

MINUTES



AUDIT COMMITTEE MEETING

Date: 25th March 2021

Time: 5.00pm

Venue: Video Conference

Present:

Andrew Fawcett (Chair)

Chris Ball

Stephanie Nixon

Gulnaz Brennan

Farhad Ahmad

In Attendance:

Bill Webster (Principal)

Garry Westwater (Executive Director of Finance)

Karen Westsmith (Director of Adults & H.E.)

Danny Harvey (PwC)

Deborah Bradburn (Clerk)

1. SECTION A - BUSINESS MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

1.1 Welcome to Members/Officers

The Chair welcomed members to the meeting, which commenced at 5.03pm.

1.2 Apologies for absence

Apologies were received from Tim Openshaw.

1.3 Declarations of Interest

The Chair reminded everyone present to declare any interests that they may have on matters to be discussed. Standing declarations were noted particularly in relation to the University of Bolton reciprocal governance arrangements and also paid positions.

There were no declarations of interest.

1.4 Request for an item to be unstarred

No requests were made.

1.5 Minutes of the previous meeting held on 22nd October 2020

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The minutes of the meeting held 22 October 2020 had been previously circulated to members for consideration.

Agreed: that the minutes are approved as a correct record and authorised for publication.

1.6 Matters arising from the previous minutes

The Clerk presented the action progress log.

2. SECTION B - COLLEGE MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

(Change in the Order of the Agenda)

2.5 Consumer Protection and Student Communication

The following update was provided by the Director of Adults & H.E:

- An OfS compliance review was undertaken with evidence reviewed against each of the OfS actions listed that would be reviewed with the Heads of Area in the coming weeks. The College was confident that it had met all aspects of the requirements and was compliant with this condition of registration.

RESOLVED:

The Committee noted the report and ongoing compliance with the condition of registration.

(Karen Westsmith left the meeting at 5.09pm)

2.1 Internal Audit Reports

(i) Progress Report 2020/21

PwC presented the report and the following points were noted:

- Four audits were undertaken this academic year. Cyber/business continuity had not commenced with two pieces of work yet to be completed:
 1. A follow up of audit recommendations that would be completed as part of the annual report; and
 2. A review of the implication of the apprenticeship strategy across the Group.

The Committee noted that the College should not lose sight of the apprenticeship audit as it was important that it remained on its radar.

RESOLVED:

The Committee noted the progress report for 2020/21.

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(ii) OfS Public Interest Governance Principles

PwC presented the report and the following points were noted:

- The audit completed was similar to that which the OfS would undertake as part of their review of colleges. PwC had undertaken this work on behalf of the OfS.
- The audit report showed the work undertaken was sector leading in this OfS condition.
- There were two minor findings:
 1. Value for money. As the student contract was with the University, the onus was on the University to demonstrate value for money. The College was to consider the statement produced by the University and confirm that one had been produced.
 2. Enhanced Governor due diligence i.e. Companies House and online searches.

Governor Questions

- Was value for money something that was completed at other institutions?
This was not something that the OfS would look for but it would be something that the OfS would consider if there were concerns raised. It was not common in the sector but was on the OfS tick list to complete. The onus was for the College to ensure that there was appropriate transparency and value for money which could be provided by the University and forwarded to the Board.

RESOLVED:

The Committee noted the audit recommendations. It was also noted that the Standards and Performance Committee were presented with a detailed report on the OfS HE self-assessment and quality assurance.

ACTION:

- Director of Adults and HE to contact the University for confirmation of value for money.
- Clerk / Board Agenda

(iii) Working Capital Management

PwC presented the report and the following points were noted:

There were four findings:

1. Treasury policy - a low risk concern.
2. Debt management – the College operations aligned with its policy that had been updated.
3. Debt chasing procedure - medium risk but did not have a significant impact on the College but should be reviewed.
4. Cash flow - overall position was good.

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Governor Questions

- What was the scale of the debt? Were there material and significant amounts? Was it student debt or other debt?

The way College funding operated, income and debt chasing was not considered a primary concern. The debt was 'blue chip' debt from the local authority with some learner debt. Learners were not on site and therefore it was challenging to chase the debt or ensure the relevant documentation was completed.

There were issues with the Student Loan Company that had declared some learners were not entitled to a loan when they had near completed their programme of study. The Executive Director of Finance was to discuss learner debt with the senior management team and establish a task and finish group to look at the whole debtor process.

RESOLVED:

The Committee noted the audit recommendations and endorsed the completion of the debtor process review that would go to the Resources Committee and Board in due course. Colleges operated on fine financial lines and the management of this process could be the difference between surplus and deficit.

ACTION:

Executive Director of Finance to establish a task and finish group to review the debt management process.

(iv) Return to Work and Study

PwC presented the report and the following points were noted:

- The fieldwork had been completed prior to the previous Committee meeting and the report finalised after the College had reopened. The College position had moved on since the work had commenced but still provided a useful piece of work that enabled reflection and the completion of any gaps presented.
- Lateral flow testing was taking place with those learners being tested taking the most precautions to be COVID safe. A significant change had been the wearing of face masks in classrooms with a high level of compliance. The majority of staff were keen to return to work and had kept COVID-19 resilience high. It was acknowledged that the HR Director had completed a significant job in overseeing the COVID-19 response.
- There had been limited laptop resource. Government support had meant a further 250 laptops had been purchased in addition to the 258 the College already had from the DfE. All vulnerable learners had access to a laptop, connectivity in homes remained an issue ie. the number of individuals in one location accessing limited bandwidth. Hardcopies of course materials were provided in these circumstances.

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Governor Questions

- What was the College policy in relation to students that came to College if they knew they were COVID-19 positive?
There was not currently a policy but it would be considered and incorporated into the College processes.

The Committee thanked PwC for their continued work at the College and noted the positive reports and the actions taken by the Executive Team.

2.2 Outstanding Audit Recommendations: Monitoring Schedule

The College was to discuss business continuity with the University that could not be considered in isolation.

2.3 Subcontracting Activity Review

The following update was provided by the Principal:

- The College did not ordinarily subcontract its learning provision. Post-merger the College presented to the Board the proposal that it would only consider sub-contracting under limited circumstances ie. there were robust financial reasons, quality was assured and it was within the strategic remit of the Group. The College had undertaken a small piece of sub-contracting and acted swiftly in relation to any matters raised under its subcontracting arrangements.
- There had been a long history of FE colleges and independent training providers falling foul of auditors and Ofsted inspections in relation to sub-contracting with regulations tightening up on provision.

Governor Questions

- Was Shockout Arts the only College subcontract arrangement?
There was also Alliance Learning that was part of the Group which had small numbers thereby limiting any risk. The College had other partnerships that were not sub-contracting arrangements ie. partnership arrangements where the College delivered the courses which came under College Ofsted remit. There was not any provision that was not closely monitored.

2.4 College Risk Management / Risk Register

The risk management annual report which summarised the College's approach to risk was presented and discussed.

- A number of risks were revised as a result of recent updates i.e. risk of adult education budget funding clawback, T Level capital build, cyber security (dedicated mandatory

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cyber security training to all staff), BCMS project that could be back on stream and a claim submitted to the insurers for loss of income due to COVID-19.

Governor Questions

- What was the cybersecurity risk?
The College had been aware of ransomware and phishing attacks in the sector with advisors brought in to review the security in place at the College and University. The College had a dual factor authentication log in for all systems.

RESOLVED:

The Committee noted the update to the Risk Management / Risk Register.

(Change in the Order of the Agenda)

2.6 OfS Condition F1 : Information Transparency

The Clerk presented the report and the following points were highlighted:

- March 2020 the OfS suspended or reduced some of its reporting requirements, this applied to the need to submit application data.
- For 2020/21 the OfS would continue with a reduced set of information ie. number of students attaining an academic award and the level achieved broken down into gender, ethnicity and socio-economic background of learners.
- The dataset was to be published on the College website by 10 June and a link provided to the OfS by 30 June.

RESOLVED:

The Committee noted the report and ongoing compliance with the condition of registration.

3. SECTION C - UNIVERSITY GROUP MATTERS FOR CONSIDERATION UNLESS INDICATED OTHERWISE

None.

4. SECTION D - ANY OTHER BUSINESS

4.1 ESFA Policy / Funding Rules / Conditions of Grant Changes

This was a standing item on the agenda to discuss noteworthy matters. The following was noted:

- The funding allocation for next year was circa £400k following a growth of learners.
- There would be significant direct costs associated with T Levels that would be factored into the budget and presented to the Board in Summer.

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RESOLVED:

The Committee noted the update provided.

5. SECTION E - FUTURE MEETINGS

Thursday 10th June 2021 at 5.00pm

There being no further business to discuss, the meeting closed at 6.53pm

Chair's Signature:

A handwritten signature in black ink, appearing to read 'A. D. Jowce', written in a cursive style.

Date: 10 June 2021