



Minutes of the Meeting of the Audit and Assurance Committee 2 March 2021

Present	In Attendance
Sundeeep Bhandari (Chair) (SB)	Sarbdip Noonan (Principal) (SN)
Jean Lammiman (JL) - Via MS Teams	Bob Pattni (Deputy Principal) (BP)
Raj Gill (RG)	Naomi Shoffman (Director of Governance) (NS)
Shameem Rahman (ShR) - Via MS Teams	Emma Gipson (EG)- RSM Internal Auditors - Via MS Teams

1. Chairs Opening Remarks

SB checked that all were able to hear each other and welcomed everyone to the meeting and in particular ShR who had recently been appointed to the Board and this Committee. ShR introduced himself and gave a bit of background on his professional experience especially as an Audit practitioner.

The Committee noted there has been no Chair's action since the last meeting

2. Apologies for Absence

Apologies for absence were received from Simon Radford

3. Declarations of Interest

None

4. Minutes of the Meeting of 24 November 2020

These were accepted as a true record.

5. Matters Arising Not on the Agenda

SB confirmed that the Independent review had been closed and that all the action points were closed prior to or on completion of the review.

6. Business Continuity Plan (BCP) update

BP spoke to the report. The BCP is looked at and updated weekly to take account of all the latest government guidance, staff and student and other stakeholders' feedback. BP observed that the BCP has now been in operation for almost a full year in terms of lockdown and has worked through different modes of delivery in response to the changing guidance.

By way of an update, SN reported that the Exec team is currently considering bringing in up to 45% of students on site in the first two weeks from 8th March and after that 65% for the last two weeks till Easter; that information has been shared with the DfE and local MP who are supportive of this course of action.

JL asked when the marketing plan will be implemented. BP responded that it is already in place with concerted efforts starting now as part of the business planning cycle and recruitment for 2021-22. EG asked what the policy is re face coverings; SN advised that all staff and students should wear a face mask in all communal areas. In classrooms there will be continuous air flows through open

doors and windows and wearing of face masks will be at the discretion of the individual teacher and student.

SB asked how the Mass testing is working in practice; BP explained the logistics, processes and arrangements in place. The actual testing is being taken on by external people, most of whom are willing to do it on a voluntary basis. The College has been going through a pilot phase for the last fortnight to weed out any issues before rolling it out to all on 8th March. SN confirmed that all the external people carrying out the testing have passed the testing module.

SB asked if there was any feedback from the unions and SN responded that the unions do not want their members in College, but we are following government guidance.

JL commended the BCP saying that it is very impressive as is the monitoring of it, all agreed.

RECOMMENDATION

NOTED

BUSINESS CONTINUITY PLAN UPDATE

7. Internal Audit Reports: Internal Audit Service (IAS)

EG presented the following Internal Audit Reports:

i. Risk Management & Governance

Substantial assurance was given in this report with one low recommendation around the need to minute the details of deep dive risk discussions at Committee meetings. NS commented that such discussions are recorded and EG agreed to look at this again. BP said that it was more about recording the link of the discussion with the risks.

ii. Follow up

Good progress has been made with all high and medium and recommendations closed, and one low recommendation in progress.

EG concluded by saying the IAS was very happy with all the reports.

RECOMMENDATION

NOTED

THE INTERNAL AUDIT REPORTS

8.i Management Accounts up to 31 January 2021

- BP said that he would take item as read and highlighted the following:
- The College continues to operate under Government advice during the COVID-19 pandemic.
- For 2020/21 the Summary Income & Expenditure table below shows a surplus of £52k for the YTD, against a target of £39k surplus.
- The Forecast Year Surplus been increased to a £86k surplus to 31 July 2021 against the planned target of £106k.
- The original budget for 2020/21 setting the surplus as £106k did not include the recently approved 1% pay award. This has now been paid so the College is doing very well as it looks like we are heading back to a surplus of £86k and in the best case the College may achieve a surplus nearer to £115k. BP plans to bring an options paper for what may be done with this surplus later on in the year.
- There is a slight concern around the current ratio but this is mainly due to payment profiles.
- The College is currently 600 learners ahead of targets and the income is increasing through lagged funding.

BP concluded his report saying that this is the time of the year where the ESFA starts looking at allocations, and they have confirmed that our allocation will increase by £855k and adult funding should also increase. So the Exec may be coming to the Board to discuss how best to optimize this additional funding.

SN commented that if the ESFA funded in year additional learners the financial position would be different. SB said it is good to see the best and likely case improving and congratulated the team on this outcome. He asked whether when the ESFA look at this is they will discount the pension liability as it's out of our controls and BP confirmed they would. SB then asked where the surplus cash is sitting and BP said current it is on treasury deposit.

JL asked in terms of the KPI's where is the over recruitment concentrated? BP said mainly it in Esol adults, engineering, partnership sport; there are however some areas of concern which are being looked at as part of business planning for instance, in art and media. Having said that all areas are giving a positive contribution. SN advised that BP is very clear about ensuring all areas are making a contribution. She added that a large proportion of the recruitment is with co- delivery with sub-contractors. JL said that the College should be proud of that as these are our students and we are responsible for the quality of provision.

BP advised that the College has reached full capacity on this site so will need to look at more direct delivery, hub and spoke, satellites etc. delivery. Generally the College is looking at innovative ways to recruit and deliver going forward.

RG congratulated BP and his team and EG said the report shows a very positive picture given the challenges of the last year.

ShR asked BP to explain how often the management accounts are produced, disseminated and whether forecasts are fixed or reviewed and BP explained the processes. ShR asked how has Covid impacted on the fixed budget and BP advised that there were contingencies in place and in addition the College bid for and was awarded £1.5m in extra funding made available to support Colleges through the pandemic. The challenge going forward is that without that additional money is the underlying budget robust? ShR asked if the College has a reserves policy. BP responded that this is something that been raised recently by the Resources Committee now that the College is achieving year on year surpluses and as such a draft .Reserves Policy will be going to the Resources Committee meeting in June. Alongside this BP explained that it was important, in terms of development of the property, for the DfE to know what reserves /matched funding we have available after the loans are paid off.

8.ii Monthly Monitoring report

- BP spoke to the monitoring report which has been prepared to provide a strategic overview on the College's financial position to date. This report is separate to monthly Management Accounts for the 3 months to 31 January 2021. BP highlighted the following in respect to actual performance against targets for each learner category as at 31 December:
- 16-18 Learner Target £7.683m -Forecast £8.285m +£602k - The College is exceeding target
- 19+ ASB Learner Target £1.720m - Actual £1.564m -£156k - This is below target so there is work to be done here The College won a further business case worth £100k from the GLA for delivery of 19+ courses.
- Apprenticeships £80k- Actual £99.7k +£19.7k – although this is exceeding target this area is not making contribution
- 19+ Level 3 Loan Learners £301k -Actual £120.9k -£180.1k - This is below target as it has been difficult to recruit since lockdown; hopefully numbers will pick up after lockdown ends
- HE Learners £80k Actual £80k - Currently we are meeting the target

RECOMMENDATION**NOTED****MANAGEMENT ACCOUNTS AND MONTHLY MONITORING REPORT UP TO 31 JANUARY 2021****9.i Risk Register as at February 2021**

BP presented the Risk Register which is updated twice in a quarter. The College is making good progress against the identified risks and has been assured through the positive outcomes of recent internal audit reviews, that the College has made progress in terms of compliance and risk mitigation, allowing more areas to be RAG rated as GREEN from AMBER for the February 2021 review. BP then highlighted the movement the College is making against the detailed risks as per the report.

Top Key Risks that remain as Amber are:

- **AIM 1:** Ensuring excellent learning, teaching and assessment leading to higher student achievement. Risks 1.1, 1.2, 1.3, 1.5, 1.6 – it is usual for this to show as Amber at this time of the year as we have not yet received all the results and as we know a lot of the work will be teacher assessed
- **AIM 2:** Excellent learner support providing a high level of satisfaction for learners and stakeholders. Risk 2.1, 2.2. Risk **2.5 has changed to GREEN** following the impact the new VP C&Q and HoSS are already having with delivering ALS
- **AIM 3:** Organizational excellence in all that we do. Risks 3.2, 3.3, 3.6 – this remain Amber as we will only know that the BCP, enrolments etc. will have been delivered towards the end of the academic year.
- **AIM 4:** Taking the Curriculum Strategy to the next level in 2020/21 and securing a sustainable future for the College. There are none in Amber or Red- The March strategy day will have a large part in ensuring we move in the right way to develop the curriculum.
- **AIM 5:** Aligning Human Resources with the College's strategic direction. Risk 5.1, 5.6 – An HR report is going to the next Resources Committee which is very positive and if all the KPI's are on target these may move to Green
- **AIM 6:** Establishing sound financial health for the College. Risks 6.2, 6.5, and 6.6 – Doing well but should be doing better. Estates need to improve along with resources and capital good opportunities in terms of T Level and capital conditional funding will be in place for next meeting.

SB asked about the issues for staff and students in terms of mental health etc. SN said there is lots in place for to ensure the Health & safety and well-being of all staff and students. A detailed programme has been shared with all students, for example: a session at the beginning or the end of lesson to ensure students can voice their concerns about their issues and any problems, this is reinforced through tutorials etc. The enrichment team have put on exercise session and healthy eating for all students and staff. In addition we have coffee room for staff to come together and talk to their peers, access to the welfare team and our counsellor and there is so much more. The constant lack of interaction with peers is one of the biggest problems faced by society and where possible online conversations are encouraged in a safe environment – but clearly this is not enough. The management is doing what they can to alleviate stress.

SB commented that he likes this risk register format as it is very good quality and very impressive. JL persevered that in the early days the register didn't have such transparency but now it is a very good and clear register and a helpful report. SN said that there are a significant number of risks now in GREEN and only a few in amber so this is an excellent outcome. BP said this is testament to all the team and gave examples of how this risk register is embedded and understood throughout the organization. SB cautioned that we should not get complacent if everything is in green. SN assured him that this is challenged robustly by the SLT.

JL commented that this is how we demonstrate being a learning organization by checking ourselves. ShR checked that where we say we are Green this actually means trying to get from Amber to Green and BP confirmed that is the target. ShR asked whether there is a way of putting in a direction heat map. SN said that the distance travelled is shown through the movement.

SB would not expect to see everything in green and asked EG how this look forms an Audit point of view. EG resounded that it is a large document but it is good practice that each Committee is looking at the respective risks within their remit, but more and more Colleges are using heat maps increasingly and she is happy to share a template should the College look at doing that in the future. ShR commented that he could not see any reference to GDPR, succession planning and key staff, and restructuring post Covid. SB said that these are embedded within the register and suggested ShR comes back to BP if he requires any further clarification.

9.ii Key Performance Indicators (KPI's) as at February 2021

BP spoke to the report which summarizes the new set of KPIs and the progress to date and is looked at alongside the risk register. The data included has been extracted from the Student, Finance and Human Resource systems. BP said that it can be seen in the summary that in terms of the key aspects the outcomes for 2019-20 are continuously improving. He then highlighted the following Key Changes in the KPI's:

- Overall College Attendance Rate at the end of February is 84.75% against a target of 85% - this remains a challenge but it's not far of the target, as the College is tracking attendance via engagement of learners.
- Overall College Punctuality at the end of February is improving at 93.95% against a target of 90%
- Number of 2020/21 learner applications for 16-18 is 412 & 19+ is 170
- ESFA 16-18 Enrolment Target is 1471 at the end of February our 16-18 funded headcount is 1548, that's an increase of 77 over our allocation
- ESFA 16-18 Funding allocation is £7,682,780 at the end of February our 16-18 funding is £8,285,412.
- ESFA 19+ & GLA Target is 2000 enrolments (900 heads) at the end of February our 19+/GLA enrolment is 2068 (862 heads)
- ESFA & GLA Funding Target is £1,719,658 at the end of February its £1,564,417.
- ESFA ER Apprenticeship Funding Target is £80,000 at the end of February our apprenticeship funding is £99,794.
- ESFA 19+ Loan funding Target is £300,510, our income at the end of February is £120,909
- Key Financial Indicators are RAG rated Outstanding, and the Forecast Surplus is £52k, staff cost/cash ratio 66.06% for the end of January.

SN observed that learner engagement at 93.2% is very good and clearly better than attendance. JL asked in terms of engagement can students pick and choose when they attend. SN explained that they may not stay for the whole session their attendance is recorded as long as they engage at some point in the session and then they may go off and do their work. This is how other Colleges monitor attendance so we thought it was important to use the same measure. We know that they are learning via teacher set tasks and work students need to produce at the end of each session. JL suggested that it might be helpful to capture that so it's better defined for quality purposes.

The Committee asked for the reason for gaps. BP explained that we don't have all the data yet which is usually looked at, at the end of the month so it would only be an estimate at this point due to the lag in time.

RECOMMENDATION

NOTED

THE RISK REGISTER AND KEY PERFORMANCE INDICATORS

10. Annual Review of Register of Interests

The Committee received the summary report of the register of the declarations of interest made by members of the Stanmore College Senior staff and Board of Governors. A discussion ensued around the declaration of interest a Head of School has with the Bright star nursery.

BP and SN explained that they had inherited this situation and had put in place a commercial contract and rental agreement which had been approved by the Resources Committee so all is ok. SN and BP assured the Committee that all the proper processes and procedures are in place.

Noting that this is the first year the Heads of School have been asked to declare in this register, BP confirmed that the member of staff has made this declaration annually.

The Committee agreed that having discussed this issue fully it was not necessary to undertake an independent review, to understand the background this, as the declarations were made and all processes and procedures are clearly in place.

**RECOMMENDATION NOTED
THE SUMMARY REPORT OF THE BOARD AND SENIOR MANAGEMENT
DECLARATION OF INTERESTS**

11. Process for Tender for the external audit services.

BP proposed deferring the tender for another 12 months given the pandemic. He confirmed that the Auditors are working well with the College and that the audit partner do rotate the auditors.

SB said that he had spoken to the audit partner and was very pleased with the firm's performance and in his view it made sense to retain them for at least another 12 months until the new normal as the College does not need the extra burden in the current environment as the amount of work involved is huge.

JL agreed this is sensible in terms of continuity and that having looked into it she is very happy with the way they have audited the College and their challenge to management; so from that point of view the firm is very professional and there is no `cosy` relationship with management.

ShR agreed that during a period of uncertainty we should stay as is and that we should review in a year he also observed that new auditors may be looking at different approaches which may not be conducive to remote audits.

**RECOMMENDATION
AGREED
TO DEFER FOR 12 MONTHS GOING OUT TO TENDER FOR AUDIT SERVICES**

12. Any Other Business

None

13. Meeting Review, Learning and Reflection

14. Date of next meeting

4.00 pm Tuesday 15 June 2021

Meeting ended at 5.34pm

Signed [Committee approved](#)

Chair

Date

Action points:

Item	Action	Responsibility	Timescale	Status
11	TO DEFER FOR 12 MONTHS GOING OUT TO TENDER FOR AUDIT SERVICES	BP	March 2022	