

LEEDS COLLEGE OF BUILDING

AUDIT COMMITTEE

Minutes of the meeting held on Tuesday 28 March 2023 at 2.00pm, Meeting Room 1, North Street / Microsoft Teams.

PRESENT:

Matthew Shields (Chair) (MSh)

Elaine Armitage (EA)

Sarah Wilson (SW) (*attended via Microsoft Teams*)

ATTENDANCE: 3 / 5 = 60% (KPI 80%) Cumulative attendance: 12 / 15 = 80%

IN ATTENDANCE:

David Pullein (DP) – Vice Principal, Finance & Resources (*following Item 1*)

Jonathan Creed (JC) – ICCA

Rob Holmes (RH) – Assistant Principal, Quality & Student Experience (*following Item 1*)

Liam Mogan (LM) – Assistant Principal, Data & Employer Engagement (*following Item 1*)

Karen Rolinson (KR) – Director of Governance

Nancy Fearnside (NF) – PA to Strategic Leadership Team (minutes)

**ACTION
BY AND
TARGET
DATE**

1. OPEN DISCUSSION BETWEEN AUDITORS AND THE AUDIT COMMITTEE

MS welcomed everyone to the meeting and noted that the key area for discussion was the proposed Governance Structure changes.

JC stated that one Internal Audit Report (Bursary & Learner Support Funds) was an agenda item. The mock audit of Apprenticeships has been scheduled for early June 2023. He acknowledged that as the College is Apprenticeship heavy, the funding was a bigger risk for the College as we have so much exposure and it's the most complex funding stream. As there were sizeable recommendations from the Funding Audit, ICCA's Audit was going to focus on the recommendations.

DP, LM & RH joined the meeting at this point.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mark Roper and Rachel Lindley.

3. DETERMINATION OF ATTENDEES/OBSERVERS

The Audit Committee agreed attendees / observers at the meeting as per the attendance list above.

4. DECLARATION OF INTEREST

There were no declarations of interest. JC from ICCA would leave before Item 19 ensuring no conflict of interest.

5. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 13 December 2022 were approved as a true and accurate record.

6. MATTERS ARISING

6.1 Ref Min 1

L Mogan is progressing with WBL.

6.2 Ref Min 7

Actioned. This was covered at the Governors Development Event on 28 February 2023.

6.3 Ref Min 8

Actioned.

6.4 Ref Min 8

Actioned. On May Board agenda.

6.5 Ref Min 9

Actioned.

6.6 Ref Min 10

Actioned. Agenda Item 9b).

7. HEALTH & SAFETY (STATUTORY RESPONSIBILITY)

J Meadows (JM) joined the meeting and introductions were made.

JM gave a brief PowerPoint presentation, and the following points were noted:

Roles & Responsibilities

- Governors have a strategic role, not operational.
- They should take reasonable steps to ensure College is following Health & Safety policy and procedures, e.g. through regular discussion at Governors' meetings.
- They should promote a sensible approach to Health & Safety.
- They should ensure staff receive adequate training to enable them to carry out their responsibilities.
- They should ensure suitable resources are allocated to develop and implement safe systems of work.
- They should review / monitor Health & Safety performance.
- They should work closely with SLT to support sensible Health & Safety management and to challenge as appropriate.

DP informed Audit Committee that he chaired the Health & Safety Committee which met three times per year. MSh queried whether the Committee received a set of H&S statistics. DP confirmed that they did and that information was looked at in more granular detail. J M stated that the H&S Committee had representatives from each Faculty. MSh asked if minutes were actioned. DP confirmed that they were.

JM continued her presentation as follows:

7. HEALTH & SAFETY (STATUTORY RESPONSIBILITY) (continued)

What LCB are doing

- ISO 45001 (this is externally audited once a year). EA said that Governors may want to look at the ISO 45001 website as it gives assurance that the audit is very comprehensive. She queried whether the College was looking at ISO 14001. DP and JM confirmed that they had discussed it because the background and information were similar, so if a decision was taken to do it, it would be straightforward.
- Smartlog – recording of PPMs, inspections / audits, accident reporting, training etc. (actions are assigned to each manager, making management of this a lot easier – no paperwork, all online). Accident reporting went live on the system in January, and it has been very successful and well received. EA asked whether near misses were reported. JM confirmed that they were. DP highlighted that statistics may go up because of the better reporting system. EA said that HSE may look at this.
- Last year a share point site was created for online risk assessments (QR codes have been put up in areas which can be scanned to bring up Risk Assessments, these are live versions and if amended will automatically update). Managers have found this process much easier.
- Occupational health / hygiene (strong health programme in place, e.g. audiometry, HAVs, monitoring air, noise, dust etc.).

JM noted that an Annual Report is produced. If Governors felt additional information should be included they could contact JM. Similarly, any suggestions for improvements to the Health & Safety management system could be sent to JM.

SW noted that there had been reference to another ISO standard that the College is not participating in; JM confirmed that this was the ISO 14001 Environmental Management.

SW asked if the number of staff vacancies has increased Health & Safety issues and whether any staff were struggling to comply etc. JM stated that the key issues are staff supervision of students and enforcement of wearing PPE. DP stated that staff are doing a really good job in keeping things going but SLT have emphasised that student safety is paramount.

EA asked if JM was involved in cross working with other colleges. JM responded that she was trying to get the College Health & Safety Manager group (across West Yorkshire) up and running again as it had been very useful pre-Covid.

MSh stated that he felt assurance was given to members through JM's presentation in terms of: the H&S Committee meeting termly; the reporting into SLT; Annual Report; accreditation via ISO 45001; Smartlog recording. He said it seemed comprehensive. He asked whether there were any KPIs. DP said that there weren't any H&S KPIs but if there were significant concerns, they would come to SLT and Governors. JM confirmed that it was about getting a balance and didn't want to encourage under reporting (in order to keep a KPI down). EA felt that it could be about Inspections i.e. meeting thresholds where 95% of workshop inspections could be completed as a KPI.

7. HEALTH & SAFETY (STATUTORY RESPONSIBILITY) (continued)

MSh asked if JM & DP felt H&S was on track. JM noted that one of the key Health & Safety issues has been the welding fumes at South Bank 2. DP noted that this was a great example of managing H&S as welding was closed down due to the continuing issues with the extraction system.

JM confirmed that she was doing inspections as well as the APs and Heads of areas and these were assigned by JM so they didn't do their own areas. She felt that these had improved over the last year using Smartlog and Teams as a reminder.

MS thanked JM for her presentation.

The Committee noted the presentation.

16. BRITISH SAFETY COUNCIL – ISO 45001:2018 AUDIT REPORT

JM noted that the recent ISO 45001 audit had taken place at the end of January 2023 and Certification was recommended; there were zero non-conformances identified during the two-day audit. EA noted that the triangulation of questions was very difficult, as the auditors could ask anyone. EA felt that credit should be given to all involved. It was acknowledged that JM was controlling actions across multiple sites.

The Committee noted the ISO 45001:2018 Audit Report.

8. EMERGING RISKS (HORIZON SCANNING)

DP noted that a key topic at the recent AoC Finance Conference was a presentation from JISC on Cyber Security. This was a myth busting session and informed participants that some of the attacks were by state sponsored actors aimed to disrupt. DP informed members that a number of colleges have been hacked so far this year and some had taken a few months to get their systems back up and running.

DP stated that we are doing everything possible to protect the College including using two factor authentication.

RH reported on bomb scares at two colleges over the last week which had caused massive disruption. EA noted that some colleges and universities had increased security risks relating to the makeup of their student population. RH confirmed that the College was in touch with the affected colleges to find out about lessons learned.

MSh asked DP if the change in Bond Markets had affected FE. DP said that it would affect pensions but not immediately.

9. A) RISK MANAGEMENT UPDATE REPORT

DP presented Item 9a), the College Risks. There are currently 97 risks which he felt was still too high and his aim is to reduce these down to around 50. The Business Continuity Plan is being re-written and once in place a mock disaster event would be carried out.

DP stated that the Disaster Recovery Plan would be updated to ensure it works and a mock event would make sure that people are ready for it. EA acknowledged that a disaster event would help refresh people in knowing what to do in the event of an emergency. RH felt this would be operationalising what we are doing.

MSh asked if the loss of key staff would cause a greater impact on Inspection. DP said not at the moment as there had been some improvement in the staffing situation. RH stated that he had visited some colleges recently who have been inspected and the issue of high risk areas due to vacancies could be discussed with Inspectors. The College could speak to Ofsted about mitigation if this was necessary.

MSh asked if the cyber security risk rating was being looked at again. DP confirmed that cyber security was risk rated 27 but he would look at the risk more because it was a hot topic. SW noted that the target risk was 10 and queried whether this was realistic. DP stated that it was an aspirational target but was dictated by outside factors; the College was doing everything reasonable to get it down. He acknowledged that M Norton was doing a great job.

**DP
July 2023**

The Audit Committee noted the Risk Management Update Report.

B) UPDATE ON RISK APPETITE

DP stated that he was carrying out an exercise over the summer regarding Risk Appetite and looking at those risks which are under the radar and potentially looking at a risk appetite for each one. He would report back to the Audit Committee in November 2023.

**DP
Nov. 2023**

MSh asked if DP was affected by vacancies in his own area. DP responded that he was but the situation was easing.

The Audit Committee note the update on Risk Appetite.

10. UPDATE ON KEY RISKS – APPRENTICESHIPS

LM presented Item 10 which outlined the key risks concerning apprenticeship provision.

Compliance and Quality

LM noted the issues that came out of the ESFA Funding Assurance Review and confirmed that over the last 5-6 months he has been looking at changes within the Work Based Learning (WBL) Unit. He confirmed that lots of things have been changed and implemented.

10. UPDATE ON KEY RISKS – APPRENTICESHIPS (continued)

He stated that the Internal Audit in Term 3 would provide a sense check of the changes that have taken place. He felt that lots of simplification had taken place, systems overhauled and the quality of reviews had been looked at.

Apprenticeship Accountability Framework

LM confirmed that we are currently exceeding all KPI's from the Apprenticeship Accountability Framework. LM noted that his main concern was the number of withdrawals of learners mainly leaving due to the EPA process. He said that the current College rate is 5% and he didn't expect that we would get near to the 15% trigger, but the absolute number was 250 and every year we are around the 180-200 mark. The impact of EPAs could mean we get close to 250.

MSh asked what impact this would have on the College. LM stated that in the first instance the College would receive a letter and then a desk top exercise may be undertaken to ensure the College is meeting certain thresholds. LM stated that an exercise is ongoing to try and tighten up on these areas. LM emphasised that changes to Standards has highlighted various issues. He felt that because of the cohort of students we would be able to discuss this with ESFA. DP confirmed that this had been raised as a potential issue with ESFA and IFATE.

MSh asked LM if he felt ready for the Internal Audit in June. LM responded that indicators had been met and improvements made. JC said that the Audit would normally pick the same sample as the ESFA Audit but this was not relevant for the purpose of the Internal Audit. He felt that relevantly recent apprentices would be picked in the sample as an indicator to see how well the system was improving. LM confirmed that historic things had been looked at but he agreed that he would like the Internal Audit to review recent people to check improvements. JC noted that the historic issues still existed presently but these would drop off.

LM noted that he was carrying out a structural review of apprentices and training was being delivered. A report would come to the Board in relation to this.

**LM
May 2023**

The Committee noted the update on key risks – Apprenticeships.

11. MANAGEMENT, SECURITY & QUALITY OF DATA

LM presented Item 11 which outlines details of the College's management, security and quality assurance controls. The report mainly related to student data and he would include wider staff data / CPOMs etc. in the next report.

LM explained that the main reason for collecting data is to comply with ESFA and OfS requirements and for the College to run good services, make the right decisions and create effective policies. He confirmed that there was a weekly update to cleanse data.

The College was awarded Cyber Essentials and Cyber Essentials Plus in 2021 and encryption and / or pseudonymisation are used where it is appropriate to do so.

11. MANAGEMENT, SECURITY & QUALITY OF DATA (continued)

LM confirmed that staff are trained annually on key data and GDPR themes.

EA raised the question of security of information and logging into the Governors' Portal but confirmed that she did not log into actual College systems. KR stated that Governor access to a different portal system is an action in the Governance Action Plan and more work is required on this before the end of the year.

KR
July 2023

The Committee noted the Management, Security & Quality of Data report.

12 UPDATE ON OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

DP presented Item 12 and noted that the vast majority of the actions came from the Learning Support Funding audit carried out by ICCA. The vast majority of these actions have been closed off, however, some had been extended to April due to the Head of Student Experience vacancy in this area.

MSh noted that the Audit Committee usually sees excellent adherence to management actions / recommendations. DP confirmed that actions were not carried forward for more than one meeting. JC reiterated that the vast bulk of the actions came from the Learner Support Funding Audit and this would be followed up with another substantial review of this area and other actions come from the ESFA Audit and these issues will be covered in the Internal Audit in June.

The Committee noted the updated on Outstanding Internal Audit Recommendations.

13. FRAUD & WHISTLEBLOWING REGISTER

DP confirmed that no incidences had been reported.

14. COMPLIMENTS & COMPLAINTS REPORT

RH presented Item 14 and gave an update on the actions from 2021/22.

- Complaints had dramatically decreased compared to the previous year. He felt this was attributed through communications improving with parents and students with issues being headed off earlier.
- One incident had arisen due to anti-social behaviour which was investigated by the College Police Officer / Quality Unit.
- Walkabouts continue to increase the visibility of CLT and increase managers' / colleagues' confidence in challenging and supporting students.
- The 'how can we help' button is not yet available but will enable us to get live feedback from students. Confirmed purchase of 'Purlo' – a WhatsApp live system, with the first implementation meeting on 29th March.

MSh asked whether complaints were reducing because they were not being actioned. RH replied that this was not the case, it was because incidents were being dealt with informally / earlier. He stated that all College managers share concerns within their areas and discuss widely to try and preempt issues. MSh congratulated management.

14. COMPLIMENTS & COMPLAINTS REPORT (continued)

SW stated that she was very impressed with the work done as Governors had previously heard about some post Covid students not knowing how to behave. She felt the strategy was brilliant and some good results noted.

The Committee noted the Compliments & Complaints Report.

15. AEB FUNDING ASSURANCE REVIEW

LM presented Item 15 and noted that this had been a clean audit. He had argued vigorously on Issue 1.1 but to no avail. PLR checks after GCSE results are published will be carried out in future.

Members congratulated LM on the report.

The Committee noted the AEB Funding Assurance Review.

17. PROPOSED CHANGES TO THE GOVERNANCE STRUCTURE

MSh introduced the item and noted that the proposal had been approved by Search & Governance Committee the previous week. He informed members that KR and ND had spoken to Richard Lewis from RSM who had recommended that Finance and Audit responsibilities should remain split. He noted that due to timescales this opinion was not in the paper presented but KR would verbally cover it.

KR presented the proposed changes to the Governance Structure which would also be presented to the Board after this meeting.

KR stated that she had discussed this previously with PN / ND and also looked at other colleges to see what model they used. It is proposed that the Board changes from a Carver model to a Committee Structure model.

Three Committees were proposed: Finance, Audit & Risk; Curriculum, Performance & Standards and People & Governance. However, a meeting has recently taken place with RL from RSM who strongly believes that Finance and Audit should be separate with different Chairs.

KR stated that the number of Board meetings would be reduced but Committee meetings would be introduced. If the proposal is agreed by the Board, Terms of References for each Committee would be drafted for approval.

KR noted that ICCA would be carrying out a Corporate Governance – Board Effectiveness Review in April 2023 which would help identify any issues.

KR noted that the proposal has strong support from PN / ND and the Search & Governance Committee also see the benefits of these changes. One of the purposes of the Audit Committee is to provide the Corporation with an opinion on the adequacy and effectiveness of the Corporation's assurance arrangements and framework of Governance. Therefore, it is relevant that the Audit Committee consider any significant changes to the Governance structure.

17. PROPOSED CHANGES TO THE GOVERNANCE STRUCTURE (continued)

JC said that that Finance & Audit should remain separate with Finance dealing with performance and Audit focusing on assurance. He felt that the ONS reclassification of colleges would confirm that Finance & Audit should be separate as this was typical of the public sector.

SW felt that it was the right way to go but queried whether we were reinventing the wheel. DPa felt that it was slightly different with less Corporation meetings proposed. He raised concern regarding Governors not receiving enough information about College finances. It was confirmed that all Board members would receive the Monthly Management Accounts.

MSh felt that the proposal could be a positive move together with increasing the number of external Governors and student members.

The Committee supported the proposals, including the need for a separate Finance Committee and Audit Committee with different Chairs.

18. INTERNAL AUDIT REPORT

Bursary and Learner Support Funds

JC presented Item 18 and confirmed that the report gave a Substantial Level of Assurance, with no recommendations. There has been some drop off from last year's figures, however 93% of applications are approved. The Bursary & Learner Support Funds are promoted well to students, applications are assessed well and on the face of it making proper use of funding.

The Committee noted the Bursary and Learner Support Funds Audit Report.

JC left the meeting at this point.

19. REVIEW / APPOINTMENT OF INTERNAL AUDITORS

DP stated that ICCA were appointed on a three year +1 +1 basis. DP acknowledged that ICCA's reports were good and very professional and he could not see any reason why they should not be appointed for another year.

SW queried whether the rates would increase. DP confirmed that he would discuss this with them. EA stated that with Ofsted on the horizon it would be good to show continuity. MSh agreed that he was supportive of reappointing ICCA.

**DP
July 2023**

The Committee approved the re-appointment of ICCA as the College's Internal Auditors for a further year.

DATE OF NEXT MEETING

The next meeting is scheduled for Tuesday 11 July 2023 at 2.00pm, North Street, Meeting Room 1.