

# EALING, HAMMERSMITH, AND WEST LONDON COLLEGE FE CORPORATION

## Minutes of the Audit Committee

<b>Meeting</b>	<b>AUDIT COMMITTEE</b>		
<b>Date</b>	20 <sup>th</sup> March 2023	<b>Time</b>	17.30
<b>Venue</b>	Virtual meeting		
<b>Chair</b>	Shawez Mir		
<p><b>Members:</b> Shawez Mir (Chair); Saad Siddiqui (co-opted member); Rachael Fisher.</p> <p><b>In attendance:</b> Anil Nagpal – Chief Operating Officer (COO); Maxine Deslandes – Director of Finance (DoF); Karen Redhead - Chief Executive (CEO); Lesley Venables - Interim Governance Advisor (IGA), Daljit Bains (Director of Business Development &amp; Partnerships)</p> <p><b>Auditors:</b> Shachi Blakemore - Buzzacott; Alice Walker and Paul Goddard - Scrutton Bland</p>			

	ITEM
1.	<p><b>APOLOGIES FOR ABSENCE</b> Apologies for absence were received from Mustafa Sami, Shachi Blakemore (Buzzacott) and Karen Redhead (CEO)</p>
2.	<p><b>DECLARATIONS OF INTEREST</b> There were no declarations of interest.</p>
3.	<p><b>MINUTES</b> <b>Resolved</b> – That the minutes of the meeting held on 1<sup>st</sup> December 2022 be approved as a correct record and signed by the Chair.</p>
4	<p><b>MATTERS ARISING</b> The Committee received a progress report on all matters arising from the previous meeting and noted that the majority of these were either underway or had been completed.</p>
5 5.1(i)	<p><b>Internal Audit Reports</b> <b>Risk Management</b> The Committee received a 'healthcheck' report on the College's Risk Management Framework. It was noted that due to the advisory nature of this review, no grading had been assigned by the Internal Auditor.</p> <p>Some areas of good practice had been identified, namely the departmental risk registers which fed into the strategic document and regular operational risk management meetings.</p> <p>Three suggestions for further improvement had been raised, all of which had been agreed by management:</p> <ul style="list-style-type: none"> <li>● Provision of training for members of the management team and for governors;</li> </ul>

- Addition of a target risk score against each sub-risk in the risk register to reflect the likely impact of any mitigations;
- Consideration of allocating some risks to particular committees to improve oversight by the Board

The concept of setting a target risk score was supported by the Committee and would be discussed by the Board and the significant amount of work undertaken on risk was acknowledged.

5.1(ii)

**Apprenticeships Review**

The Director of Finance reported that this review had resulted from a visit by the previous internal auditors and concerns that some of the recommendations had not actually been implemented properly.

The Internal Auditor presented an advisory Internal Audit report on Apprenticeships, which had not been graded in the usual manner. A tracking tool had been developed to enable staff to monitor performance during each stage of an apprenticeship, together with a comprehensive onboarding process. At the time of the audit visit it had been noted that there were a number of key staffing vacancies which had impacted on the delivery of apprenticeships.

A total of 3 high priority, 5 medium priority and 2 low priority recommendations had been made, all of which had been agreed by management. The Committee noted that this level of performance was lower than the sector average of Scrutton Bland further education clients.

The high priority recommendations related to ensuring that the sign-up process for apprenticeships allowed sufficient time for each stage to be completed and introducing a clear procedure for the necessary documentation and timings, which should take place prior to any apprentice starting their programme. A further recommendation had been made on staff utilisation and capacity which suggested that suitable qualified staff in this area could cover for teachers and the potential for increasing part-time teaching hours to provide additional support to assessors.

The medium priority recommendations were about embedding apprenticeships throughout the curriculum plan, rather than them being seen as a totally separate part of the College's provision.

In response to questions the Director of Business Development and Partnerships (DBDP) reported that the sign-up process had been developed and the MIS system updated, but the sequencing was still not appropriate with a high level of bureaucracy involved. There was a reliance on the capture of information and in the past the sign-up process had stopped when the software was not operation, which had created some difficulties in meeting deadlines set by the ESFA.

A governor asked whether management was confident that the actions would be implemented by September 2023. The DBDP confirmed that this was the case but noted that any staff training would be dependent on the College being able to recruit in this area. The roles and responsibilities of the College, the apprentice and the employer would all be clearly defined.

It was noted that one of the recommendations had not been agreed by management. The Internal Auditor recognised the College's reasoning and that it agreed with the spirit of the recommendation (ie that the college should consider this issue, not that it would never implement it).

The COO explained that this was because the skills needs of the local area needed to be reflected but it was proving to be challenging to recruit learners in this discipline. The situation was monitored on a termly basis and management would continue to review whether resources could be transferred between areas of provision

5.1(iii)

**Risk Assurance Progress Report**

Governors received for information a progress report against the Internal Audit Annual Plan for 2022/2023 and noted that the majority of items would be submitted to the June 2023 meeting. The COO confirmed that the areas identified for review were still appropriate and no changes to the timings of the internal audit work were proposed.

The draft Internal Audit Plan for 2023/2024 would also be submitted to the June meeting for

	recommendation for approval by the Board.
5.2	<p><b>Progress Report – Implementation of Internal Audit Recommendations 2022/2023</b></p> <p>The Committee received a report on progress against the recommendations made in each Internal Audit report in 2022/2023. It was noted that there were still a number of items relating to 2020/2021 that had not yet been completed. Most of the recommendations made for 2021/2022 had now been implemented but would remain on the tracking report until they had been followed up and validated by Internal Audit.</p> <p>Governors were assured that the recommendation that had been assessed as ‘red’ (such as the use of training logs) would be addressed as soon as possible and progress would be reported to the next Committee meeting.</p> <p>Most of the recommendations identified in the last year’s assignments, excluding the assignment for learner numbers, had been implemented with the remaining recommendations scheduled for completion during the remainder of the academic year. The Committee would be kept informed of progress as part of the follow up reports received at each meeting. The recommendations will be closed out once they have been validated by the internal auditors.</p>
5.3	<p><b>External Audit Recommendations</b></p> <p>The COO presented a report on progress against the external audit recommendations made in relation to the 2020/2021 and 2021/2022 Financial Statements. The Committee noted that the two outstanding actions on the ILR data and fixed assets register would be addressed by the end of the financial year. All other recommendations had been completed.</p>
6	<p><b>RISK MANAGEMENT</b></p>
6.1	<p><b>Covering Report and Risk Assurance Framework</b></p> <p>Governors received for information a report on Risk Management and noted that the number of items graded as ‘significant’ and ‘high’ had increased as a result of the challenging external environment in which the College operated. The Committee felt it was useful to have an indication of the direction of travel for the risks.</p>
6.2	<p>Risks relating to COVID-19 would now be removed. The scores for risks 8 and 11 needed to be updated as these related to previous assessments of the College’s financial position. However, the COO noted these risks (8 and 11) had been deleted (at the end of the risk register). It was agreed that completed risks would continue to be placed in a separate area of the report in future with an explanation for the rationale provided in the summary.</p> <p>A governor asked why some risks had decreased but were still viewed as ‘significant’, such as R14 IT Infrastructure/Cyber Attack (which had decreased from 15 to 12). The COO reported that the College had a clear investment plan for its IT infrastructure and an allocation in the budget which would be spent by July 2023. A new Director of IT and other key staff had recently been appointed who would scope out the significant amount of work remaining in this area. This meant that the risk score had improved but remained significant.</p> <p>In response to a question about the College’s ability to hire lecturing staff the COO reported that recruitment and retention of staff had been difficult this year, in line with the FE sector, and this included at senior levels of the organisation. The situation was just starting to improve, which was evidenced by the appointment of the Director of People &amp; Organisational Development, the Director of Estates and the Assistant Principal (Quality). It was anticipated that the associated risk would decrease as staff became embedded in their respective roles.</p> <p>Recruitment at other levels of the organisation was also challenging with some roles being hard to fill. Governors noted that staffing costs had risen due to the need for rates of pay to remain competitive and attract suitably-qualified applicants. Agency workers were being used to fill any gaps, where such individuals were available, but this was an expensive alternative.</p> <p>The Committee discussed the concept of setting a target risk as outlined above. It was felt that a score of 8 was acceptable, but it was important to consider the reputational impact and likelihood of every risk individually. One suggestion was that each of the strategic risks should be discussed at committee meetings to determine a proposed target risk. Benchmarking information and input from</p>

	<p>key stakeholders affected by each risk should also form part of the Committee's work. An action plan would be formed for each of the mitigations associated with the risks, together with agreeing the relevant timescales for implementation. It was possible that some risks could not be reduced to the target level as they related to circumstances beyond the College's control, such as energy costs and inflation rates</p>
7	<p><b>Fraud Report</b>  There were no new known instances of fraudulent activity that have been recorded in College since the December 2022 Committee meeting.</p>
8	<p><b>Sub-Contracting Report</b>  The Director of Business Development and Partnerships (DBDP) presented proposals on variations to the current arrangements for sub-contracting provision, which required approval by the Board. The original allocations had been approved in October 2022, but following a review of performance by the individual sub-contractors, management felt that some changes were necessary.</p> <p>The first of these aimed to enable the College to achieve its overall sub-contracting target of £1.7m through the transfer of £187k of provision from Integer and Voncap to Learning Curve Group.</p> <p>The College had self-assessed its provision in this area as compliant with the ESFA funding requirements. The Internal Auditors (Scrutton Bland) would undertake a review of sub-contracting prior to the end of the academic year and would submit their findings to the ESFA, so that a compliance certificate could be issued to the College to support its funding claims, which was an annual requirement. Quality visits and lesson observations had been carried out, with the majority of these being graded as 'good'.</p> <p>It was noted that sub-contracting was viewed as high risk by the ESFA which was why the robust framework of controls needed to be followed. However, the GLA regarded sub-contracting as a valuable means of providing education and training to the local community, resulting in higher levels of skill amongst the workforce.</p> <p>Governors questioned whether Learning Curve Group had the necessary capacity to undertake additional provision and whether there was any possibility to deliver this in-house. The DBDP gave an assurance that Learning Curve Group was a viable option and that it was not possible for the College to undertake these specialist programmes. The company had also recently been graded as 'outstanding' by Ofsted.</p> <p>In response to further points raised the DBDP reported that the situation had been under review since January 2023 and that RO10 was the latest point by which delivery could be completed, to allow time for any further contract variations if required. Governors asked how confident management was in terms of the £1.4m ESFA allocation of sub-contracting and were advised that the College would have spent £700K by April 2023. There had been a slight delay in the systems processes of Learning Curve Group, but the initial £500K would be completed in the next couple of weeks.</p> <p>The second proposal was for an increase in the ESFA Adult Education Budget sub-contracting of up to £400k.</p> <p>The DBDP commented that current performance against the agreed KPI in the strategic plan was 62% of delivery completed, whereas any increase in the amount of sub-contracting would push this up to approximately 79% against a target of 45%.</p> <p>Governors were reminded that the Audit Committee's responsibilities related to the internal controls framework and not the detailed financial analysis contained in the report. The IAG advised that it was more appropriate for this matter to be dealt with by the Finance &amp; General Purposes Committee, which would be meeting on 21<sup>st</sup> March.</p> <p><b>Resolved</b> - That the sub-contracting report be submitted for consideration by the Finance &amp; General Purposes Committee, prior to seeking Board approval</p>

