

EALING, HAMMERSMITH, AND WEST LONDON COLLEGE FE CORPORATION

Meeting	AUDIT COMMITTEE		
Date	8 March 2022	Time	18.00
Venue	Virtual meeting via Zoom		
Chair	Maria Vetrone		
Committee: Maria Vetrone (Chair); Callum Anderson; Shawez Mir; David Paine; Saad Siddiqui (co-opted member); Debbie Stephenson			
In attendance: Anil Nagpal – Chief Operating Officer (COO); David Warnes – Deputy Principal of Strategy, planning and communications (DPSPC); Maxine Deslandes – Director of Finance (DoF); Karen Redhead - Chief Executive (CEO); Ra Hamilton-Burns – Interim Governance Advisor (IGA).			

	ITEM
1.	<p>APOLOGIES FOR ABSENCE Callum Anderson sent apologies.</p> <p>Maria Vetrone welcomed Debbie Stephenson to her first meeting.</p>
2.	<p>DECLARATIONS OF INTEREST There were no declarations of interest.</p>
3.	<p>MINUTES OF THE LAST MEETING Page 8 – there was a correction that the delay was on the repayment plan.</p> <p>AGREED: THE MINUTES OF THE PREVIOUS MEETING HELD ON 6 DECEMBER 2022 WERE APPROVED AS AN ACCURATE RECORD</p> <p><i>Saad Siddiqui joined the meeting at 18.03. Item 10.2 was taken at this point on the agenda.</i></p>

4	Matters arising	
No.	Action/Matter arising	Status
4.	Matters arising <ul style="list-style-type: none"> Mazars/AN to include KR in the scoping of the security and IT audit 	Item 6.3.i on these papers
5.ii	Update on external audit reports <ul style="list-style-type: none"> AN to update the tracker in line with the new management letter 	Complete
9.	Risk management <ul style="list-style-type: none"> AN to report back to MV about risk 16 on RoATP¹ which closed on 31 October 2021. 	Anil to offer an update.
12.i	Post Audit management letter (financial statements and regularity) <ul style="list-style-type: none"> AN to note this delay in agreement on the repayment schedule the financial statements KR to circulate the email from the PMO re the delay of submission of the repayment plan. 	Noted
15/16	Review and appointment of External and Internal Auditors Internal audit <ul style="list-style-type: none"> Mazars to forward the scope for audits in the coming year to the College Executive team via the COO. AN/MD to prepare a tender process for external audit. AN/EM to review and discuss Mazar's contract 	Item 9 on these papers
<p>Anil Nagpal explained that Item 9 related to the RoATP, the College has not formally heard back so therefore can continue its delivery for 2021/22. The Committee agreed that this seems to be common across the FE sector.</p> <p><i>David Paine left the meeting at 18.15 due to connection issues.</i></p>		
5	Risk management reports	
5.i	<p>Strategic risk register including Covid-19 Anil Nagpal presented an analysis of the updated risk register which has been thoroughly reviewed by the senior team. Two risks have changed but the profile remains the same.</p> <p>Risk 5 – Failure to achieve staff cost savings resulting in failure to achieve I&E target and staff spend/turnover profile of 63% thus putting further strains on cash. Governors commented that the KPIs show that it is tracking to be on target so asked why is it a risk? Anil Nagpal confirmed that the KPIs show that the staff ratio is currently lower than target which is positive, and the team will look at the rating of the risk but will continue to monitor it as it is an important KPI which is tracked throughout the sector.</p> <p>Risk 19 – Failure to ensure that the quality of education is at least Good at the next inspection and consequential impact on the College reputation and student recruitment. Governors asked for more detail. Anil Nagpal said that this, in part, is related to</p>	

¹ <https://download.apprenticeships.education.gov.uk/>

issues with recruitment and retention which is a factor across the sector. The College has lost some staff but has recruited staff to ensure a strong focus on Quality and Ofsted preparation. James Taylor is leading on this and currently reviewing the structure to strengthen the team, supported on the financials by Maxine Deslandes. Debbie Stephenson said that there has been a meeting with governors to finalise the QIP on February 8, 2022, and it will be presented to Curriculum and Standards Committee on 15 March and the full Board on 29 March 2022.

Maria Vetrone commented that the table which tracks the net risk score for each risk is very useful but noted that the score for risk 19 has stayed stubbornly the same. The Committee has to ask, therefore, if the mitigating actions are not working as intended and if there are other mitigating actions which are preventing the risk being reduced. Anil Nagpal said staffing issues, the QIP delay and works being undertaken for Ofsted preparation are causing this to remain a significant risk despite the considerable amount of work being done presently. It will be kept under review as the ongoing efforts come to fruition. The Committee said that this high risk is a considerable concern to the Board. Debbie Stephenson said that reductions in staff might impact both morale and performance, but the view of Karen Redhead would be useful. She added that the EIF framework change combined with loss of staff will mean that the Ofsted outcome remains a challenge. The outcomes from 2020/21 are an additional contributor to the risk being high. The Committee confirmed that this significant rating reflects the reality of the current situation despite the raft of actions in place which have yet to be shown in outcomes.

Governors asked if it is possible to do some benchmarking with other institutions to see how they are performing and what they are doing to mitigate the risks of a poor Ofsted outcome. David Hoose confirmed that quality of provision is discussed regularly in other colleges as a key risk and is not diminishing at this time. He said that the risk rated as 'medium' seems appropriate at this time.

Risk 2 – Apprenticeship income targets (£900k) are not achieved leading to reduced cash receipts each month, assessor caseloads below efficient levels. Maria Vetrone said that she has picked up a risk on 'out of funding apprenticeships' at her current college and asked if WLC is experiencing any issues. Anil Nagpal said this is a risk but in terms of income the College is confident of hitting target. Achievements continue to be monitored, the College is focussing considerable effort on supporting this. MV asked if timely payment to employers of incentive payments are an issue at WLC. Governors added that timely achievement has been a concern for some time and more recently Covid-19 caused breaks in learning which might cause funding issues.

Action: AN to check if incentive payments are an issue at WLC.

Risk 3 – Not achieving 16-18 classroom enrolment numbers (1,847 learners) in line with latest financial plan resulting in allocation reduced in future years to below income target in the financial plan. Governors asked if the net risk here is correct and if the College knows the allocation for the coming year. Anil Nagpal confirmed that the allocation has increased by £1.8m for next year and this will be used for improving learning; the College is confident that the risk rating is appropriate.

Risk 14 – Lack of investment in IT infrastructure, leading to outages, failure to provide effective IT service to students and staff and exposure to cyberattack.

Risk of Cyber attack

Failure to secure Cyber Essentials (CE) Governors asked what the College plan is to mitigate against this and if the Board needs to support focus on funding on this item. Anil Nagpal said that the College is working with JISC, but the College needs to invest to get to cyber essential standard. Funding is not available currently as the focus is being directed to the Park Royal project. The capital expenditure is subject to affordability and will be kept under

	<p>review. The Committee asked if the College is putting in place all the actions outlined by JISC. The College is enacting all those actions and is in a better position than two years ago but recognises that the current Russia/Ukraine situation exacerbates this risk. Governors suggested that this should be given focus as it is a sitting time bomb and some funding should be identified in stages. AN confirmed that the funding required is for the accreditation for Cyber Essentials but the College is taking very seriously the Cyber Security risk. This includes ensuring the College has insurance cover in place. He expects that moving forward the low assurance should move to a 'medium'.</p> <p>ACTION: AN to separate the application for Cyber Essentials from cyber security in the next risk register.</p> <p>Maria Vetrone and the Committee thanked Anil Nagpal for the excellent report.</p> <p>AGREED: THE AUDIT COMMITTEE AGREED TO RECOMMEND THE STRATEGIC RISK REGISTER TO THE BOARD AT ITS MEETING ON 29 MARCH 2022</p>
5.ii	<p>Risk Assurance Framework Anil Nagpal presented the risk assurance framework to the Committee.</p>
6	<p>Internal Audit Assignment Reports</p>
6.1	<p>Update on recent audit visits David Hoose said that there have been no internal audit visits and the scope is set out under Item 6.3.</p>
6.2	<p>Executive team report on staff planning and utilisation audit – This item was a confidential report.</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <ul style="list-style-type: none"> ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

6.3	<p>Scope of Audit</p> <p>i. IT security audit David Hoose said that the scope is reported as it is an action from the last meeting. It is intended that this will focus on items audited in prior years. Governors asked if safeguarding should be included. Maxine Deslandes believes that it is an issue as learners might be targeted when using College IT equipment in case the network is infiltrated by unsuitable material. Anil Nagpal pointed out that the audit is scoped for 12 days, and the Committee said that this will add to the third line of defence in cyber security so seems appropriate</p> <p>ACTION: David Hoose will request that the IT security report be presented to the next meeting if possible.</p> <p>The following scopes were included for information only and were in the appendices of the papers:</p> <ul style="list-style-type: none"> ii. Subcontracting (A) iii. Learner number (A) iv. Key financial controls (A) v. HR audit (A) <p>Governors will feed back to David Hoose with any questions but asked why there are no dates in the terms of reference. Action: AN to supply the dates for the scoped audits to the 14 June Audit Committee meeting.</p> <p>Governors asked where student bursaries would be audited. It was agreed that it isn't usual to do this every year. David Hoose said that the Learner Number reports from prior years would provide sufficient scope and the College managers have focussed the audits on the risk. AN said that there is an item on bursaries in the learner numbers audit.</p> <p>MV thanked David Hoose for his report.</p>
7	<p>Update on the implementation of outstanding internal and external audit recommendations</p>
7.1	<p>Internal Audit Recommendations Anil Nagpal presented the internal audit tracker 2020/21. The recommendations in the internal audit update are being followed up and it is expected that the recommendations will be fully implemented. There are 41 internal audit recommendations with the majority being Green and only 4 Amber ratings which are in progress. Management responses have been provided. The recommendations made as part of the Learner Numbers audit are now included in the tracker.</p> <p>Governors asked if any of the recommendations are out of date. AN explained that a few had been delayed as a result of Covid-19 but these are now addressed or being addressed. Anil Nagpal reminded the Committee that this report reflects the College's perspective but has still to be validated by Mazars.</p>
7.2	<p>External Audit Recommendations RSM, the external auditors, presented a draft Audit Findings Report to the Audit Committee on 6 December 2021. This has subsequently been signed off and a copy is provided in the appendices for the Committee as Item 11.1. The seven actions outlined are being followed up and will be finalised as part of the year-end workstream. The status is marked on the tracker and actions will culminate in a report for financial statements FY2022.</p>

Governors asked of the three ambers, with particular reference to the fixed asset register, do they pose a risk to the College? Anil Nagpal said that there is an element of risk. The fixed asset position is interesting as the College has made a great deal of progress, but this has partly been hampered by the limitations of Covid -19. The College is still in a far better position than in prior years. There was discussion on the risk related to the subsidiary companies and Anil Nagpal undertook to update this.

ACTION: AN to update the risk to green for Evolve and amber for the CTB risk as this is work in progress.

8 Fraud report – This item was reported as a confidential item.

[Redacted content]

9 Process and timetable for audit service tendering

The contract with RSM has been on a rolling basis since the appointment of Baker Tilly in 2013 (subsequently rebranded as RSM through a series of mergers). The 2020/21 Audit Code of Practice² requires colleges to review tendering and appointment of external audit services.

Mazars was appointed in March 2019 as internal auditors with the contract due to end in March 2022, but this is now being extended for practical purposes to July 2021 in order to allow this year’s assignments to be completed.

Maxine Deslandes explained that it is intended that the new audit services will begin from 1 August 2022 and the proposed timetable is as follows:

Draft Audit Tender Process Timetable

Task	Date
Inform Audit Committee of the tender process	8th March 2022
Invitation to tender to audit companies (with supporting documentation)	April 2022
Final date for receipt of completed tenders	April 2022
Presentation to selection panel	May 2022
Award of Contract	May 2022
Further update of and confirmation of award (Audit committee)	June 2022
Audit services Commence	August 2022

The College will use a purchasing framework to process tenders to ensure maximum value for money and to ensure that appointments are made by the end of June 2022. Officers, led by Anil Nagpal will conduct the tender process and governors will be invited to participate. The Committee agreed that it would be appropriate for governors to be involved in the process.

AGREED: THE AUDIT COMMITTEE AGREED TO RECOMMEND THE AUDIT

² [Post-16 audit code of practice - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

	TENDERING PROCESS AND TIMETABLE TO THE BOARD AT ITS MEETING ON 29 MARCH 2022
10	Policies
10.1	<p>Disaster recovery policy and procedure</p> <p>Anil Nagpal presented a draft of the policy and invited comments and feedback from the Committee. There are some gaps in the document which are yet to be completed and it is intended that the business continuity plan will be finalised later this year.</p> <p>There was discussion about the nature of the plan which is a business continuity plan more than disaster recovery process. Governors commented that there are items missing such as:</p> <ul style="list-style-type: none"> • impact on the learners and risks to vulnerable learners. • terrorist incidents • physical security. • death of a learner <p>The Committee suggested that there would need to be a critical incident plan which might be led by David Warnes.</p> <p>The Committee asked if the College assesses and tests risks such as IT failure and recovery and the impact of having to work remotely, to check that there is a process to ensure continuity. Anil Nagpal said these are all good points which will be taken into account but noted that this is an overarching document which needs to contain links to contributory policies and procedures. In terms of IT failure/remote working, this has been tested recently due to the impact of Covid-19. Saad Siddiqui said that he has seen that organisations outline a risk assessment to identify the top five areas, and these are prioritised in a cycle in a business impact methodology. The Committee thanked Anil Nagpal for an impressive first draft.</p> <p>ACTION: Committee members to forward comments and suggestions to AN. ACTION: RHB to rename this item on the CoB and agenda as Business Continuity Policy ACTION: RHB to ask KR to consider a critical incident policy</p>
10.2	<p>Subcontracting supply chain, fees, and charging</p> <p>This had been brought forward from the summer term prior to the subcontracting audit in order that it can be included in the scope. There will be a value for money testing included in the audit which will take place in May 2022.</p> <p>David Warnes presented an update on the subcontracted provision for the first and second quarters of 2021/22. He offered the following summary:</p> <ul style="list-style-type: none"> • Six weekly performance meetings have been held with every subcontractor since the beginning of the year reviewing both financial and quality performance • DW chairs the partnership management group which produces a RAG rating for each subcontract • Subcontracting continues to be an area for government concern and focus and the new subcontracting standard³ • WLC has put in transitional arrangements for 2021-22 and steps are in place to ensure full compliance for the future • Quality assurance visits including joint observations of teaching, interviews with staff and students and paperwork audits were due to be completed by February 2022 • All provision has been rated good to date • Two rounds of partner monitoring review meetings have taken place and no issues

³ [ESFA subcontracting standard - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

have been flagged with quality measures being in line with KPIs.

A summary of performance was shown and enrolments are still being processed in time for R06. Learning Curve is showing as being behind profile, but all learners have been enrolled and are learning but the format in which the enrolments have been received is difficult to check and accept. This is being followed up with the Learning Curve Group. There is minor underperformance for other partners but nothing to cause particular concern.

Table 1: R06

Subcontractor	ESFA Contract	Profile (Aug-Jan)	Actual ** (Aug-Jan)	Variation	GLA Contract	Profile (Aug-Jan)	Actual ** (Aug-Jan)	Variation
+ Learning Curve	£800,000	£800,000	£21,411*	-£778,589	£100,000	£0	£0	£0
BPP	£600,000	£388,000	£423,504	+£35,504	£485,000	£256,000	£240,785	-£15,215
Integer	£110,000	£73,000	£18,418	-£54,582	£150,000	£118,000	£32,502	-£85,498
Bounceback	£0				£50,000	£0	£0	£0
Voncap	£20,000	£0	£0	£0	£26,000	£0	£0	£0
Chelsea	£0				£200,000	£144,000	£46,416	-£97,584
TOTAL	£1,530,000	£1,261,000	£463,333	-£797,667	£1,011,000	£518,000	£319,703	-£198,297

*delivery underway and enrolments being collated for January return to meet profile

** including anticipated achievement funding

10.2 Subcontracting delivery policy

- The Policy now sets out the rationale for the College entering into subcontracting arrangements
- It includes a statement on compliance with the Modern Slavery Act 2015
- The payment terms are now aligned with sector norms including retention of 10% of the payments under year-end reconciliation with payments only made in line with agreed profiles in November of the following year to ensure there is no overpayment

The new subcontracting standard will effectively act as a licence to subcontract and covers all subcontracting assurance for all post-16 providers from 2022/23. This year, therefore, there are transitional arrangements but no external validation. The College completed a self-assessment audit of compliance against the 81 new criteria and concluded that the subcontracting provision is:

- 65 criteria fully compliant
- 15 criteria partially compliant or seeking clarification on the interpretation
- 1 criterion non-compliant on value for money but this will be completed by summer

Governors asked if there are course performance reviews in year to ensure that learners are going to meet their targets. David Warnes said that this is covered in the six-weekly performance reviews and there has recently been a particular deep dive with Chelsea. The College observed that there has been excellent teaching, but the College is working to ensure that this translates into achievement.

Governors asked if the College does any RAG rating for the subcontractors to evaluate which should be subject to the deep dives. David Warnes explained they are RAG rated based on various measures in terms of compliance with quality and funding rules and their profile. This is submitted to the internal partnership management board. Subcontractors are subject to a rigorous due diligence process for finance, directors, connected companies and other measures which are scored and those in the high-risk categories would not be approved.

The Committee commented that in table one, appendix one – the Chelsea Foundation and Learning Curve have been rated amber against all the criteria and asked for more explanation.

	<p>To receive a green rating a subcontractor would have to be at or above profile, have no errors on paperwork or no returned paperwork which might cause delays to the ILR and have an outstanding grade on observation. The 'green' is equivalent to an Ofsted 'outstanding' and the 'amber' equates to a 'good'.</p> <p><i>DW left the meeting at 18.15.</i></p> <p>AGREED: THE AUDIT COMMITTEE AGREED TO RECOMMEND THE SUBCONTRACTING DELIVERY POLICY TO THE BOARD AT ITS MEETING ON MARCH 29 2022.</p>
11	Items for information only
11.1	<p>External audit findings report – final report to note This had been circulated by email but is included in the appendices for the record.</p>
12	<p>Committee evaluation Governors commented that:</p> <ul style="list-style-type: none"> • It had been interesting to see how the elements of college business join up. • The papers and meeting had been very positive. It is encouraging to see continual improvement brought about by the hard work of the team and it represents a job well done • It is pleasing to see that the Committee is now operating an effective cycle and routine of business. • It has been a very efficient meeting. • It was a good meeting with fair challenge and support <p>David Hoose added that he was impressed with level of challenge at WLC audit meetings. The Committee has a good mix of experience and skills lacking from other college audit committees.</p> <p>Maria Vetrone added that she loves working with this Committee and thanked the team for all the hard work which is clearly evidenced in the papers. The risk management and assurance are particularly extremely good.</p>
13	<p>Any other business</p> <p>Timings of meetings: AGREED: It was agreed that future meetings of the Audit Committee would start at 17.30.</p> <p>RSM twilight training – Ra Hamilton-Burns reminded the Committee that RSM had kindly arranged three audit and finance training twilights with the first one being on 9 March 2022.</p> <p>Action: RHB to circulate reminder details of the RSM twilights and joining instructions.</p> <p>Maria Vetrone thanked David Paine for everything he has done over the past three years for the Audit Committee and for sharing his expertise and advice. He is leaving the Board on 31 March 2022.</p> <p>The meeting closed at 19.20</p>
13	<p>Date of next meeting 14 June 2022 at 17.30</p>