



**AGENDA
REFERENCE**

A

CORPORATION/COMMITTEE PAPER

**Audit Committee
10 June 2021**

<i>TITLE</i>	Minutes of the previous meeting held on 23 March 2021
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<i>PURPOSE</i>	To receive, agree and approve the minutes of the previous meeting held on 23 March 2021
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<i>RECOMMENDATION</i>	Governors are requested to note the minutes and agree their accuracy
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<i>No. of pages in main paper</i>	10
<i>Appendices/Annexes</i>	None
<i>Financial Implications</i>	None
<i>Risk Implications</i>	Failure to follow agreed and proper practices
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MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION:

MEETING OF THE AUDIT COMMITTEE HELD ON 23 MARCH 2021 VIA TEAMS



Present:	Andrew Hind (Chair) Zubair Limbada (Vice Chair) Simon Meakin Anne Frost Jonathan Kerry	Roger Merchant Tom Wilson Louisa Poole Zoe Allman
In Attendance:	Louise Hazel Shabir Ismail Tina Thorpe Lisa Smith Louise Tweedy Asam Hussain Mark Dawson Fayaz Chana	Director of Governance and Policy Deputy Principal/CEO Vice Principal (item 8) RSM RSM RSM KPMG Governance and Policy Officer

1. **CONFIDENTIAL MEETING WITH AUDITORS**

- 1.1. Governors held a confidential meeting with the internal and external auditors.

2. **DECLARATIONS OF INTEREST**

- 2.1. There were no declarations of interest.

3. **APOLOGIES FOR ABSENCE**

- 3.1. There were no apologies.

4. **MINUTES AND MATTERS ARISING FROM THE MEETING HELD ON 19 NOVEMBER 2020**

- 4.1. Two minor comments were highlighted on the minutes. Page 7, section 8.4.3 would read "touch" not "tough" and page 9, item 10.1 would read "update".
- 4.2. The minutes of the meeting on 19 November 2020 were **agreed** as an accurate record and **approved**.
- 4.3. As a matter arising from a previous meeting the Conflict of Interest Policy was provided to the committee. It was mentioned this policy had been approved by

the Search and Governance Committee. There were references within the policy to other College policies such as the Financial Regulations and the Gifts and Hospitality Policy. The Conflict of Interest Policy also covered relationships in terms of recruitment as this was an area of concern for other colleges in their reports by the FE Commissioner.

4.4. **Governors noted the policy.**

5. FE COMMISSIONER REPORTS

5.1. The Deputy Principal presented the recent reports published by the FE Commissioner. It was explained these reports were brought to provide a benchmark for the College. The following was mentioned:

5.1.1. The main issues highlighted in the reports reflected the themes seen in previous intervention reports. These included, leadership failures, high levels of debt and cashflow issues, failure to meet key benchmarks relating to curriculum efficiency and estate issues.

5.1.2. It was mentioned Brighton College had a robust plan in place following their merger however the plan had not been implemented and therefore caused issues. Its debt level was over 70% of income and its staff costs were high. It had also not used curriculum KPIs correctly. These were all warning signs.

5.1.3. The main concern for Shrewsbury College had been around safeguarding. An incident had taken place and subsequently it had been graded ineffective for safeguarding.

5.1.4. There were improvements being made at the colleges since the reports were published.

5.1.5. The FE Commissioner had recently released new benchmarks. A sector meeting was to be arranged to discuss some of the benchmarks as they needed further clarification. The future management accounts would include the new benchmarks.

5.2. Governors made the following **comments**:

5.2.1. **The colleges in the reports were recent mergers and mergers were very risky as people usually focussed on other things and lost site of the big issues. Governors also mentioned the reports were interesting and let them see what was happening in the sector; it would be helpful for all governors to see them.**

5.2.2. **Governors felt reassured to know the College did not fall into the recommendations being made in the reports but noted that capital projects presented extra risks.** It was confirmed that an update paper on investment in the estate would be taken to the next Corporation meeting.

5.3. **Governors asked the following questions:**

5.3.1. **How comfortable was the College with its own risk appetite?** This is something the College had been thinking about recently. It was working on a new strategic plan and discussions would take place

specifically around risk appetite.

- 5.3.2. **Some of the issues faced in Nottingham College had been around barriers that were not overcome swiftly; how confident was the College that it could act swiftly on estates plans?** The College did have a good track record on this and had completed projects on budget and on time previously. It had been awarded £1.8m for the wave 2 project and this was behind schedule by 2-3 months due to shortage of materials however the Agency had been notified.

- 5.4. **Governors noted the report.**

6. RISK MANAGEMENT PROGRESS REPORT

- 6.1. The Director of Governance and Policy and the Deputy Principal presented the risk management progress report. The following points were highlighted.

- 6.1.1. There had been quite a lot of movement with many risks decreasing.
- 6.1.2. Two new risks had been included, these included clawback of funding and the College's ability to implement the mass testing regime effectively.
- 6.1.3. The risk around capital projects being compromised had been increased. There had been a delay to the capital project which was due to the availability of material and supplies as a result of the pandemic and BREXIT. The delay was anticipated to be approximately 8-12 weeks.
- 6.1.4. The risk around 16-18 recruitment had decreased as although the College received funding allocations, there would be no in year reconciliation.
- 6.1.5. The new risk around the College unable to implement the mass testing regime effectively had gone really well. The College had carried out 4500 tests with only 5 positive tests. Feedback from students had been positive and they had complimented the campus wardens for ensuring social distancing was maintained and supporting with the queues.
- 6.1.6. The risk around AEB was highlighted. The recent spring reforecast had been worked on a 68% threshold however, the ESFA had just announced the threshold would be 90%. This was not good for the College and would initiate a significant clawback. This would result in a further £2.3m-£2.4m deficit to the budget. This would have a knock-on impact to other projects and might also trigger early intervention. Further guidance was expected at the end of March 2021. There would be opportunities for colleges to put forward business cases which the College would be doing. A discussion on this issue would be held at the next SLT meeting.

- 6.2. **Governors asked the following questions:**

- 6.2.1. **Whether the College was too generous with the risk levels?** The College analysed every risk and had a rationale and explanation for downgrading risks. Risks 1 and 2 were specifically created due to the current climate; these remained high and the College had no control over them.

- 6.2.2. **Given the recent AEB announcements, was there a risk the College had under provided for clawback in the forecast?** Yes, the College previously forecast a deficit of £750k however this would become £3m due to the clawback. Recommendations would be made at the next SLT meeting to carry out another reforecast. The College would avoid taking any knee-jerk reactions and the Principal had contacted the AoC for any further guidance.
- 6.2.3. **Whether an update regarding the revised forecast be provided?** Yes an update would be provided. The College would be holding an SLT meeting and also had a meeting scheduled with the ESFA. Updates would be provided at the next Corporation meeting or earlier if needed; an additional Corporation meeting would be called if necessary.
- 6.2.4. **Would the risk register be revisited due to the clawback?** Yes this would be revisited if the position did not change and no business case was allowed. This would have an effect and all risks would need to be analysed again. The capital projects would be an immediate risk.

6.3. **Governors noted the risk register.**

7. FRAUD POLICY, CHECKLIST AND RISK ASSESSMENT

- 7.1. The Deputy Principal presented the fraud policy, checklist and risk assessment. The following points were raised:
- 7.1.1. The College's Fraud Policy had been updated to reflect the amended Post-16 Audit Code of practice, notably the reference to a risk assessment.
- 7.1.2. The College judged that there was an overall low risk of fraud as there were robust controls in place to reduce the likelihood and policies and practices in place which engendered an open and transparent culture.
- 7.1.3. Further work would be undertaken to conduct additional training for managers and awareness raising of how to identify and report suspected instances of fraud in line with the policy.
- 7.2. **Governors then asked the following questions:**
- 7.2.1. **Why did the policy include an EU flag and the start date for the policy in the future?** The EU flag needed to be included as part of the ESF programme. The start date of the policy was in the future as it would be published upon approval of the committee.
- 7.2.2. **Whether 3.2 on the risk assessment should be rated amber?** This was currently rated as green as there were no concerns regarding the risk at the moment. However, this would be looked at again.
- 7.2.3. **Whether 3.11 and 3.13 on the risk assessment should be rated amber?** The College had good controls in place. However, the College did not have control in place to identify what access individuals had. The College was comfortable with the green rating assigned to this but housekeeping was needed as historically staff moving into different roles were granted new access rights for their new role and maintained their old access rights.

7.2.4. **Whether near misses in relation to fraud were recorded?** The College was aware of attempted phishing attacks when they take place however it was not sure if these were recorded. This would be looked into.

7.3. **Governors noted the policy, checklist and the risk assessment and approved the Fraud Policy.**

8. RESPONSE TO RSM APPRENTICESHIPS AUDIT

8.1. The Vice Principal was welcomed to the meeting for this item and presented the action plan arising from the RSM Apprenticeships Audit. The following points were raised:

8.1.1. A review of apprenticeships had been carried out previously which raised three significant areas of concern. These included the ability to negotiate the price of an apprenticeship and the duration, how the College used the PLR to inform decisions and how off the job learning was recorded. An action log had been created to work through the recommendations.

8.1.2. The College was now using a digital system for onboarding of apprentice details. All new starters from August 2020 had been compliant with the digital process. The digital process included skills scans and negotiated prices were reflected in this. An internal College audit was underway to check this was all working. Managers now had a calendar to run drop ins which allowed them to check all information was recorded.

8.1.3. Recording of off the job learning needed more work, the team was working to develop an existing system to allow the recording of off the job training. However, the pandemic had impacted the work on this but this was now progressing.

8.2. **Governors then asked the following questions:**

8.2.1. **Were there other Colleges with these issues?** Other Colleges were also struggling with the issues. Another provider was expecting a significant clawback due to these issues.

8.2.2. **Was the implementation what the auditors expected to see.** Yes, the action plan was submitted to the auditors prior to being issued to governors. All the previous issues would be addressed by implementing all on the action plan.

8.2.3. **What was done about the financial impact of any clawback?** This had been raised as a new risk on the risk register. The College needed to wait until the follow up review had been completed to implement key controls. The College was aiming to have the main key controls in place prior to being audited.

8.2.4. **Had further training been provided on the apprenticeship funding rules?** Most of the training had been completed however there was still some training which was taking place.

8.3. **Governors noted the action plan, thanked the Apprenticeships team for**

the work and noted that it was encouraging that the issues were understood although there remained some risks.

INTERNAL AUDIT REPORTS

9. REMOTE WORKING AND OPERATIONAL RESILIENCE ARRANGEMENTS

9.1. Lisa Smith presented the report on remote working and operational resilience arrangements during the pandemic. The following points were highlighted:

- 9.1.1. The review looked at the IT infrastructure and network arrangements the College used to ensure that adequate capacity was available to meet the agreed needs of the business and to check that secure configuration was in place for remote working.
- 9.1.2. The review highlighted that the College had appropriate security in place to reduce the risks of cyber attacks. The College used tools such as web filtering and anti-malware software.
- 9.1.3. Appropriate controls were in place for equipment issued to staff for remote working. The College maintained an asset inventory which included details of which laptops had been issued to staff.
- 9.1.4. The College had issued regular reminders and communication on examples of COVID scams, phishing emails, various training and guidance shared on ITCS Hub on SharePoint, this included the use of Microsoft Teams, Cyber Security and Homeworking. An Interim Homeworking Policy During Covid-19 Pandemic had also been issued to provide staff with guidance on remote working which included cyber security. The College was also a part of Jisc and the Association of Colleges (AoC) from which it was aware of trends and cyber-attacks in the industry.
- 9.1.5. The review highlighted 3 medium priority management actions. These included regular periodic backup restoration testing was not being undertaken; Users' access rights were not reviewed on a regular basis and; compliance for the Data Protection and GDPR training was just over 90% compliance.

Louisa Poole left the meeting

9.2. **Governors asked the following questions:**

- 9.2.1. **Why did the College need 405 mobile phones?** Mobile phones were issued to trainer assessors of apprenticeships. There had been an increase in the number of mobile phone requests during the pandemic however most were turned down. Every request was considered and the rationale checked before a phone was issued.
- 9.2.2. **What did term 'unmanaged' mean in relation to mobile phones in the report?** The College had reported all laptops were managed through a secure system however mobile phones were not managed by a secure system. This had been flagged as a low priority action as the College was in the process of rolling out a secure system for mobile phones.
- 9.2.3. **Was there a plan around backup restoration?** A plan was being put

in place.

9.2.4. **Why was a change rolled out without approval from the change board?** It was disappointing the hear a change had been rolled out without approval from the change board. This would be looked into.

9.2.5. **Was there only one format of recording major incidents?** There was only one process at the moment.

9.3. **Governors noted the report and approved the risk rating of green.**

10. COVID-19 (HEALTH AND SAFETY)

10.1. Lisa Smith presented the report on the health and safety arrangements during the pandemic. The following points were highlighted.

10.1.1. The review had taken place in December 2020 before.

10.1.2. The review confirmed government guidance had been reviewed and implemented at the College. Compliance with the government guidance was evident and reflected in the sample tested.

10.1.3. Staff had been advised to minimise the number of visitors onsite to reduce the risk of transmission. Virtual meetings were encouraged.

10.1.4. Additional health and safety measures were put in place. These included regular deep cleaning and Perspex screens installed in reception.

10.1.5. Students who did not wear face coverings were initially provided one for free by College staff. A fee was later charged to students who did not wear a face covering and required one.

10.1.6. Social distancing sport checks were being carried out. Non-compliance of the social distancing rules was being reported to curriculum managers and directors for possible disciplinary action.

10.1.7. Guidance was being provided for staff and students through the College website and Moodle.

10.1.8. A College reopening plan was created and was regularly being reviewed and revised as needed.

10.1.9. The review resulted in one medium priority management action. Testing of the staff and student training records established that 64% (3,626) of the College's students and 55% (995) of the College's staff had completed the Covid-19 Awareness Training. It was acknowledged that not all staff and students would have been on-site since the restrictions were lifted, however, as the College could not provide details of how many staff and students were on-site, there was a risk some students or staff would have been on-site without completing the training.

10.2. **Governors asked the following questions:**

10.2.1. **Had any students or staff suffered badly or died due to coronavirus?** There had been cases of coronavirus in the College but no deaths among staff or students. The College had received 65 positive tests amongst staff and 116 amongst students since September 2020. All of the cases were contracted outside of the College environment. 4,500 lateral flow tests were carried out last

week and the College recorded 5 positive tests.

- 10.2.2. **Had the College prepared for potential claims that might arise due to coronavirus?** The College had commissioned its insurance brokers to conduct a review. This review was to provide additional reassurances and to evidence the measures in place. The report provided an indication the College had taken significant actions to keep everyone safe. The College had not received any claims or an indication of any claims however, it was aware of claims in other colleges relating to loss of teaching, employment issues and health and safety.

- 10.2.3. **Why were there low numbers of EMSL and ESOL students completing the training and what was being done about this?** EMSL and ESOL included large numbers of students who had learning difficulties or who struggled to engage online. The Deputy Principal would look into what was being done to raise these numbers. The College had been promoting the training and information such as social distancing and face coverings at the welcome sessions, through social media and by texting. The College had also engaged with the Student Union to promote it.

- 10.3. It was confirmed the numbers in the report would be checked again due to some inconsistencies.

- 10.4. **Governors noted the report and approved the risk rating of green.**

11. RISK MANAGEMENT AND GOVERNANCE

- 11.1. Lisa Smith presented the risk management and governance report. The following points were highlighted.

- 11.1.1. Due to the Covid-19 pandemic, all Committee and Corporation meetings were now held virtually. The College had decided to use Microsoft Teams as this was already in place across the College prior to Covid-19. The College had considered using alternative software programmes, such as Zoom, however, decided against it due to security reasons.

- 11.1.2. During the Covid-19 pandemic, meetings had continued to be conducted and minuted.

- 11.1.3. The Terms of Reference for the Audit Committee did not reflect the extension of the reporting requirements to 'other relevant funding authority'. Whilst this was currently accurate as Leicester did not yet have a devolved Adult Education Budget (AEB), no action was required at this stage, however this would need to be revised if and when a devolved AEB was in place for the city.

- 11.1.4. Testing was undertaken on newly recruited governor files. It was confirmed all new governors had gone through an induction process and all paperwork had been completed correctly.

- 11.1.5. There were no concerns around the risk management process, there were no changes to the framework and the reporting mechanisms remained in place during the pandemic.

11.2. Governors asked the following questions:

11.2.1. Whether the Terms of Reference were reviewed on an annual basis? All committee terms of references were reviewed on a two year cycle. However if there were any changes to the Post-16 Audit Code of Practice, the Committee's terms of reference would be amended more frequently if needed.

11.3. Governors noted the report and approved the risk rating of Green.

EXTERNAL REVIEWS

12. COVID-19 REVIEW (HETTLE ANDREWS)

12.1. The Deputy Principal presented the COVID-19 risk management review completed by the College insurance brokers Hettle Andrews. The following points were highlighted.

12.1.1. Hettle Andrews were asked to conduct a review of the precautions and protective measures undertaken to ensure that the risks of transmission of COVID-19 in the College were minimised.

12.1.2. The College had asked for this to be completed as it wanted an independent review. The review was carried out in October 2020.

12.1.3. The purpose of this review was to provide an assessment of the measures that had been implemented, to determine the adequacy of those measures and to recommend any additional control measures that might help to further reduce the risk of transmission.

12.1.4. The review reports identified a series of 23 recommendations, risk rated from 1 (high) to 4 (low). There were no level 1 recommendations, 10 level 2, 10 level 3 and four level 4.

12.1.5. The informal feedback from the reviewer was that the College had good procedures in place and was one of the better colleges that had been reviewed.

12.1.6. The majority of actions have been completed; those outstanding relate to activity which continues to be affected by the pandemic, notably trips and visits.

12.2. Governors asked the following questions:

12.2.1. It was reassuring to see the review, could governors visit the College to see the reality? Yes, it would be valuable for a number of governors to visit the College and observe if they felt comfortable. Visits would be arranged after the easter break.

12.2.2. Whether the follow up action plan had been shared with Hettle Andrews? No it had not been shared however it would be shared with them following this meeting.

12.3. Governors noted the report and agreed the risk rating of green.

13. JCQ INSPECTION

13.1. The Deputy Principal presented the JCQ Inspection report and mentioned the following points:

13.1.1. The College does have unannounced inspection visits at exam times.

13.1.2. At the most recent visit the College had met all of the criteria and therefore there were no recommendations or anything for the College to be concerned about.

13.2. Governors thanked the examinations team.

13.3. **Governors noted the report.**

14. AUDIT COMMITTEE CHAIR/VICE CHAIR

14.1. The Director of Governance and Policy highlighted the following points:

14.1.1. The current Chair of the Audit Committee Andrew Hind would be leaving as his term of office had completed.

14.1.2. The Search and Governance committee had approved Zubair Limbada as Chair of the Audit Committee and Simon Meakin as the Vice Chair.

14.1.3. Andrew Hind was thanked for his support and contribution to the Committee and Corporation.

14.2. **Governors noted the update.**

15. DATES OF FUTURE MEETINGS

15.1. Future meeting had been arranged for:

- 10 June 2021

16. ANY OTHER BUSINESS

16.1. There were no items raised.