

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

MEETING OF THE AUDIT COMMITTEE HELD ON 22 NOVEMBER 2022



Present: Zubair Limbada (Chair)
Tom Wilson
Anne Frost
Zoe Allman

In Attendance: Shabir Ismail Deputy Principal
Debi Donnarumma Vice Principal, Study Programmes
(items 3-5)
Claire Willis Director of Quality Improvement
(items 3-4)
Mark Dawson KPMG
Asam Hussain RSM
Matt Widdowson (Minutes) Governance and Policy Officer

1. **DECLARATIONS OF INTEREST**

- 1.1. Zubair Limbada and Zoe Allman declared an interest in any items which may relate to De Montfort University.

2. **APOLOGIES FOR ABSENCE**

- 2.1. Apologies were received from Louisa Poole, Roger Merchant and Louise Hazel.

3. **MINUTES AND MATTERS ARISING FROM THE PREVIOUS MEETINGS**

3.1. **MINUTES OF THE 21 SEPTEMBER 2022**

- 3.1.1. The Minutes of the 21 September 2022 were **agreed** as an accurate record and **approved**.

3.2. **ACTION RECORD**

- 3.2.1. The Deputy Principal provided an update on the Action Record.

3.2.1.1. Action 5.2.6: This action was still in progress.

3.2.1.2. Action 7.2.1: The outcome of the consultation was still awaited.

3.2.1.3. Action 3.2.2.3: The next meeting of the Audit Committee would be held in-person.

- 3.2.2. **Governors asked the following question:**

- 3.2.2.1. When would the Funding and Accountability Consultation results be available?** They should be published imminently (at least before the end of the 2022) as this would inform 2023/24.

3.2.3. Governors noted the Action Record.

3.3. MATTERS ARISING: APPRENTICESHIPS DEEP DIVE

- 3.3.1. This item was taken along with Item 5 and the two papers were presented by the Vice Principal, Study Programmes, and the Director of Quality Improvement.

- 3.3.2. A trial deep-dive was undertaken in June 2022. A fourth deep dive was now underway. The highlights were:

- 3.3.2.1. Good teaching and learning;
- 3.3.2.2. Good attitudes and behaviours;
- 3.3.2.3. Students able to articulate well;
- 3.3.2.4. All staff had the relevant training;
- 3.3.2.5. There was strong communication with employers and the Accounts Managers had good relations;
- 3.3.2.6. Attendance was not good enough;
- 3.3.2.7. Personal Development was not built in as it should have been.
- 3.3.2.8. The quality of reviews required further improvement work;
- 3.3.2.9. Curriculum sequencing required further work.

- 3.3.3. The improvements were already in the QIP which was being progressed.

3.3.4. Governors made the following comments:

- 3.3.4.1. Was this approach designed to mirror that of Ofsted?** The Director of Quality Improvement replied that it would do if an inspection under the EIF were to take place.
- 3.3.4.2. It was noted that the deep dive did not look at funding.**
- 3.3.4.3. What was the role of the CSQI Committee in assessing this deep dive data?** The deep dive would be taken to CSQI in January 2023. The purpose of bringing this information to the Audit Committee was to demonstrate that controls were in place to monitor quality. However, the actual detail should be discussed at CSQI.

3.3.5. Governors noted the update on the Apprenticeships Deep-Dive.

4. ACHIEVEMENT RATES 2022/23

- 4.1. The Director of Quality Improvement presented a paper which provided a three-year trend comparison of the College's achievement rates from 2019/20 to 2020/21.

- 4.1.1. The Qualification Achievement Results (QAR) and National Achievement Rates (NARs) had not been published for the last couple of years for Education and Training. These would not be published until March 2023. However, they were published for apprenticeships.
- 4.1.2. The reported data combine Adult Achievement Rates for Entry-level and Level 1. Level 1 and 2 rates decreased; level 3 rates increased.
- 4.1.3. There was variation across qualifications. Functional skills showed an improvement. ESOL also showed an improvement.
- 4.1.4. The College compared well for English and Maths.
- 4.1.5. There was no concern around the EDI indicators. However, there was concern around particular groups of students.
- 4.1.6. Apprenticeships presented a good picture, and the EDI indicators were much improved.

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

- 4.2.1. **What were the main concerns?** It was 16-18 which had been low for several years.
- 4.2.2. **How useful would it be to look at best practice at other colleges?** Every college was different, and Leicester College had a higher proportion of students studying English and Maths alongside their qualification.
- 4.2.3. **Would English and Maths be an issue for Ofsted?** It was unlikely to be such a big issue anymore.
- 4.2.4. **When the QAR and NARs data became available, would this change the overall picture, and how would the College handle this?** In addition to Achievement Rates, Ofsted would also be looking at progression. There were processes in place to monitor progression. However, it would be too late to start looking at Achievement Rates once the data had been published.

4.3. **Governors noted the Achievement Rates paper.**

5. **APPRENTICESHIPS UPDATE**

- 5.1. This item was taken along with item 3.3.
- 5.2. The Vice Principal, Study Programmes, presented the Apprenticeships Update.
 - 5.2.1. This work had been carried out by MIS and, as a result, there was now more confidence around the process which had been put in place.
 - 5.2.2. A monthly reconciliation meeting was in place to check the Off-the-Job data.
 - 5.2.3. Monthly reconciliation meeting to check off the job.
 - 5.2.4. DSAP reports had not yet been issued.
 - 5.2.5. The Vice Principal would be working with MIS to ensure that there were regular gatekeeping exercises.
 - 5.2.6. Action 8 update – DSAP reports have not been issued yet.

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

- 5.3.1. **This exercise had been helpful, and it was clear that progress had been made, however, there was concern that will the focus was on these issues meant that other issues may slip through.**
The action plan monitored all aspects of control.
- 5.3.2. **Is ‘what is going right’ still being checked?** It was. MIS would also be carrying out sampling to perform audit checks. Some of the findings now, such as issues with the onboarding process, were sector-wide, rather than specific to the College. The College was assured by the processes in place.
- 5.3.3. **An article had been published in FE Week detailing issues with learners on the wrong course. There was a chance that, by focusing on the details, the big picture may not be considered. Was the College happy with the ‘big picture’?** There were monthly reconciliation meetings and learner checks which would highlight if a learner were on the wrong course. The issue around learners being on the wrong programme at other colleges was down to initial contact which Leicester College does well.
- 5.3.4. **Had there been a softening of EFSA rules around claw-back?** There had not been, although the EFSA recognised the complications within the funding model.
- 5.3.5. **What had been the involvement of the Internal Auditors?** This work had been carried out by MIS which replicated the checks made by RSM. The Internal Auditor added that the Internal Audit was planned for 6 February 2023.

5.4. **Governors noted the Apprenticeships Update.**

6. **EXTERNAL REVIEWS**

6.1. The Deputy Principal presented a summary of the Ofsted Inspection of the Abbey Park Nursery which took place on 30 September 2022.

6.1.1. Abbey Park Nursery had previously been rated as ‘Outstanding’ following the Ofsted Inspection of 2016.

6.1.2. Abbey Park Nursery had been rated ‘good’ against the new Early Years Foundation Stage (EYFS) framework which had come into effect on 1 September 2022. All areas of the framework were judged to be ‘good.’

6.1.3. There were two actions arising from the inspection involving amending the settling plans for children, and the allocations of a key person.

6.1.4. This was a good outcome. The criteria had been strict, and the College did not know of any local nurseries which had achieved outstanding.

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

6.2.1. **Governors noted that the issues which had been highlighted by the previous Ofsted Inspection were no longer issues.**

6.3. **Governors noted the Abbey Park Campus Nursery Ofsted Inspection Report.**

7. RISK MANAGEMENT PROGRESS REPORT

7.1. The Deputy Principal represented the Risk Register Update. There were four areas for which the risk had increased:

- 7.1.1. Apprenticeship recruitment: Red (20). The issue was around recruitment and the challenge of recruiting the right teaching staff, particularly for construction. There was also a challenge around carrying forward the numbers from 2021/22 as these were low.
- 7.1.2. T-Levels: Failure to meet student number targets: Red (20). These were now higher overall, but the numbers were down last for the previous year. There was the possibility that if numbers fell below 80% there might be further implications.
- 7.1.3. Failure to raise contribution rates in line with financial and curriculum plans: Red (16). There was a lot of pressure stemming from the fact that there had been no increase in funding.
- 7.1.4. New Risk: Supreme Court ruling on holiday pay results in claims for back pay and results in additional costs to pay bill: Red (12). This was an issue around part-time and work-time staff holiday entitlement. Work was underway to better understand the implications, although it was known that the College's liability was limited to two years. The Association of Colleges was supporting the sector to determine a common calculation. It was not known if this would be a liability.

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

- 7.2.1. **This was a large risk register. The Audit Committee should be looking at the strategic risks which could not be identified easily from the risk register. The Holiday Pay issue was something that should be looked at; however, it was probably not necessary to see all the sub-risks associated with T-Levels. Governors suggested that there may be a means of identifying top-level risk by scoring the component risks.** This was always open to discussion.
- 7.2.2. **Were 16-18s a strategic risk?** They were.
- 7.2.3. **Industrial action was taking place across the Higher Education sector, was there any risk to the College?** This was not an imminent risk. There was regular dialogue with the trade unions and good relationships with the local University and Colleges Union (UCU) representatives. Pay deals seen at other colleges may not be as they first appear. Unlike some other colleges, Leicester College had not frozen pay over the past few years. Pay deals elsewhere may also be affected by a raise in the National Minimum Wage and market supplements.
- 7.2.4. **What would need to be considered in advance of changes to the international auditing standards?** The External Auditor replied that the new auditing standards included the consideration of whether there was a material risk of misstatement. There was not a direct read across. The main question for the Audit Committee was if they were comfortable with what was being done.
- 7.2.5. **It was noted that safeguarding risk remained in red and there was no movement towards green. This was a concern?** Although

everything that could be done was being done, there was always the risk of just one serious incident. This could be reassessed though.

7.3. **Governors noted the Risk Management Update.**

Anne Frost left the meeting.

8. **INTERNAL AUDIT REPORTS**

8.1. The Internal Auditors presented the Higher Education Students Early Statistics Survey (HESES) Returns.

8.1.1. The purpose of this exercise was to check the College's processes to ensure that complied with the requirements of the return

8.1.2. The College had established processes in place and no discrepancies were found.

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

8.2.1. The report mentioned training, why was this? This was a theme identified by the OfS (Office for Students) for colleges to reflect on.

8.2.2. The body of the report showed that there were good standards and the appendix helped governors to understand if there was anything which had been missed. Hopefully, this would help with the transition to Data Futures.

8.3. **Governors noted the HESES Data Returns report.**

9. **AUDIT HIGHLIGHTS: MEMORANDUM AND MANAGEMENT LETTER – YEAR ENDED 31 JULY 2022**

9.1. The External Auditors presented the Audit Highlights and Management Letter 2021/22

9.1.1. The audit was substantially complete and there was nothing left which could delay the sign-off.

9.1.2. There were no concerns with the pension liabilities.

9.1.3. Although FE funding is tested the audit does not go to the same level as a funding review.

9.1.4. There were no control recommendations.

9.1.5. With regards to being a going concern, the auditors were still progressing, and documenting based on the reforecast. Overall, there was no particular concern.

9.1.6. Beyond any pension changes, no further changes were foreseen.

9.1.7. Overall, this had been a good, clean audit.

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

9.2.1. Governors asked about the pension adjustment. The External Auditor replied that their view was that they reflected actual inflation up to 31 July 2022 which had gone through an experience process.

9.2.2. The table on page 20 could be clearer to show the net pension

asset.

9.3. **Governors agreed to recommend the report to Corporation for approval.**

10. CYBER SECURITY AND DATA BREACHES ANNUAL REPORT

10.1. The Deputy Principal presented the Cyber Security and Data Breaches Annual Report for 2021/22.

10.1.1. Cyber-security was one of the biggest risks to the College and was an issue being considered by the Disaster Recovery Working Group.

10.1.2. The College was pleased to announce that it had secured the Cyber Essentials Plus. This would be more difficult to obtain next year as a higher standard would need to be achieved.

10.1.3. Multifactor Authorisation was included on the VPN.

10.1.4. There was now more protection for cloud-based services.

10.1.5. There were six personal data breaches during 2021/22. These were down to human error.

10.1.6. A data breach involving automated letters had been rectified.

10.1.7. The College would be introducing 5-minute training sessions for staff on cyber security.

10.1.8. Staff had mandatory training and there was an annual penetration test.

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

10.2.1. One of the biggest risks came from the turnover of Directors of IT. This had been considered but IT was more than one person; there were processes in place. He added that there was generally a high turnover in IT, and it was one of the areas excluded from the temporary recruitment freeze.

10.2.2. There were two different spellings of “Whistl.”

10.2.3. The achievement of Cyber Essential Plus was positive as it was a credible accreditation. The Internal Auditor also commented that it provided a great means of control.

10.2.4. What is in place to handle Ransomware attacks? This was considered in the Business Continuity plans and each area had their own contingency plans in place should systems go down.

10.2.5. It was important to remain vigilant to data breaches. How could the College ensure that all breaches had been identified? The Deputy Principal replied that the Director of Governance and Policy led on this area, and she often spoke to CLT about their responsibilities.

10.3. **Governors requested further updates on Cyber Essentials Plus in the future.**

10.4. **Governors noted the Cyber Security and Data Breaches Annual Report.**

11. AUDIT COMMITTEE ANNUAL REPORT 2022/23

11.1. The Deputy Principal presented the draft Audit Committee Report for 2022/23.

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

11.2.1. **Why were radioactive rocks mentioned in the report?** These were kept in one of the College's science laboratories and have been inspected by the local authority.

11.2.2. **The Governors wished to extend the Committee's thanks to the Director of Governance for compiling the annual report.**

11.3. The Governors approved the Audit Committee Annual Report 2022/23.

12. **ANY OTHER URGENT BUSINESS NOTIFIED TO THE CHAIR PRIOR TO THE MEETING**

12.1. There was no further business.

13. **INFORMATION ITEMS**

13.1. **REVISED POST-16 AUDIT CODE OF PRACTICE**

14. **DATES AND TIMES OF FUTURE MEETINGS**

- 22 March 2023, 8am
- 7 June 2023, 8am