

LEEDS COLLEGE OF BUILDING

AUDIT & RISK COMMITTEE

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

PRESENT:

Matthew Shields (MSh) Chair (appointed Item 3)
Steve Carmody (SC)
Robert Grice (RG)
Rachel Lindley (RL) (*attended via Microsoft Teams*)
Katherine Naisbitt (KN)

ATTENDANCE: 5 / 7 = 71% (KPI 80%)

IN ATTENDANCE:

David Pullein (DP) – Vice Principal, Finance & Resources (*following Item 1*)
Jonathan Creed (JC) – ICCA
Richard Lewis (RLe) – RSM
Jane Taylor-Holmes (JTH) – 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

RL noted the positive engagement from the Management Team. There had been a number of queries on Apprenticeships and errors had been adjusted on the final ILR. MS queried the unadjusted items; RLe stated that these were small in number and not material. One related to OfS, which RLe acknowledged was always one year out. He confirmed that there had been no surprising issues raised.

RL asked how the College compared to other colleges. RLe noted that more queries had been raised regarding Apprenticeships but acknowledged that the College had a much larger Apprenticeship provision than other colleges.

JC confirmed that three internal audit reports would be presented under Item 9 (ESFA Mock Funding – Apprenticeships; Tutorial Model and Learning Support Funding). He explained that Limited assurance had been provided to Learning Support Funding last year but this has now increased to Reasonable assurance; the College was supporting more students and better evidence was available.

RLe asked members if they were aware of any fraud / loss / theft; members confirmed that they were not aware of any incidences.

RG asked what actions had been taken to address the points raised regarding Apprenticeships. MSh stated that he had spoken to DP earlier regarding this and explained that a restructure was being carried out. Consultation was underway with the staff affected.

DP joined the meeting at this point. Introductions were made.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Peter Norris and Sarah Wilson.

3. DETERMINATION OF ATTENDEES/OBSERVERS

The Audit & Risk Committee agreed attendees at the meeting as per the attendance list above.

4. APPOINTMENT OF CHAIR (& VICE CHAIR)

JTH explained that a discussion had taken place earlier at the People & Governance Committee meeting and the recommendation was that MSh would be approached to act as Chair of the Audit & Risk Committee. MSh was appointed as Chair to 31 July 2024. JTH stated that the Committee were also looking for a Vice Chair to act in the event the Chair could not attend for any reason. JTH would email members to ask for nominations.

**JTH
Dec. 2023**

5. DECLARATION OF INTEREST

There were no declarations of interest.

6. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 11 July 2023 were approved as a true and accurate record.

7. MATTERS ARISING

7.1 Ref Min 13 (22 November 2022)
Taken under Agenda Item 12.

7.2 Ref Min 9B) (28 March 2023)
Ongoing as per the exercise in Item 6.6.

7.3 Ref Min 10 (28 March 2023)
A review of the Apprenticeship provision had been undertaken by SLT and the Principal briefed the Board via email on 10 November 2023.

7.4 Ref Min 1
Actioned.

7.5 Ref Min 7
DP met with RSM and negotiated a £3,250 reduction in fees whilst still noting this was a substantial increase.

7.6 Ref Min 13
Ongoing – risks reduced from 128 in June 2022 to 72 in November 2023.

7.7 Ref Min 13
Ongoing as part of the overall review of risks.

7.8 Ref Min 15
Actioned.

7.9 Ref Min 17
Carried forward.

7. MATTERS ARISING (continued)

7.10 Ref Min 19

Actioned.

8. UPDATE ON OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

DP presented Item 8 (Outstanding Internal Audit Recommendations). He reported that the majority of outstanding internal audit recommendations had been resolved. Item 3.1 from the Learning Support funding audit in October 2022 would be completed in December 2023.

RL queried how the follow-up of previous recommendations were picked up. JC explained that, as part of the ICCA annual follow up report, ICCA were responsible for reviewing progress and checking the implementation of management actions.

Members noted the update on outstanding internal audit recommendations.

9. INTERNAL AUDIT REPORTS

9a) ESFA Mock Funding – Apprenticeships

JC presented the ESFA Mock Funding – Apprenticeships Report and stated that Reasonable Assurance had been provided, with one high, four medium and four low level recommendations. The recommendations were detailed in Section 3 of the Report, together with the management responses and implementation dates.

MSh acknowledged that the issues had been well trailed and SLT had made the decision to carry out a restructure of the Apprenticeship provision. DP explained that the Apprenticeship Unit will be disbanded, with members of the team placed in other areas within the College; Reviewers would sit within curriculum areas and EPAs would sit within the Examinations team. A new Compliance Unit would be set up to audit the work.

MSh asked if an audit was planned to follow up on this restructure. DP and JC confirmed that this was scheduled and an update would be provided to the Committee in due course. DP stated that the impact of the restructure would take time to embed and a further review would take place during 2024/25.

RL asked that an update on the restructure be provided at each meeting; this would be added to the agendas. She also suggested that an evidence-based review would be useful.

**NF
Dec. 2023**

SC noted the issues regarding Apprenticeships and the restructure taking place. DP emphasised that the new structure would provide improved accountability.

RG acknowledged that the issues required addressing and the restructure was a good way forward. He agreed with RL that an evidence-based update was required. RL felt that any indicators to help Governors understand how the restructure was progressing would be useful.

9. INTERNAL AUDIT REPORTS (continued)

9a) ESFA Mock Funding – Apprenticeships (continued)

DP reported that a Management Accountant had now been appointed to assist him.

9b) Tutorial Model

JC presented the Tutorial Model Report and stated that Reasonable Assurance had been provided, with one medium and one low level recommendations. The recommendations were detailed in Section 3 of the Report, together with the management responses and implementation dates.

MSh asked how the College compared to others. JC noted that ICCA did not undertake reviews on Tutorial Models very often.

DP explained that when new processes and systems were set in place, Internal Auditors were directed to these to undertake reviews. The recently introduced Inclusive Classroom and Collsys would be audited during 2024. DP suggested that Assistant Principals could be invited to attend the Committee to explain the systems and detail any actions that would be put in place following any audit recommendations. It was agreed that this would provide additional assurance and a schedule of invitations would be planned.

**DP
March 2024**

9c) Learning Support Funding

JC presented the Learning Support Funding Report and stated that Reasonable Assurance had been provided, with three medium level recommendations. JC noted that reconciliation and audit evidence remained an issue.

JC acknowledged that the College had made significant progress from last year when Limited Assurance had been provided. The amount of support provided was good based on the numbers.

JC explained the three key risks; learners withdrawing from programme due to lack of support, lack of evidence provided for support and not claiming anything.

RL commented that 24% of students had declined to be assessed and asked how the College could encourage them to undertake assessment. DP explained that the College could not force learners to undertake these. JC stated that 699 students had received an assessment of need, which was a significant improvement from September 2022.

Committee members asked if all students were assessed and this increased demand, would the College have the resources to support students. SC noted that recruitment is difficult and a challenge. KN suggested that all colleges could collaborate on ways to recruit. It was agreed that this would be considered.

It was agreed that it would be useful to review the ILR claims and receive some feedback against KPIs in this area. It was suggested that this may be an area for a Committee deep dive at a future meeting.

**DP/SLT
March 2024**

9. INTERNAL AUDIT REPORTS (continued)

9c) Follow-up of Previous Recommendations

JC presented the Follow-up of Previous Recommendations Report and stated that Reasonable Assurance had been provided. Two recommendations had been carried forward from the HR Performance Management review.

Members received the Internal Audit Reports.

10. ANNUAL INTERNAL AUDIT REPORT 2022/23

JC presented the Annual Internal Audit Report for 2022/23. It was noted that there was no longer a requirement to submit this to the ESFA, only the Committee Annual Report would be submitted with the Annual Financial Statements.

JC stated that the important aspect of his Annual Internal Audit Report was his opinion in Section 2.1:

“Based on the work undertaken during the year, and the implementation by management of previous internal audit recommendations, we can provide the Audit & Risk Committee and Corporation with **Reasonable Assurance** that Leeds College of Building’s governance, risk management and, with the exception of its Learning Support Funding arrangements, systems of internal control were operating adequately and effectively, and that there were no instances where any breakdown of control resulted in a material discrepancy”.

SC asked if we could improve on this opinion; JC stated that Reasonable Assurance was the strongest assurance level offered.

Members received the Annual Internal Audit Report for 2022/23.

11. RISK MANAGEMENT TERMLY UPDATE (RISK REGISTER / KEY RISKS)

DP presented Item 11 (Risk Management Termly Update). He commented that work continued to further reduce the number of risks to an appropriate level and close out any risks which were now fully mitigated. The number of risks had now reduced to 72. Progress was being made and ultimately DP hoped that eventually there would be 10-15 key strategic risks for Governor focus.

It was acknowledged that Cyber risks were a key issue; DP commented that Cyber Essentials Plus had been achieved and everything possible was being done to mitigate such risks. Apprenticeships was also a key risk with potential funding clawback.

In response to a question from Committee members in relation to benchmarking, JC reflected that most colleges have a dozen key risks and some of those would be common across the sector.

RL congratulated DP on the reduction of risks, which was a vast improvement. She queried how Governors could get comfort on the management of risks and suggested that a deep dive was carried out on key risks, e.g. staffing. This was agreed and would be considered and an update provided to the next meeting.

11. RISK MANAGEMENT TERMLY UPDATE (RISK REGISTER / KEY RISKS)

SC asked what actions were being taken to address risks. It was agreed that the mitigation statement would be reviewed and work undertaken to improve the mitigation statement reporting.

Members received the Risk Management Termly Update.

12. RISK ASSURANCE REPORT

DP presented item 12 (Risk Assurance Report) and gave a brief overview. RL felt that this was a positive development. She suggested that it may be useful to add in assurance received from internal teams, this was agreed. It was agreed that this report would be updated.

**DP
March 2024**

Members received the Risk Assurance Report.

13. FRAUD & WHISTLEBLOWING REGISTER

DP confirmed that no incidences had been reported. Audit & Risk members also confirmed that they were not aware of any incidences.

Members received the Fraud & Whistleblowing Register.

14. DRAFT AUDIT COMMITTEE ANNUAL REPORT FOR 2022/23

JTH presented Item 14 (Draft Audit Committee Annual Report for 2022/23) for approval. She confirmed that the Report covered the work of the Audit Committee for 2022/23. MSh confirmed that he was happy with the yellow highlighted areas. JTH would update the Report for presentation to the Board.

**JTH
Dec. 2023**

Members approved the Audit Committee Annual Report for 2022/23 and recommended it to the Board for approval.

15. DEPARTMENT FOR EDUCATION: COLLEGE FINANCIAL FORECASTING RETURN 2023-25

DP reported that the College had submitted the College Financial Forecasting Return (CFFR) to the ESFA. This had been reviewed by the ESFA and the appropriate assessment grade, based on the financial plan, was:

- Good for 2022/23 (the latest outturn forecast year), and
- Good for 2023/24 (the current budget year).

Members received the Department for Education letter: College Financial Forecasting Return 2023-25.

16. MATTERS TO BE REPORTED TO THE BOARD

- Audit risks (MSh would provide a narrative).
- Audit Committee Annual Report for 2022/23.

17. DATE OF NEXT MEETING

Tuesday 5 March 2024 at 2.00pm via Microsoft Teams.