

Minutes of the meeting of the Audit Committee held via Teams on Tuesday 28 March 2023

Present:

Iain Springate	Chair of Committee
Andrew Champion	External Governor
Rob Nicholls	External Governor

In attendance:

Sean Mackney	Principal and CEO
Bill Blythe	Vice Principal Finance and Resources
Jason Jones	Deputy Principal
Sheena Murphy-Collett	Vice-Principal for People, Organisational Development and Engagement
Claire Isaac	Head of Finance
Joanna Boardman	Governance Advisor and Head of Executive Office (minutes)
Adam George	Auditors – RSM
David Broughton	Auditors - RSM
Jon Marchant	Auditors – Mazars

1. Apologies for Absence

Apologies were received from Mark Tibbert and Carol Davey

Auditors were welcomed into the meeting

2. Declaration of Interests

No declarations of pecuniary or non-pecuniary interests were made in respect of the items on the agenda.

3. Confidential Items

One item was marked as confidential:

- Covenant discussion

4. Matters Arising

It was noted that the cyber security audit update that was not discussed at the last meeting should have come back to committee. It was agreed that the Vice-Principal People, Organisational Development and Engagement would resolve this through committee Chairs action post the Easter break with the Governance Advisor.

5. Matters brought forward by the Chair

The Chair requested that an action plan be created for the committee to ensure all actions are completed and resolved.

6. Minutes Approval

22AC13/14/15

The minutes for the Audit Committee meeting of 29 November, the joint meeting of Finance and General Purposes and Audit Committees on 29 November and all confidential minutes were approved, with a note to the above matter that the Cyber Security report had not been submitted.

7. 2021/22 Business

i) To note IAS Progress Reports

22AC16

RSM noted that they felt that the annual audit plan was in a good position with the plan almost having been completed.

The following reports were noted as completed:

- Cyber Security
- Business Planning and Financial Forecasting
- Marketing and Business Engagement
- Follow up

Outstanding (to be completed)

- Learner Numbers

The inclusion of added value from benchmarking reports and audit opinions included was noted and welcomed

RSM shared that the Business Planning and Financial Forecasting audit provided a reasonable assurance with 2 medium actions to pick up and improve on. These were around undertaking an annual post business planning review and the provision of additional training and upskilling on financial forecasting and finance overall.

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The committee asked what the training would be expected to look like. It was felt that the impact of course set up, learner numbers against that and what the financial implications are of continuing any individual approaches. The college felt that the current successful leadership development for business support staff on finance matters could be extended to curriculum colleagues.

The Marketing result showed 6 low assurance and 4 medium with a reasonable assurance overall as the low marks were not significantly impactful and much work was already in train for the medium level ones.

The committee requested a fuller update on the marketing element of the college at a future board meeting or strategy day to gain greater insight to the college strategy here.

The follow up report was shared with 9 actions having been completed and 15 still in progress. The Chair noted the little progress comment and stated that it was felt that some issues were with setting completion dates to early in the cycle creating a situation where this would occur. They asked for greater consideration by college staff when considering completion dates and ensuring that they are realistic.

It was recommended that a member of the Executive signs off in future on the managers comments and dates and that the College Leadership team monitors progress.

ii) To note the College Audit Monitoring Report 22AC18

In general the committee discussed the impacts as above of not establishing the correct actions and completion dates post audit which leads to failure to meet the stated aims. Staff to give greater consideration to this in the future.

It was noted that this was impacting on Cyber Security and GDPR in particular

ii) Additional work undertaken by IAS/EAS 22AC19

- Subcontracting Tender

It was noted that some figures in the future would need to be redacted, but that a compliant framework and work is bring scheduled currently.

iii) Strategic Risk Monitoring and Board Assurance Framework 22AC20

It was noted that this is a technical and complex paper, but following the work done in this area is now considered amongst the best practice in the sector. The key risks highlighted by the college the committee were:

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Risk SR1 – Finance

Both the Further Education Commission and the Education, Skills Funding Agency have confirmed that the financial strain on the sector is intense now and across the board colleges are struggling. The impact of recent changes to T Level provisions and governmental changes, the ONS reclassification and other issues are all having a negative impact.

The Sustain and Grow Programme is the vehicle with which the college is aiming to balance issues and grown Petroc out of the position it is currently in.

Risk SR5 – Reputation with Employers

The impact of funding for apprenticeships now requiring positive reports and feedback from apprenticeships and employers is a worrying development. Work is being undertaken by the college to actively improve this provision already, but the risk must be recognised and monitored.

A worst case scenario for the college would be to lose the ability to provide apprenticeships which would impact in some areas more significantly than others in the college, however impact would be felt in staffing numbers and income.

More work is being done in tripartite meetings and working to resolve any current issues and have improved the surveys which go out to focus on the right feedback.

The Deputy Principal noted that they had raised the risk around quality of provision to reflect an issue around consistency and compliance in quality matters across the college. There exist areas of great practice, but the college needs to ensure that it is seen everywhere.

The college stated it has been undertaking an in depth review for the past couple of months to identify the areas of improvement needed in the quality cycle and what the needs are or the future. A concern exists that currently it would be difficult to get a good provider rating from Ofsted so a strong focus is being applied. The restructuring is underway and following that a focus on teaching, learning and assessment as the core business will be applied and there are two days of staff development in May for educators.

iv) Key Performance Indicator updates (KPIs)

22AC21

It was noted that appendix 2 showed a detailed commentary on the profile of each Tier 1 KPI which allowed for a review of progress. It was recognised that the college was not making the amount of progress it wants to know and some of that was due to the lack of benchmarks and ranked measures which

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disappeared during Covid. This is changing again, and it is hoped that some measures will be returning, and new ones will be investigated.

Personal Development Awards which had been on track have since fallen behind with the impact of having a high level of agency staff at the start of the year being a contributory factor.

Within the entrepreneurship arena post Covid the creation of businesses has not reached target, however again changes are now being felt, with two new businesses created recently by learners and the plans for completion of COTIE 2 in North Devon, COTIE 3 in Tiverton and a large Marine Event in June.

The college noted that there would be a review of the current Strategic Operation Plans and the KPIs as standard this year which may prompt an evolution of both. The overall vision of the college has not changed from the Petroc 2025 strategy, however the methods of achieving the strategy and measurements can and therefore should be reviewed.

It was asked if there was a mentoring engagement with local commercial partners in place. The college assured the committee that funding for 'Big Benefits for Small Business' which seeks to link educators and learners with small businesses in a mentoring capacity was sadly coming to an end. However, the college continues to promote innovation and entrepreneurship through awards judged by local business and there is an active plan in place to improve this.

The chair shared that the use of short term KPIs would be welcomed where for short periods of time something becomes of specific interest or importance. Limited life monitoring on areas that may drop in or out and are linked to high risk areas can be added, although caution must be used to avoid anything too operational being discussed.

Non-Executive staff and RSM colleagues left the meeting

8. Confidential Items

Minutes recorded separately

The next meeting of the Audit Committee is 4 July 2023