment and evidence retained on file.
  - 7.1.4. New induction process to include the checking of the PLR to validate the student record with the student. An additional check to be introduced, the Student Amendment by Course (SAC) which will be reviewed to ensure learner aims are correct for English and Maths.
  - 7.1.5. The College to liaise with the ESFA relationship manager to determine actions to take in relation to employers delivering part of the provision.
  - 7.1.6. Staff to be continually updated on the Funding Guidance.
  - 7.1.7. End dates to be recorded on the ILR as the last date on which learning activity can be evidenced.
  - 7.1.8. Smart Assessor to be used to capture full details of any off-the-job training completed.
- 7.2. These issues were similar to those seen in other colleges and reflected late changes to funding rules.
- 7.3. Governors asked a number of **questions** including:
- 7.3.1. **Were there particular issues in some sectors?** There did not appear to be.
  - 7.3.2. **Whether employers were engaged with the 20% off the job requirement?** This was covered as part of the initial discussion and

negotiations with employers.

7.3.3. **Whether there were any other areas where the College might be underclaiming?** ESOL had been reviewed last year. RSM did a funding audit each year. Any issues could be followed up through future reviews.

7.3.4. **Whether the 30 September deadline would be met for actions?** It would.

7.4. **Governors agreed the risk rating of Amber.**

## **8. ANNUAL SUMMARY OF ASSIGNMENTS**

8.1. Chris Williams presented the annual summary of assignments completed by RSM. The following points were highlighted:

8.1.1. Six assignments had been completed. These included Health and Safety Framework, English for Speakers of Other Languages, Governance, Key Financial Systems, Risk Assurance Framework and Post 1 May Apprenticeships.

8.1.2. There were no recommendations arising from the report.

8.2. **Governors noted the report.**

## **9. INTERNAL AUDIT 2019/20 PROGRESS REPORT**

9.1. Chris Williams presented the Internal Audit 2019/20 progress report to the governors. The approved report now included dates for each internal audit visit. The following reviews would be undertaken:

9.1.1. Mental Health and Wellbeing

9.1.2. Governance and Risk Management

9.1.3. Key Financial Controls

9.1.4. ESFA Funding Assurance

9.1.5. IT Review

9.1.6. Apprenticeships

9.1.7. Follow up.

9.2. **Governors noted the report.**

## **EXTERNAL REVIEWS**

## **10. CIOB**

10.1. The Deputy Principal gave an overview of the recent Chartered Institute of Building (CIOB) accreditation the College had received. The accreditation would last 5 years and was backdated from 2018.

10.2. Governors asked a number of **questions** including:

10.2.1. **Was there any risk in losing this accreditation?** No, conditions which were identified in the report had been actioned. There were a

number of recommendations made in the report which the team were currently progressing.

10.2.2. **How would the CIOB be promoted?** This is something which has not been discussed at the moment. Recommendations from governors included inserting the CIOB logo on letterheads and website, this would be followed up.

10.2.3. **Were there any other similar accreditations which could be pursued?** This would be followed up.

10.2.4. **How the relationship with DMU was progressing?** The collaborative agreement was being reviewed and this would be picked up as part of this.

10.3. **Governors noted the report.**

## **11. REGULARITY SELF-ASSESSMENT QUESTIONNAIRE**

11.1. The Deputy Principal provided an overview on the draft regularity self-assessment questionnaire. The following points were raised:

11.1.1. This was an ESFA document which would be shared with KPMG before the financial statements audit.

11.2. Governors **discussed** the report **noting** the sensible format the report was presented in and the open and honest answers within the report. Governors then asked a number of **questions** including:

11.2.1. **Why the recent cyber issues were not logged?** These would be included.

11.2.2. **Whether the detailed responses on fraud could be given?** They would be included.

11.3. **Governors noted the report and agreed to recommend it to the Finance and General Purposes Committee, subject to the amendments requested.**

## **12. REPORT FROM EXTERNAL AUDITORS**

12.1. In the absence of Mark Dawson, the Deputy Principal informed the committee the external audit would take place week commencing 30 September.

## **13. CYBER SECURITY AND DATA BREACHES**

13.1. The Director of IT and the Director of Governance and Policy presented the annual Cyber Security and Data Breach report. The following points were highlighted:

13.1.1. The threat from cyber-attack continued to grow. The College had invested in firewalls to help combat these. During 2018/19, the system successfully blocked over a million attempted intrusions.

13.1.2. A notable cyber incident during 2018/19 was a phishing attack which was felt across the sector. The College acted swiftly and disabled

compromised accounts and took preventative action to diffuse the incident.

- 13.1.3. The College had introduced a range of new actions to strengthen cyber security and continue to be in line with the recommended approach of the ESFA.
- 13.2. Governors **discussed** the report **noting** the phishing attack had affected many other colleges and **acknowledged** the sophistication of the phishing attacks.
- 13.3. Governors then asked a number of **questions** including:
  - 13.3.1. **How the College minimised threats from external devices, such as USB devices?** The College had an acceptable usage policy in place which students and staff are aware of. It also utilised software which alerted the College to potential threats from external devices. It was also able to disable USB ports on the computers. OneDrive was used throughout the College which reduces the need to use USB devices.
  - 13.3.2. **Whether any physical testing was done?** Annual penetration testing was undertaken.
- 13.4. **Governors noted the report.**

#### **14. REPORT ON GIFTS/GOOD/ RECEIVED BY COLLEGE STAFF**

- 14.1. The Director of Governance and Policy gave an overview on the report highlighting gifts and goods received by College staff during 2018/19. The following points were highlighted:
  - 14.1.1. This report did not include gifts given to staff from students.
  - 14.1.2. The majority of the gifts were handed to hospitality and were shared out with staff in the office
  - 14.1.3. The number of gifts received had been reduced on the previous year.
- 14.2. **The governors noted the report.**

#### **15. COMMITTEE SELF-ASSESSMENT AND ACTION PLAN**

- 15.1. The Director of Governance and Policy presented the results of the Committee's Self-Assessment process for 2017/18. The report highlighted the positive impact and areas for improvement along with suggested actions.
- 15.2. **Governors noted the report.**

#### **FOR INFORMATION ONLY**

#### **16. DO YOU HAVE UP TO DATE INFORMATION ON YOUR INCOME?**

- 16.1. **Governors noted the report.**

**17. DATE OF NEXT MEETING**

17.1. Thursday 14 November 2019 at 8am.

**18. ANY OTHER BUSINESS**

18.1. There were no items raised.