

Confidential Minutes

MINUTES OF THE AUDIT COMMITTEE

Held on Friday 11th March 2022 at 9.00am in Committee Room B and via MS Teams

Present: Simon Enoch (Chair), Asa’ah Nkohkwo, Vince Romagnuolo

In Attendance: Frances Rutter (CEO/Principal), George Jenkins (Chief Finance Officer), Chris Mason (Director of Finance), Sandra Dessent (Governance Professional), Cliff Shaw (Deputy Principal Curriculum & Quality) (part), Emma Gipson (Internal Auditors RSM)

Observing: Angela Cross-Durrant, Sylvia Ofei-Kwatia (Support Staff Governor)

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| 21.21 | 1.0 Apologies for Absence |
| | Apologies for absence were received from Lamé Verre. |
| 22.21 | 2.0 Declaration of Interests |
| | The following declarations were received: <u>Frances Rutter</u> : Unremunerated Director of NESCOT Enterprises Ltd., (NEL) <u>Sandra Dessent</u> : Salaried employee and Company Secretary for NESCOT Enterprises Ltd. (NEL) |
| 23.21 | 3.0 Minutes of the Previous Meeting and Matters Arising |
| | The minutes of the meeting held on Friday 3 rd December 2021 were agreed as a true record and signed by the Chair. Matters arising: Report the Committee’s observations to Corporation relating to the assessment of actions in place to mitigate quality standard risks associated with the direct provision provided by the satellite sites. Action complete – reported to Corporation in December 2021. |
| 24.21 | 4.0 Internal Audit Assignments and Other Reports |
| | <u>4.1 FE Benchmarking Report 2020-21</u> The Internal Auditors presented a report detailing the levels of assurance given for 2020-21 audits. Their opinion was that NESCOT has an adequate and effective framework for risk management, governance and internal control. However, their work had identified further enhancements to the framework of risk management, governance and internal control to ensure that it remained adequate and effective. |

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| | <p>It was noted that the level of assurance was similar to other organisations in the sector and that internal audit work had been impacted by the Covid-19 restrictions, resulting in the majority of reviews being conducted online only. The Committee noted the report, and no concerns were raised.</p> <p><u>4.2 Progress against Internal Audit Plan 2021-22</u></p> <p>The Committee received a report outlining the progress of the 2020/21 Audit Plan which was agreed in July 2021. The progress was discussed, and it was noted that two reports that were due to be presented at the meeting were still in draft form and would therefore be deferred to the next meeting. It was acknowledged that it may be necessary to schedule an additional meeting to allow sufficient time for all audit reports to be adequately reviewed by the Committee. The Chief Finance Officer assured the Committee that he was working with the Internal Auditors on shortening the timescales for generating reports. The plans for introducing a new finance management system were also discussed and it was noted that in any event the timescales would need to allow for time to properly create a specification for a new system, to tender and to implement. It was acknowledged that this would be a long-term solution and presently the focus should be on maintaining a robust system to ensure that control would not be lost during any future system change. It was agreed that the Chief Finance Officer would review any short-term adjustments that may be required to the present system.</p> |
| 25.21 | 5.0 Management Follow Up of Internal Audit Recommendations |
| | <p><u>5.1 NESCOLT Follow up Schedule</u></p> <p>The Chief Finance Officer presented the follow-up schedule for the 2020-21 audit plan and reported that out of 29 audit recommendations raised 22 had been implemented and 4 were in progress. The three outstanding audit recommendations, none of which were high priority, related to:</p> <ul style="list-style-type: none"> • More formal documentation of financial operating procedures • The process for recording participation in learning activity for distance learners • Further periodic checking of small employer flags in the ILR for Apprentices. <p>There were also a further 33 audit recommendations raised from the additional audits, Review of Apprenticeship Support, and HE Data – OfS follow up. The Committee was assured that these were being followed up and the progress to date was summarised in the reports attached to the agenda. The Chair emphasised the importance of gathering timely and accurate data which was essential to comply with the requirements of the statutory bodies. It was evident that some of the issues that the College faced had been the result of unsatisfactory collection of data and to tackle the problem, all staff involved with collecting data should be made aware of the impact data management has on the overall achievement of College</p> |

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| | <p>objectives. To that end the Chair offered to assist with delivering the message to staff.</p> <p><u>5.5 Apprenticeship Delivery Plan</u></p> <p>The Deputy Principal (Curriculum & Quality) presented an update to the Committee on the progress made against the recommendations in the Apprenticeship audit, and the highlights were:</p> <ul style="list-style-type: none"> • Apprenticeship draft strategy complete and awaiting ELT approval • The Apprenticeship Strategy Group had been set up and has met twice. Within its terms of reference, two sub-groups had been created: Curriculum & Quality Group and the Employer Engagement Group. • Occupational employer engagement plans had been designed and were being implemented. • Apprenticeship performance meetings were taking place. • A central single tracking document had been created and the Apprenticeship Quality & Compliance Manager was accountable for keeping it up-to-date. • Sales and engagement activity dashboards had been developed. <p>The Committee acknowledged that Apprenticeships were a key business driver going forward and that good progress had been made against the audit recommendations. It was also emphasised that a balance should be maintained between growth and quality outcomes in a timely manner.</p> |
| 26.21 | 6.0 Risk Management and Assurance Framework |
| | <p><u>6.1 Strategic Risk Register</u></p> <p>The Chief Finance Officer summarised the risks on the register including five out of 26 risks that had been graded ‘significant’. The main points were as follows:</p> <ul style="list-style-type: none"> • The Chief Finance Officer reported that discussions had taken place with the External Auditors. • The risk of failure to recruit and/or retain suitably qualified professional staff had been increased to include the recruitment of all College staff. It was reported that the Director of HR felt the issue was being managed appropriately and recruitment issues were being experienced across the sector. Whilst a plan was in place to help with filling the current vacancies, the Chief Finance Officer recognised that there was a bigger piece of work to be done to establish how NESCOL faired against the wider market. It was noted that retention was as important as recruitment and a wider debate should consider the impact on College finances. The CEO/Principal assured the Committee that this was not a NESCOL specific issue |

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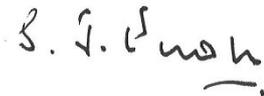
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| | <p>and that a management discussion was required, not a strategic response.</p> <ul style="list-style-type: none"> The quality of provision at the College's ASTML satellite site continued to be of concern, although the Deputy Principal (Curriculum & Quality) reported encouraging progress in that Pearson (External Examiner) had provided assurance that required standards were now being met. A return visit was planned for the beginning of April to sample the remaining student submissions. The Chair thanked the Deputy Principal and all those involved for their hard work and a job well done in catching up with the outstanding issues and the progress in resolving so many of the quality issues since the last meeting. The emphasis going forward was to stay focused on quality assurance, successful outcomes for year 2 students, and more frequent on-site visits, and the importance of not losing momentum with the progress so far was emphasised in order to facilitate the management of the wider reputational risk. <p><u>6.2 Assurance Map</u></p> <p>The Committee received the updated Assurance Map, and no concerns were raised with the exception of the ASTML quality assurance issues which are reported above.</p> |
| 27.21 | 7.0 Fraud Report |
| | The Committee was informed that no incidents had been reported since the last update. |
| 28.21 | 8.0 Health & Safety |
| | <p>The Chief Finance Officer presented the Health & Safety Committee Report which included Health & Safety Executive (HSE) information, impact of Covid-19 restrictions, fire safety management, accident and incident reporting, and security.</p> <p>It was noted that implementation of the CCTV system was imminent.</p> <p>Efforts to recruit a replacement for the departing Head of Health, Safety and Security had not been successful and there were plans to reformat the advertisement. In the meantime, it was anticipated that the existing staff responsibilities would be reorganised to ensure that all areas had sufficient cover. It was further agreed that the Chief Finance Officer would liaise with External Governor Asa'ah Nkohkwo to investigate advertising the position through previously unexplored networks.</p> |
| 29.21 | 9.0 Any Other Business |
| | There being no further business the meeting concluded at 10.35am. |
| 30.21 | 10.0 Date and Time of Next Meeting |
| | The next meeting will be held on Friday 8 th July at 9.00am. |

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Actions:

1. Chief Finance Officer to provide regular updates on discussions with the ESFA/External Auditors on the mechanisms for reporting the GB Training settlement.
2. CEO/Principal to progress drawing up of draft settlement agreement for GB Training
3. CEO/Principal to progress exit strategy for ASTML with Irwin Mitchell.
4. Chief Finance Officer to liaise with Asa'ah Nkohkwo to discuss the Head of Health, Safety and Security recruitment.
5. Chief Finance Officer to report to Committee any adjustments made to the finance management system.
6. Chief Finance Officer to liaise with the Chair and Governance Professional regarding the submission of audit reports and the scheduling of an additional committee meeting if necessary.

Signed

A handwritten signature in black ink, appearing to read "S. Enoch", with a horizontal line underneath.

Date...11th July 2022...

Simon Enoch, Chair of Audit Committee