

Approved Minutes

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE

Held on Friday 17th March 2023 at 9.00 am in Skills Park and via MS Teams

Present: Simon Enoch (Chair), Asa'ah Nkohkwo, Chris Muller.

In Attendance: Julie Kapsalis (Acting CEO/Principal), George Jenkins (Chief Finance Officer), Dario Stevens (Deputy Principal Planning & Information Services), Donna Patterson (Assistant Principal HR & OD), Susanne Wicks (Head of Governance).

Mike Cheetham (Internal Auditors RSM).

12.22	Apologies for Absence	
	Apologies for absence were received from Paul Ford.	
13.22	Declaration of Interest	
	The Acting CEO/Principal declared that she is an unremunerated Director of Nescot Enterprises Ltd. (NEL)	
14.22	Minutes of the Previous Meeting and Matters Arising	
	i	The minutes of the meeting held on 2 nd December 2022 were agreed as an accurate record
	ii	<u>Matters Arising</u> The CFO confirmed that plans are underway for Innovations to become cashless and that customers were given three months' notice of the change.
15.22	Internal Audit and Other Reports	
	i	The CFO introduced the reports for this item, noting the purpose to update the Committee on internal audit matters.
	ii	<u>Progress against Internal Audit Plan 2022-23 (RSM)</u> MC presented the progress report and confirmed that dates have been agreed for all of the 2022-23 internal audits which accord with the timings set out in the internal audit plan.
	iii	<u>FE Benchmarking Report</u> MC presented the FE benchmarking of audit findings 2021-22 report and confirmed that Nescot is broadly in line with the rest of RSM's FE client base. He reassured the Committee that the slight decline in 'substantial assurance' is due to the outcome of the apprenticeships audit, the issues identified in which are being addressed. The CFO confirmed that work continues in that area and the Acting CEO/Principal added that there will be continual scrutiny applied to apprenticeships.

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	iv	<p><u>Quality Assurance Report</u></p> <p>The CFO presented the Quality Assurance report and highlighted the internal audit opinion that the Board can take substantial assurance that the controls in place are suitably designed, consistently applied and effective. He advised that there were three low priority actions identified regarding: an update of the QIA strategy; the need to ensure that observing staff complete and sign observation forms; and that ‘Thank You’ authorisation forms are properly completed and signed. The CFO confirmed that the actions would be addressed by the end of term.</p>
	v	<p><u>Governance and Risk Management</u></p> <p>The CFO introduced the report of the advisory review carried out and advised that both he and the Head of Governance discussed the scope of the review in some depth with RSM colleagues, as they were keen to receive information and best practice from other providers, particularly around their approach to risk management.</p> <p>The Head of Governance confirmed that work to address the actions identified around governance were already underway.</p>
	vi	<p><u>GLA AEB Fund Assurance Review 2021-22</u></p> <p>The CFO acknowledged that this review isn’t an audit per se, but, given the sums of money involved, the Audit Committee should receive the report.</p> <p>The CFO highlighted paragraph 7.1 “<i>our view has identified that your subcontracting arrangements do not comply with the funding rules</i>” and reassured the Committee that there will be no-follow up on this matter as subcontracting is coming to an end. The Acting CEO/ Principal advised that she has been very open with the GLA on the termination of subcontracting and partnerships, and that she and colleagues continue to build positive relations with them.</p>
16.22	Management Follow-Up of Internal Audit Recommendations	
	<p>The CFO introduced the report and advised that of the 44 audit recommendations arising from the Internal Audit Plan, 43 have been implemented to date. Nescot did not agree to the recommendation to apply for a Consumer Credit Licence as it was not felt necessary to do so. The Chair congratulated the CFO and his team for completing all agreed actions.</p>	
17.22	Risk Management and Assurance Framework	
	i	<p><u>Updated Strategic Risk Register</u></p>

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		<p>The CFO presented an update on the latest strategic risk register, movements in net risk since the report to the Committee in December and mitigating management action plans.</p> <p>The CFO advised that the risk register includes 25 risks, two of which are deemed 'significant' which has dropped from three, as the subcontracting risk has been reduced due to the decision to exit the relationships. The risk will be reviewed again once the final teach out has been completed and the College has fully exited these arrangements.</p> <p>The Chair suggested that the risks be re-ordered in net risk order, so that the significant risks would be at the top.</p> <p>Action: CFO to re-order the risks as suggested.</p>
	ii	<p><u>Nescot Assurance Map</u></p> <p>The CFO gave a brief introduction to the report.</p> <p>The Acting CEO/Principal advised that she would be attending a meeting in the near future to discuss what Labour Party policy might be around FE, should they be elected into government, and how best to ensure they understand the challenges in the FE sector. The Chair suggested that apprenticeships were likely to form a key part of their policy for FE.</p>
	iii	<p><u>Proposal for new Strategic Risk Register</u></p> <p>The CFO delivered a short <u>presentation</u> on the new format for the risk register and welcomed comments and questions.</p> <p>The Chair suggested that Nescot's risks are largely 'business as usual' which may mean that comparison with other provisions that might be in crisis mode may not be entirely useful. The CFO acknowledged that may be the case but confirmed that comparison with other risk registers has provided some useful context for him when drafting a new format.</p> <p>The Chair welcomed the simpler method of assessing the risk and asked how the potential impact is measured. The CFO replied that it depends on each individual risk and the person who assesses it, which is why the scoring is being sense-checked by ELT to ensure it's realistic. The Chair asked who owns the risk register and the Acting CEO/Principal explained that, whilst she is ultimately the person responsible for it, the risk register is presented regularly to ELT for scrutiny and discussion and the revised format will enable more robust review and debate.</p> <p>CM pointed out an anomaly in the proposed scores as shown on slide five, and suggested that the 'Likely' probability (4) / Insignificant impact (4) square should be coloured green.</p>

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	<p>CM welcomed the simplified format. The Chair sought views from MC who commended the revised version, advising that he did not recommend a specific format, only that each organisation has a risk register that is appropriate and can be understood by everyone involved. The Acting CEO/Principal advised that she intended to add to the controls any best practice learned from other organisations.</p> <p>Actions:</p> <p>CFO to amend the proposed scoring table.</p> <p>CFO to rank the risks in order of High, Medium and Low.</p>
18.22	Revised Whistleblowing Policy and Procedure
	<p>The Assistant Principal HR & OD joined the meeting for this item and summarised the changes to the policy and procedure, intended to make it more user-friendly for staff and including a form for completion. She reminded the Committee that a review of the policy and procedure was recommended by the Corporation in December, and that Governors particularly suggested that the policy and procedure includes clear guidance on what whistleblowing is and when it should be used.</p> <p>The Assistant Principal HR & OD confirmed that, at the recommendation of a Governor, she considered the policy and procedure in the light of the gov.uk whistleblowing code of practice, but noted that it has not been updated since 2015.</p> <p>CM asked if staff receive training on whistleblowing and the Assistant Principal HR & OD confirmed that it is covered as part of induction. The Acting CEO/Principal suggested that it could be build into the CPD programme so that existing staff receive regular refresher training.</p> <p>The Chair noted that the policy is quite long and suggested that an executive summary be included.</p> <p>Action: The Assistant Principal HR & OD undertook to draft an executive summary and circulate it to the Committee for their approval.</p> <p>The Committee approved the revised policy subject to the inclusion of an executive summary, to be shared and approved via email.</p>
19.22	Letter from ONS: Students receiving student support and not appearing in the Individualised Learner Record (ILR)
	<p>The Deputy Principal Planning & Information Services joined the meeting for this item and presented his report. He summarised the issue and explained how the discrepancy arose. He reassured the Committee that the twenty students were all studying via subcontractors and satellite sites and that this will not happen again as the arrangement with subcontractors has now ceased.</p>

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	<p>The Chair suggested that a written response be provided to the OfS to reassure them that controls are in place, that partnership and sub-contracting arrangements have now ceased and that the Audit Committee has been informed. MC supported this course of action.</p> <p>Action: The Deputy Principal Planning & Information Services to draft a letter to the OfS on behalf of the Acting CEO/Principal.</p>
20.22	Health & Safety Report
	<p>The CFO presented the report and confirmed there was nothing significant to relate but highlighted that student vaping is presenting some challenges. He confirmed that vaping and smoking is permitted on site in designated areas, but not all students are using those areas to vape.</p> <p>The Chair noted that this relates to a wider behavioural issue and asked if all students would know where the allocated areas are for vaping. The Acting CEO/Principal confirmed that they should, but there are some issues to be addressed; Nescot has a large campus and when a student has a short break, they may not have time to get to a designated area. The shelters are not all in good order and some vapers prefer not to be in an areas where others are smoking. She advised that a tolerant approach is being taken, so students may vape outside as long as they are not bothering others, but that approach will be reviewed if necessary.</p> <p>The Committee welcomed the report.</p>
21.22	Reportable Items – Fraud/Whistleblowing
	The CFO confirmed there was nothing to report.
22.22	Any Other Business
	No matters were raised.
23.22	Confidential Items
	The Committee agreed that part of the discussion on the risk register and the follow up on the whistleblowing complaint should be contained in a confidential minute.
24.22	Date & Time of the Next Meeting
	The next meeting will be held on Friday 23 rd June 2023 at 9.00am.

The meeting closed at: 10.20 am

Decisions:

- The Committee approved the revised whistleblowing policy and procedure, subject to the inclusion of an executive summary, to be shared and approved via email.

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Actions:

- CFO to re-order items on the current risk register in net risk order, so that the significant risks would be at the top.
- CFO to amend the proposed scoring table on the new risk register.
- CFO to rank the risks in order of High, Medium and Low on the new risk register.
- Assistant Principal HR & OD undertook to draft an executive summary and circulate it to the Committee for their approval.
- The Deputy Principal Planning & Information Services to draft a response letter to the OfS on behalf of the Acting CEO/Principal.