

MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION:

MEETING OF THE AUDIT COMMITTEE HELD ON 20 SEPTEMBER 2023 ONLINE VIA TEAMS



Present: Zubair Limbada (Chair)
Louisa Poole
Neil McDougall
Tom Wilson
Roger Merchant

In Attendance:	Shabir Ismail	Deputy Principal
	Louise Hazel	Director of Governance and Policy
	Mark Dawson	KPMG
	Aaron MacDonald	RSM
	Marco Salotti*	Director of High Education
	Verity Hancock**	Principal
	Michael Smith**	Director of Quality Improvement
	Neil Challinor**	Quality Development Manager
	Debi Donnarumma***	Vice Principal
	Matt Widdowson (Minutes)	Governance and Policy Officer

**Item 9*

***Items 9 – 11*

**** Item 12*

1. DECLARATIONS OF INTEREST

1.1. Zubair Limbada declared an interest in item nine as the paper included references to his employer, De Montfort University.

2. APOLOGIES FOR ABSENCE

2.1. Apologies were received from Zoe Allman.

2.2. Aaron MacDonald from RSM was welcomed to the meeting.

3. MINUTES AND MATTERS ARISING FROM THE MEETING HELD ON 20 SEPTEMBER 2023

3.1. **Governors made the following comments:**

3.1.1. **There was a typo in para 6.2.5.**

3.1.2. **Para 7.2.1.3 was blank and needs to be removed.**

3.1.3. **There was a typo in para 8.2.2.**

3.1.4. **10.1.6 MFA should refer to Multi-factor Authentication.**

3.2. **The Minutes of 20 September 2023 were agreed as an accurate record and approved, subject to the amendments highlighted.**

3.3. ACTION RECORD

3.3.1. The Director of Governance and Policy provided an update on the Action Record.

3.3.1.1. Most of the actions had been completed.

3.3.1.2. Actions 6.2.4 and action 6.2.17 were still outstanding and would be picked up later in the year if governors felt they were needed. There was no immediate impact on the Audit Committee arising from these actions not being completed.

3.3.1.3. Not all governors were receiving the link to Boxphish. This needed to be followed up.

3.3.2. **Governors asked the following questions.**

3.3.2.1. **With regards to completion of Boxphish training, 78% of staff completing at least one module was good, however only 20% of staff had completed all of the modules. Was the aim for 100% completion? Could there have been issues arising from staff thinking that the message from Boxphish was a phishing email, or that the training had not been completed properly?** The intention was to make Boxphish training mandatory on top of the already mandatory e-safety training. IT had already looked at the issue of staff believing the message from Boxphish to be a phishing email.

3.3.3. **Governors noted the Action Record.**

4. RISK MANAGEMENT PROGRESS REPORT

4.1. The Director of Governance and Policy presented the Risk Management Progress Report. The following points were highlighted.

4.1.1. This was the first full risk management report which incorporated the changes arising from comments at the previous meeting.

4.1.2. As it was still early in the academic year, there had not been a lot of movement.

4.1.3. The curriculum quality risk had been reduced due to the recent Ofsted inspection.

4.1.4. The partnerships and collaboration risk had been reduced due to the successful collaborative LSIF bid and the sub-contract with the National Space Centre. By reducing the risk this had taken it out of risk appetite.

4.2. **Governors made the following comments.**

4.2.1. **Was the heat map automatically plotted?** No. RSM had a tool for this, but it came at a cost.

- 4.2.2. **Why was the impact for risk 8 originally rated at four?** This was due to lost opportunity.
- 4.2.3. **The new report was a positive step forward.**
- 4.2.4. **Were risks 4 and 5 currently the greatest risks as they were out of appetite and too high?** This would depend how they were looked at as they were both rated as amber according to risk score.
- 4.2.5. **The report showed the initial score and the current score but not the previous score.** There would not be a previous score shown until the next report.
- 4.2.6. **There was no such thing as a perfect risk map. The key thing was to get the leadership team to review it regularly and have it embedded in the organisation. This new report was useful as it provided the leadership team with a visual dashboard and ensured that everyone was focusing on the same issues.**
- 4.2.7. **It looked like the planned actions had been cut and paste from elsewhere which indicated there were other documents in the background.** There were operational plans and risk registers held locally.
- 4.2.8. **Regarding risk 9, was AI and IT governance a subject raised at the AoC Conference?** AI was a big issue at the conference. ELT members attended a couple of breakout sessions with other colleges which showed the need to take a positive approach to the adoption of AI. There needed to be some good governance around this including obtaining student consent. A Task and Finish Group had been formed to look at AI and would include colleagues from Quality, HR, and Safeguarding.
- 4.2.9. **Why did the impact score reduce from the original score? Would not the impact remain the same except in a few circumstances, for example insurance?** The Internal Auditor replied that by taking all reasonable steps the impact could be reduced.
- 4.2.10. **Were there any plans to test the business continuity plans?** There had just been a CLT session on business continuity. There were a couple of aspects which needed to be tested such as the plans in the event of terrorist attacks and bomb threats.
- 4.2.11. **The leadership team needed to be focused on financial stability; what assurance could be given that this was happening?** A special F&GP Committee meeting had taken place the previous week to consider the recovery plan and the current position. The recovery plan would also go before a special meeting of the Corporation. ELT discussed the financial position at its weekly meetings.

4.3. **Governors noted the Risk Management Progress Report.**

5. **AUDIT COMMITTEE ANNUAL REPORT 2022/23**

5.1. The Director of Governance and Policy presented the draft Audit Committee Annual Report for 2022/23. The following points were highlighted.

- 5.1.1. This report, which was similar to previous years, documented the work of the Committee and would go before the Corporation to provide assurance.

5.1.2. There was a new section on the risk management review.

5.2. Governors made the following comments.

5.2.1. **There were track changes in the document.** These had been purposely included to show the changes to the Terms of Reference.

5.2.2. **Should the meeting which took place in September be added?** It would be.

5.3. Governors noted the draft report and approved the Audit Committee's Annual Report for 2022/23 for presentation to the Corporation.

6. AUDIT HIGHLIGHTS: MEMORANDUM AND MANAGEMENT LETTER YEAR ENDED 31 JULY 2023

6.1. The External Auditors presented the Audit Highlights for year ended 31 July 2023. The following points were highlighted.

6.1.1. Very little had come out of the audit which was good news.

6.1.2. The audit was substantially complete, and it was anticipated that the auditors would be giving a clean opinion.

6.1.3. There had been no changes to their planned work.

6.1.4. Page 5 detailed three significant risks which raised no significant concerns. The pension scheme had moved into surplus, there were no findings relating to management overrides and controls, and the revenue recognition was satisfactory.

6.1.5. The going concern work needed to be completed although, from the auditor's current understanding, there were no particular concerns.

6.1.6. The review of the narrative statement needed to be completed and some minor alterations might be suggested.

6.1.7. There was still some information yet to be provided by the pension scheme administrator although it was not anticipated that this would result in any changes.

6.2. Governors made the following comments:

6.2.1. **On page 22 there was a mathematical error.** Noted.

6.2.2. **Governors thanked the Deputy Principal and Finance Team for working with the external auditors.**

6.2.3. **There needed to be more clarification on the information provided on page 15. It also needed to be made clear that the figures should be in thousands and not millions.**

6.2.4. **Was the reason the pension surplus could not be included that it was not recoverable?** Correct.

6.2.5. **Appendix Six needed to include any feedback on the work undertaken arising from ISA 315 and the impact on the College.** The auditors had not changed their approach to substantive testing. They understood the IT environment and the potential impact on the accounts; historically they had not done a lot of testing in this area and had not changed their approach.

6.2.6. **Were the accounts on track to be signed off?** The External Auditor would be attending the special meeting of the Corporation the following

week and they should be signed off by the deadline.

- 6.3. **Governors noted the Audit Highlights and agreed to recommend the Audit Highlights to Corporation for approval subject to the requested changes.**

7. INTERNAL AUDIT REPORTS

7.1. COMPLIANCE WITH FINANCIAL REGULATIONS

- 7.1.1. The Internal Auditor presented the internal audit report on compliance with financial regulations. The following points were highlighted.

7.1.1.1. This audit had looked at the changes had been built in and complied with since the ONS reclassification.

7.1.1.2. No areas of non-compliance had been identified.

7.1.1.3. Although the changes were fairly recent, the team had a good understanding of what was required.

7.1.1.4. This was a positive report.

7.1.2. Governors made the following comments:

7.1.2.1. An email had been sent out to all staff to say that changes had been made. Did the email include all these details?

The email just stated that the financial regulations had been updated.

7.1.2.2. What items were covered by the write-offs that were not big enough to be reported? These were mainly obsolete pieces of equipment such as printers and old cars used by engineering.

7.1.2.3. Data quality was not covered by this report; how did the Committee assure itself in respect of data quality?

Nothing was found through the internal audits so the internal auditors could only offer a limited opinion. Other external inspections, including Ofsted, had relied on data which provided assurance as to the quality.

7.1.2.4. Data quality should be reflected in the annual report. A statement would be added to say that that the Committee had seen nothing which raised concerns about data quality.

- 7.2. **Governors noted the Internal Auditors report on compliance with financial regulations and approved the recommended risk rating of Green.**

8. EXTERNAL REVIEWS

8.1. IELTS AND OET AUDITS

- 8.1.1. The Deputy Principal presented the IELTS and OET Audits. The following points were highlighted.

8.1.1.1. Nothing concerning had been highlighted by the IELTS audit and the recommendations had been implemented.

8.1.1.2. The OET audit had highlighted one issue around security which had been resolved by installing CCTV.

8.1.1.3. Both audits showed confidence in the team and the College retained its licences.

8.2. **Governors noted the IELTS and OET Audits and approved the recommended risk rating of Green.**

8.3. **NCFE ANNUAL MONITORING REPORT**

8.3.1. The Deputy Principal presented the NCFE Annual Monitoring Report. The following points were highlighted.

8.3.1.1. No actions had been required and this was another good report.

8.4. **Governors thanked the Exams Team for their work and the positive audits.**

8.5. **Governors noted the NCFE Annual Monitoring Report and approved the recommended risk rating of Green.**

Marco Salotti joined the meeting.

9. **QUALITY OF TEACHING AND LEARNING**

9.1. **TEACHING EXCELLENCE FRAMEWORK (TEF)**

9.1.1. The Director of Higher Education Presented the TEF Panel Statement. The following points were highlighted.

9.1.1.1. The TEF Framework was a national scheme run by the OfS to incentivise quality teaching and learning. As the College has over 500, HE students, TEF was mandatory.

9.1.1.2. There were two criteria: Student Experience and Student Outcomes. A judgement is made against these two criteria and lasts for four years. It also allowed for a TEF uplift of £165 on tuition fees.

9.1.1.3. The College had been rated as bronze for student experience, and silver for student outcomes. The College had previously been awarded gold but this had been assessed under a completely different system.

9.1.1.4. The bronze award could have been challenged, however, after consideration, it was decided that a challenge would not be the best use of resources.

9.1.1.5. Time lag had been a factor as the performance data which was analysed for continuation, completion and progress had been up to five years old.

9.1.1.6. Student experience had been based on NSS results from between 2019-2022. Staff scholarship and professional development had shown evidence of very high-quality features. Employer engagement was also noted as having elements of

very high quality.

- 9.1.1.7. SE7 (“*The provider effectively engages with its students...*”) was a perennial problem as the TEF appeared to be set up for three-year undergraduate courses at university rather than the kind of courses offered by the College. The panel had felt that the student experience in this respect was not as good as that of universities.
- 9.1.1.8. Disabled students’ experience was below the benchmark. This may have been because of the student allowance process which had been addressed around two years ago.
- 9.1.1.9. There was scope for several improvements: there could be better recording of educational gain and progression data, and there was always scope for improving student support.
- 9.1.1.10. A ‘Good’ Ofsted rating would carry far more traction than a bronze TEF rating.

9.1.2. Governors made the following comments.

- 9.1.2.1. **It looked like the College had gone from gold to silver; how were the optics of this drop being managed?** It was a completely different framework and the impact was greatly reduced because of the different and gap between the two assessments. After securing a gold rating the College’s HE population had dropped significantly so there were bigger issues at play than the TEF rating
- 9.1.2.2. **Page 4 of the report highlighted a couple of courses which were materially below the benchmark.** The business and management course had been delivered by GBS which was a relationship which had since been terminated. Performing Arts had a very small cohort of students which meant that very small changes could affect the statistics.
- 9.1.2.3. **De Montfort University had secured a silver rating; what did ‘high quality’ under a silver rating look like compared to the College’s assessment?** This was difficult to ascertain.

9.1.3. Governors noted the TEF Panel Statement and approved the recommended risk rating of Green.

Marco Salotti left the meeting.

Neil Challinor and Michael Smith joined the meeting.

9.2. ACHIEVEMENT RATES 2022/23

- 9.2.1. The Quality Development Manager presented the Achievement Rates for 2022/23. The following points were highlighted.
 - 9.2.1.1. The overall achievement showed a 0.7% improvement which reversed the decline of the previous three years. The achievement rate was 2.5% above the 2021/22 NAR.
 - 9.2.1.2. 16-18 overall achievement had increased by 2.1% to 78.7% but

- was 2.4% below the 2021/22 NAR.
- 9.2.1.3. Adult achievement rates had increased by 0.2% to 89.1% which was 2.4% above the 2021/22 NAR.
 - 9.2.1.4. Apprenticeships had declined by 1.7% to 55.7% and was 1.3% below the 2021/22 NAR.
 - 9.2.1.5. There was some concern around retention in Construction and at Level 1.
 - 9.2.1.6. Due to the increased bandings at GCSE, there was a large cohort of Level 1 students and a lot of CPD had focused on student support. The Vice Principals were considering how to plan the Level 1 cohort to open more pathways at Levels 2 and 3. This year's CPD would focus on student support and supporting teaching staff working with students at lower levels. All new staff would have a skills scan at their induction to provide them with a tailored training plan.
 - 9.2.1.7. The deep dive model had been successful and had a positive effect on achievement rates. It also gave the Curriculum Directors more confidence when discussing their areas with Ofsted inspectors.

Verity Hancock joined the meeting.

9.2.2. Governors made the following comments.

- 9.2.2.1. **The College was below the national average. Was this because of the academic level of students joining the College?** GCSE outcomes in Leicester were lower than the national average and so distance travelled was important. There might also be the impact of longer periods of lockdown in the city. As the NARs were lagged it would only be possible to make a comparison in around March 2024. Additionally, students retaking their GCSEs in English and Maths had an effect on achievement rates.
- 9.2.2.2. **Were there any concerns around the comparison with the NARs which would be released in March 2024?** There could be some impact on T Levels.
- 9.2.2.3. **Would this be captured in the QIP?** Yes.
- 9.2.2.4. **Could the graphs in paper use the same scale to make it easier to make comparisons?** This change would be made.

9.2.3. Governors noted the Achievement Rates for 2022/23.

9.3. OFSTED FEEDBACK

- 9.3.1. The Principal presented the Ofsted Inspection Report. The following points were highlighted.
 - 9.3.1.1. Although the inspection report was fairly brief, a lot of feedback had been recorded during the inspection which would contribute to the QIP.
 - 9.3.1.2. The deep dive process had been helpful when preparing for the inspection.

- 9.3.1.3. Ofsted had only seen a small part of what the College did although they did focus on some areas such as the partnership with the National Space Centre and ESOL.
- 9.3.1.4. Ofsted had given a lot of focus to attendance. The College had a lot of students who had rarely attended school but were now attending College fairly regularly, although not 100%. It was difficult to evidence this.
- 9.3.1.5. The Principal had been pleased that inspectors had included the line about social justice.
- 9.3.1.6. The College had self-assessed as being 'good' which proved to be correct. There had been areas which had been identified as better than 'good' and other areas which needed more attention. Looking ahead, the College wanted to push towards 'outstanding' as far as possible.
- 9.3.1.7. ELT members had received a lot of congratulations at the AoC Conference on the Ofsted result.

9.3.2. Governors noted the Ofsted Inspection Report and approved the recommended risk rating of Green.

10. HIGH NEEDS DEEP DIVE ACTION PLAN UPDATE

10.1. The Principal presented an update on the High Needs Deep Dive Action Plan. The following points were highlighted.

- 10.1.1. The action plan had almost been completed. The Vice Principal, Adult and HE had led on the plan.
- 10.1.2. Ofsted had looked at all areas of the High Needs provision and had assessed the provision as Good. Inspectors had been happier with the sensory route rather than the life skills route.
- 10.1.3. A new Head of Supported Learning was in post and was expected to use her wide experience to bring stronger leadership to the area.

10.2. Governors made the following comments:

- 10.2.1. **Was staffing getting any easier?** It was still difficult in certain areas such as construction, computing and digital due to pay being higher in industry. With the cost-of-living crisis people were looking at what they currently earned rather than other benefits such as holidays.
- 10.2.2. **Was there any flexibility around pay?** There were market supplements. This was not popular with the trade unions and tended to be in male dominated areas which gave rise to issues around the gender pay gap. It was hoped that the government would recognise the pay issues in FE.
- 10.2.3. **With regards to students who are closer to the labour market, was there the potential for AI to replace lower skilled jobs?** Lower-level skills tended to be in customer focused jobs.
- 10.2.4. **AI could lead to a situation where people would have several different careers during their work life and there would be an emphasis on transferrable skills.** Agreed. It was hoped that AI would have a positive impact on people with learning difficulties as it would take away some of the tasks which they found difficult. Lifelong

learning would also become more important. The AI working group might want to report to the Committee in due course.

10.2.5. **Was the development of the SEND strategy still in progress?** Yes.

10.2.6.

10.3. **Governors noted the High Needs Deep Dive Action Plan Update.**

Verity Hancock, Michael Smith and Neil Challinor left the meeting.

Debi Donnarumma joined the meeting.

11. APPRENTICESHIPS – INTERNAL AUDIT ACTION PLAN

11.1. The Vice Principal, Study Programmes and Apprenticeships, presented the Apprenticeships Internal Audit Action Plan. The following points were highlighted.

11.1.1. Smart Assessor was currently a stand-alone system for recording progress. This was in the process of being moved across to enable the College to exploit the reporting mechanisms.

11.1.2. There was now a lot more confidence around recording off-the-job and 12-week reviews.

11.1.3. Internal audits were planned in for 2023/24.

11.2. **Governors made the following comments.**

11.2.1. Apprenticeships were a difficult area in terms of funding rules and guidance. In-year testing and internal auditing helped to keep everyone's finger on the pulse. Agreed; another issue came from dealing with multi-year cohorts of apprenticeships rather than academic years.

11.2.2. Had similar issues been experienced elsewhere? The Internal Auditor replied that there was nothing materially different at Leicester College from other providers. The mock audits carried out by Leicester College were a good development though. The Deputy Principal added that the new Chief Executive of the EFSA had acknowledged that apprenticeships were a challenging area.

11.2.3. When would the Audit Committee receive feedback from the internal compliance checks? It would be either March or June 2024.

11.2.4. Had this been listed for an internal report? The Internal Auditor replied that the follow-up report had not yet been completed.

11.3. **Governors noted the Apprenticeships Audit Action Plan.**

12. FE COMMISSIONER REPORTS

12.1. The Director of Governance and Policy presented the FE Commissioner Reports. The following points were highlighted.

12.1.1. These were two recent reports. Both detailed unique situations in the two colleges covered.

12.1.2. There was nothing in the reports which immediately stood out as being relevant to Leicester College.

12.2. Governors made the following comments.

12.2.1. There was a common theme around getting the level of data provided to governors correct. Sometimes there can be too much information provided and the Corporation could be caught up in operational conversations.

12.2.2. There was a reference to governors understanding what it is like to be a student at the college. This was the purpose of learning walks and the Student Liaison Committee both of which presented an opportunity to speak with students.

12.2.3. By signing up to the DfE information emails governors could receive the FE Commissioner's reports.

12.3. Governors noted the FE Commissioner Reports.

13. ANY OTHER BUSINESS

13.1. There was no further business.

14. DATES AND TIMES OF FUTURE MEETINGS

- 20 March 2024
- 5 June 2024