**AUDIT AND RISK COMMITTEE MEETING**

**CONFIRMED MINUTES OF THE MEETING HELD ON TUESDAY 2 MARCH 2021 AT 4.00 PM, VIA MICROSOFT TEAMS**

**Present:**
Bree Sherwood (Chair), Jill Lanning, Philip Richardson

**Attendees:**
Corrienne Peasgood (Principal), Martin Colbourne (NES MD), Paul Goddard (Scrutton Bland Auditor) – present for agenda items 1 - 5.2.1 and agenda item 6.2, Liandi Venter (KPMG) – present for agenda items 1 - 6.2, Clare Johnson (Clerk to the Corporation), Sue Millions (Administrator)

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1. **Apologies for Absence**

   Apologies were received from Karen McIntosh (Finance Manager) for the meeting and it was formally agreed that the Committee was quorate and could go ahead.

2. **Declarations of Interest**

   Governors and Committee members are requested to make known any relevant pecuniary interests relating to any items on the agenda and it was noted that all declarations will be recorded.

   Bree Sherwood confirmed that there is no conflict of interest to be recorded as an employee of PwC UK. It was noted that the company completed the recent ESFA audit report.

   There were no new additional declarations of interest given at the meeting.

3. **Draft Confidential Minutes of the Meeting held on 19 January 2021**          (Paper 02)

   The confidential minutes of the meeting held on 19 January 2021 were amended slightly and were then agreed as a true record of the meeting. The minutes will be signed by the Chair at the next available opportunity.

4. **Matters Arising from the Previous Minutes**                                (Paper 03)

   A&R 01: Action 1: *Martin Colbourne to forward the updated annual report to all Audit and Business Committee members for feedback before the Business Committee Meeting on 8 December 2020.* Annual report and accounts have been signed and submitted. Action completed.
   A&R 01: Action 2: *Final Payroll Internal Audit Report to be presented to the next A&R Committee Meeting for formal review.* Papers have been uploaded onto Passageways under 2019/20 reports. Please see agenda item 5.2.1. Action completed.
   A&R 01: Action 3: *Clare Johnson to upload all Scrutton Bland reports, including the final Payroll report, to Passageways for information and completeness.* These are available in Passageways resources. Action completed.
   A&R 01: Action 4: *Five Internal Audit Reports to be formally reviewed at the next A&R Committee Meeting taking place in January 2021.* Please see agenda item 5.2.1. Action completed.

A&R 01: Action 5: *Internal audits for 2020/21 will be reflected upon and finalised at the next meeting.* Please see agenda item 5.2.2. Action completed.

A&R 01: Action 6: *Assessment of Auditors Performance Indicators for 2019/20 to be carried forward to the next A&R Committee Meeting taking place in January 2021.* Please see agenda item 10.1. Action completed.

A&R 01: Action 7: *Approval of Auditors Performance Indicators for 2019/20 to be carried forward to the next A&R Committee Meeting taking place in January 2021.* Please see agenda item 10.2. Action completed.

## 5.    SECTION A

### 5.1    IAG Progress Report Update

There was no IAG Progress Report Update discussions held at today's meeting.

### 5.2    IAS Reports

### 5.2.1 IAS Reports for 2019-20                                                                  (Papers 04-11)

The content of the IAS Reports for 2019/20 from Scrutton Bland, for both CCN and NES, previously distributed, were discussed at the meeting and additional discussions took place on the following two reports which had received reasonable assurances:

- Employer Satisfaction 2019-20
- Lecturer Deployment 2019-20

**Employer Satisfaction re apprenticeships** – the one medium risk associated with the report was discussed. The Principal informed Governors that the risk: "It should be ensured that all apprenticeship details are inputted onto the Student Records system as soon as possible after enrolment and no later than the date the first levy payment is due to be received" has improved and reported that Jerry White is hoping to discuss with other colleges if they too are struggling with the volume of administrative workload and how they have dealt with the process. Martin Colbourne confirmed that is takes approximately three hours per apprentice to input their details onto the system and it is not the simplified system that was originally expected. The question was asked as to what the risk is to the college and it was confirmed that this delays the drawing down of the income from ESFA and additionally claiming COVID support funds for apprenticeships has proved complex and is now done manually. The Chair suggested that an update on this matter is delivered to the next Audit and Risk Committee Meeting including the need for additional resource in registry.

It was noted in the report that an internal Employer Satisfaction survey was being designed for implementation before the end of the 2019/20 academic year prior to COVID to complement the national FE Choices Employer Satisfaction Survey but these had not conducted in 2020. It was noted that national surveys such as FE Choices and the National Survey for HE produces data that shows students are fully into the survey and the data lets us know about their college experience. It was agreed that it is important that the college can assure itself on students, apprentices and employer satisfaction levels and it was agreed that the Curriculum and Standards Committee would consider this matter at a future meeting.

Governors asked for an update on how formal complaints are differentiated from informal ones with the risk that the latter do not pick up all the issues. The Principal confirmed that the college have a clear policy that is adhered to and she is confident that all complaints are

picked up and nothing is lost or stuck in the system.  The Talk to the Principal link on the website is used regularly by both parents and students.

**Lecturer Deployment** - it was noted that at a previous meeting, the Lecturer Deployment report contained a reasonable assurance level and it was agreed to return to this area once Easton had been assimilated into CCN. At the time of the original review, the framework in place to manage lecturer deployment was in development and was not yet consistently established across each academic department within the College. Through their discussions with management and the review of the information provided, Scrutton Bland were assured that the Further Education Department is tracking staff hours and utilisation.  The Reasonable assurance rating for this review was given to recognise the developmental stage of lecturer deployment monitoring.

The one low recommendation was discussed, and the Principal confirmed that it had not been possible to progress the IT system to support Lecturer Deployment given other priorities for IT development in the past year.  The prioritization of IT projects is overseen by the College Leadership Team, but it will be necessary to continue to use and develop manual systems which meet the requirements.  It has been agreed to revisit this area as part of the 2020/21 Internal Audit Plan.

The following reports for 2019-20 were previously distributed and having received either strong or significant reassures, the full content was noted and approved:

- Capital Projects – 2019-20
- Payroll (NES) 2019-20
- COVID-19 Risk Management 2019-20
- Residential Provision 2019-20
- Internal Audit Report (CCN) 2019-20
- Internal Audit Report (NES) 2019-20

**Action 1:  An update to be provided at the next A&R Committee Meeting taking place on 15 June 2021, on the recording of apprenticeship details onto the Students Record System and the related administrative workload (CP).**
**Action 2:  Curriculum and Standards Committee to consider how the college assures itself about student, apprentice, and employer satisfaction levels (CP).**

**5.2.2 IAS Reports for 2020-21**                                                    (Papers 12-13)

The following reports for 2020-21 were previously distributed and the following highlighted:

**Risk and Assurance Progress Report – March 2021** – the report outlines the audit plan for 2020/21 and following discussions the dates were confirmed.

**Key Financial Reports (NES) – 2020-21** – this internal audit took place in November 2020 and was given a Significant assurance opinion.  The three low risks were discussed, and it was noted that the review of the Financial Regulations advised in the audit report was underway and that some housekeeping has already been completed to include Easton post-merger.

Martin Colbourne confirmed that regarding the third recommendation regarding the eBIS system capabilities to adequately record Value for Money information, he is planning some refresher training for staff once they are all back on site.

The full content of the two 2020/21 reports was noted.

### 5.3 Risk Register Update                                      (Papers 14-15)

The Principal advised that a complete review of the COVID Risk Register took place at the end of October 2020 and was discussed at a previous CCN Board Meeting.
The Risk Register and Risk Management has been streamlined with NES and it was noted that the NES Risk Register was also presented to the NES Meeting which took place in December 2020.

The Principal informed governors that the Risk Register was reviewed again on 16 February 2021, before the Roadmap out of Lockdown was produced by the government and therefore now needs updating, particularly to cover the return of students to college.  It was noted that there are currently 10 risks still above governors' risk appetite but that no further actions can be taken to mitigate these risks and they continue to be closely managed.  One new risk has been added, "Capacity for delivering catch-up, NEET and business as usual".  It was noted that this is a high risk and work is underway to look at what needs to be done for September to deliver "education recovery" support, meet the needs of an increased number of NEET students as well as the normal delivery.  This will place considerable pressure on staffing, workshop, and classroom capacity.  The Principal added that additional funding for education recovery is available for students but the Guidance limits how the funding can be used, e.g. only in small groups.  The Principal was asked if funding is available for mental welfare and she confirmed that it was recognised that the catch-up funding could be used for this. She reported that the AoC and others are lobbying for flexibility to use the catch-up funding where and how it is most needed.  It was noted that some students may need to repeat a part or the whole of this year, to enable education recovery.

All risks were discussed, and the full content noted and agreed.

It was confirmed that the COVID Risk Register will be reviewed and presented to the full Board Meeting taking place in March 2021.

**Action 3:  Risk Register to be reviewed and presented at the next CCN Board Meeting taking place on 23 March 2021 (CP / CJ).**

### 5.4 Fraud

Martin Colbourne informed the Committee that the IT department and all staff are aware of attempted / potential fraud risks and it was agreed that the heightened cyber security risks should always be in the front of people's minds including when working at home.

There have been no whistleblowing reports highlighted to either NES or CCN since the last meeting, but staff remain vigilant.

Financial authorisation levels have reminded the same through the lockdown and the financial team members continue to check and challenge, remaining vigilant at all times.

It was agreed that the committee are reassured by the comments they have today received from Martin Colbourne.

### 6.   SECTION B

### 6.1  External Audit Significant Recommendations Update            (Paper 16)

The External Audit Significant Recommendations Update were previously circulated, and the following was highlighted:

The recommendations raised as a result of KPMG's work through the year were discussed and it was confirmed that journal postings are reviewed but are not evidenced during virtual working but it was agreed that the Committee are content with this and they noted the merit of finding new ways to evidence journal entries to suit different work patterns.

**6.2   Sector Updates**

Paul Goddard updated Governors on the latest sector updates and the following was noted:

- The Skills for Jobs White Paper has been published which will bring changes for colleges.  He also highlighted the report of the Public Accounts Committee which recommended a new funding formula more support for colleges and changes to the intervention regimes.
- It was noted that colleges are less financially impacted than the wider economy but Scrutton Bland are starting to see pressure on cashflow which is becoming a higher priority across the sector.  The question was asked what had caused this pressure on cashflow and Paul Goddard responded that this was due to a reduction or closure of commercial activities, reduced income from catering with less financially secure colleges.
- New legislation will be a result of Brexit and it will be important to stay abreast of this.  It includes new procurement legislation which will require greater transparency on high value contracts, e.g. making available scoring on tenders.  This new legislation may have an impact on resources needed by colleges.

The Chair thanked Paul Goddard for Scrutton Bland's full and comprehensive reports and his sector update and he left the meeting at 4.25 pm.

**7.   SECTION C**

There were no items tabled in this section of the meeting.

**8.   Any Other Business**

Timings of Future Audit Committee Meetings - following discussions it was agreed that future CCN Audit and Risk Committee Meetings will commence at 9.00 am.

**Action 4:  Invitations to the next CCN A&R Committee meeting to be resent with agreed time of 9.00 am (CJ).**

**9.   Confidentiality**

It was agreed that agenda items 10.1 and 10.2 would remain confidential.

The Chair thanked Leisyen Keane for her input and she left the meeting at 4.55 pm.

**10.   Confidential Items**

**10.1 Assessment of Auditors Performance Indicators for 2019/20**

Please see confidential minutes.

**10.2  Approval of Auditors Performance Indicators for 2019/20**

Please see confidential minutes.

**11.** **Date of Next Meeting**

- Audit and Risk Committee: Tuesday 15 June 2021 at 9.00 am.

All business having been concluded; the meeting closed at 5.20 pm.

**Signed …………………………………………… Date ………………………**
**(Chairman)**