

# Wakefield College Corporation

## Board of Governors Audit Committee

### Minutes of the Meeting held on 17 November 2020 (“Meeting”)

**Present:** Julie Craig, Ian Parsons (“**Chair**”), Ruth Sacks, Martyn Shaw and Neil Warren

Clerk to the Corporation (“**Clerk**”)

**In attendance:** Executive Director Finance and Resources (“**FD**”), Richard Lewis (RSM), Jonathan Creed (ICCA-ETS)

**Apologies:** None

The Chair welcomed Neil Warren and Ruth Sacks who were attending their first Audit Committee meeting. He noted that this would be his last Audit Committee meeting as a governor but that he had agreed to remain on the Audit Committee as a co-opted member to provide support subject to approval of the Board at its meeting of 8 December 2020.

#### 1 **Appointment of Chair and Vice Chair of the Audit Committee for 2020/21**

##### **Resolved**

That Ian Parsons be appointed Chair of the Audit Committee for the Meeting and up until the 31 December 2020 when his term of office as a governor would come to an end.

That Neil Warren be appointed Chair from 1 January 2021 for the remainder of 2020/21 and up until the first meeting of the following academic year.

That Martyn Shaw be appointed Vice Chair of the Audit Committee for 2020/21 and up until the date of the first Audit Committee meeting in 2021/22.

#### 2 **Closed Session with Auditors**

2.1 *The FD left the meeting at the beginning of this agenda item.*

2.2 Neither Richard Lewis of RSM, the external auditor and reporting accountant, nor Jonathan Creed of ICCA-ETS, the internal audit service (together “**Auditors**”), had any issues to raise in relation to their work in 2019/20. General matters discussed included:

- (i) Jonathan Creed noted that the majority of his work had had to be carried out remotely due to COVID-19 and in the relatively short space of time since lockdown had been lifted.
- (ii) Richard Lewis noted that the College’s finance team had been very proactive, responsive and had provided good quality information.

- (iii) Richard Lewis noted that he hoped that the financial statements would be ready to be signed off before Christmas.
- (iv) Richard Lewis asked whether the Committee was aware of any frauds. Governors confirmed they were not.

### 2.3 Governors asked the following questions:

- (i) Had remote working hindered the audits? Jonathan Creed noted that it had been more difficult but that he was satisfied with the results of the process.
- (ii) Had the Auditors encountered any problems with the College's IT systems caused by the staffing issues discussed at previous meetings? The Auditors confirmed they had not.
- (iii) Were there any additional fee implications due to the remote audits? Richard Lewis confirmed that there were none.

*The FD re-joined the meeting at the end of this agenda item.*

## **3 Apologies for Absence**

3.1 No apologies were received.

## **4 Declarations of Interest**

4.1 Governors had no interests to declare.

## **5 Minutes of the Meeting held on 23 June 2020**

### **Resolved**

That the minutes of the meeting held on 23 June 2020 be approved.

## **6 Matters Arising**

- 6.1 The Chair noted the following matters arising from the previous meeting of the Audit Committee:
- (i) On minute 4.1(i), the Clerk agreed to rearrange student database training at a suitable time. The Clerk noted that the Head of Management Information had agreed to deliver the training. He agreed to schedule the session to which he would invite all governors.
  - (ii) On minute 4.1(ii), the Clerk agreed to speak to the Executive Director HR and Organisational Development to request that the annual HR Report contain details as to why enhanced payments had been made to leavers and why confidentiality clauses were required. The Clerk explained that he had raised the query with the Executive Director HR and Organisational Development and would report back to the Committee with an answer prior to its next meeting.
  - (iii) On minute 7.2(iii), governors requested that a simple management report on the College's response to COVID-19 be prepared. The FD noted that he would prepare a paper for the next Audit Committee meeting. The Chair

asked for a qualitative assessment of the actions taken in response to the pandemic.

- (iv) On minute 7.2(v), the FD and Jonathan Creed agreed to finalise the revised audit plan and report back to the Committee. The Chair noted that the revised audit plan had been finalised, and the internal audit reports would be discussed during the Meeting.

## **7 Status of Outstanding Audit Recommendations**

7.1 The FD reported that all recommendations had been implemented including those that had been identified as overdue in the June report to the Audit Committee.

7.2 Governors asked the following questions:

- (i) Was the IT team back to full strength? The FD said junior staff had had to be recruited and trained and that recruitment was ongoing. He noted that retention of appropriate staff was proving an issue, but the department was faring well.
- (ii) Had the FD considered outsourcing? The FD confirmed that certain projects had been contracted out.

7.3 Richard Lewis suggested that financial statements audit recommendations be entered on the tracker. Governors agreed.

## **8. Risk Management, Control and Governance**

8.1 The FD reported, in relation to the Risk Management Policy, that changes had been made to reflect sector best practice as required by a recent internal audit.

8.2 Governors asked the following questions:

- (i) Had the Board defined the College's risk appetite as per the Risk Management Policy? Governors asked for an explicit conversation about the College's risk appetite. Martyn Shaw and Neil Warren agreed to provide a risk appetite statement to the FD. Richard Lewis noted that he had attended an away day to debate the issue with RSM. It was agreed that a governor session would be arranged, and a statement would be prepared for the Board.
- (ii) Was the risk assessment relating to apprenticeships sufficiently high? The FD noted that he had carried out a thorough evaluation and was confident with the assessment made.
- (iii) Were the risk assessments for 2020/21 pre or post mitigation? The FD noted that they were pre-mitigation and would be updated for the next Audit Committee meeting. Governors asked for target risks to be added. The FD confirmed that he would consider this.

### **Resolved**

That the Risk Management Policy be approved.

## **9 Internal Audit Plan 2020/21**

- 9.1 The FD reported that a draft internal audit plan had been prepared. He confirmed that an internal audit plan would be issued to the Audit Committee before the next Audit Committee meeting. He noted that ICCA-ETS had been commissioned to carry out some work relating to funding and staffing costs.
- 9.2 Governors asked whether the staffing costs review would be based on national or local benchmarks. Jonathan Creed noted the comparisons would be against similar colleges nationally.

## **10 Internal Audit Reports**

10.1 Jonathan Creed reported the following in relation to the 16-18 Student Journey: Enquiry to Enrolment Report:

- (i) That reasonable assurance had been given.
- (ii) That three recommendations had been made.
- (iii) That the report referred to a system which was no-longer in use after the College's switch to online enrolment due to COVID-19 but that many of the recommendations were still relevant.

10.2 Governors asked the following questions:

- (i) Was the increase in 16-18 learners due to the new process or COVID-19? The FD opined that it was a combination of these factors, but that online enrolment had made the process more accessible.
- (ii) Does the College have in place systems to determine the cause of the relatively low number of school children who participate in school partnership activities and then go on to attend the College? The FD confirmed and explained the processes. Governors were satisfied.
- (iii) Should the College revisit the audit due to the changes to the relevant systems? The FD suggested that this be picked up in an enhanced follow up review. Governors agreed.

10.3 Jonathan Creed reported the following in relation to the Corporate Governance Review:

- (i) That substantial assurance had been given.
- (ii) That one recommendation, that the constitutional documents be amended to reflect the Code of Good Governance for English Colleges best practice for governor terms, had been made.

10.4 Jonathan Creed reported the following in relation to the Risk Management Report:

- (i) That substantial assurance had been given.
- (ii) That three recommendations had been made including proposals that the purpose and workings of the board assurance framework be put into writing, changes be made to the risk scoring methodology and the reporting of residual risks.

- 10.5 Governors asked who had responsibility for carrying out the recommendation relating to the Board Assurance Framework. The FD confirmed that the Clerk would action this.
- 10.6 Jonathan Creed reported the following in relation to the Apprenticeship Delivery Report:
- (i) That reasonable assurance had been given.
  - (ii) That six recommendations had been made including proposals to better understand the financial contribution of apprenticeships, create a more streamlined approach to paperwork, better evidence apprenticeship off-the-job training and improve the monitoring of overdue apprenticeship reviews.
- 10.7 Governors asked the following questions:
- (i) How many overdue learners did the College have? Jonathan Creed noted that there were 77 learners which was approximately 9% of apprentices. The FD opined that this may be due to complications associated with COVID-19.
  - (ii) How long does it take on average for overdue learners to complete their course? The FD noted that it varies based upon the type of employer.
  - (iii) What is the additional cost associated with overdue learners? The FD noted that teaching and learning was infilled, and so extra costs were not necessarily incurred but that the timing of the receipt of funds was a challenge to forecast year end outturn and cashflow. Richard Lewis confirmed that he had no concerns in relation to the issue.
- 10.8 Jonathan Creed reported that no recommendations had been made in relation to the ESFA External Assurance of Sub-Contracting Controls audit and the relevant certificate had been issued and submitted.
- 10.9 Jonathan Creed noted that a report relating to the follow up of previous recommendations would be provided as soon as possible. The Clerk agreed to circulate this.

## **11 Management Assurance 2019/20**

- 11.1 The FD reported the following points:
- (i) That the Management Assurance 2019/20 was part of the year-end assurance to the Board that key controls were in place during the year.
  - (ii) That the Management Assurance 2019/20 included an opinion from the Executive Team that the *"...management assurance processes in place during the year were adequate in identifying, evaluating and managing the College's significant risks for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts."*
- 11.2 Governors were content with the report as drafted.

### **Resolved**

That the Management Assurance 2019/20 be approved.

## **12 Internal Audit Annual Report 2019/20**

- 12.1 Jonathan Creed reported that the Internal Audit Annual Report 2019/20 would be provided once the report relating to the follow up of previous recommendations had been finalised.
- 12.2 The Committee agreed that the Internal Audit Annual Report 2019/20 be circulated to the Committee once complete so that it may be recommended to the Board of Governors for approval.

## **13 Audit Committee Annual Report to the Board of Governors and Principal 2019/20 (“Audit Committee Annual Report”)**

- 13.1 The Committee agreed that the Audit Committee Annual Report be circulated once finalised so that it may be recommended to the Board of Governors for approval and that the performance of both the IAS and the External Auditor in 2019/20 be noted.
- 13.2 Governors asked whether there had been any fraud or theft during the year. The Clerk and FD confirmed that there had not been.

## **14 Report and Financial Statements for the Year Ended 31 July 2020**

### **(i) The Audit Findings for Wakefield College**

- 14.1 Richard Lewis outlined the audit findings to the Committee including the following:
- (i) That the report was in draft, but the audit was substantially complete although subject to the resolution of some outstanding matters.
  - (ii) That he intended to give an unqualified opinion on the financial statements and regularity.
  - (iii) That he had no concerns about the way the College had accounted for its income.
  - (iv) That he had found no evidence of management override of controls.
  - (v) That he had found no issues to report in relation to the College’s assumptions relating to the pension scheme liability.
  - (vi) That he had no concerns about the College as a going concern.
  - (vii) That no significant issues had been identified in relation to the treatment of fixed assets. However, an unadjusted error had been identified relating to the value of F Block.
  - (viii) That no regularity issues had come to his attention including in relation to furlough claims.
  - (ix) That there were no recommendations on internal controls but that governors should give thought to outstanding recommendations when giving its opinion in its annual report.
- 14.2 Governors asked the following:
- (i) Why had the unadjusted error relating to F Block not been rectified? Governors debated the issue with the FD. Richard Lewis thanked the Committee for considering the matter in detail and explained that the error

was not, in his opinion, material. It was agreed that the error would not be rectified.

- (ii) What was the effect of the pension scheme liability? Richard Lewis noted that the valuation could see significant change over time.
- (iii) Would financial support relating to teachers' pensions continue? The FD noted that there was no guarantee it would be ongoing after March 2021.

### **Resolved**

That the Audit Findings for Wakefield College be recommended to the Board of Governors for approval once finalised.

### **(ii) Letters of Representation**

### **Resolved**

That the Letters of Representation be recommended to the Board of Governors for signing by the Chair of Governors.

### **(iii) Draft Report and Financial Statements**

- 14.3 Richard Lewis noted that the report and financial statements were in draft, outlined the key issues in the report and highlighted the Audit Committee's opinion and the OfS' new requirements.

### **Resolved**

That the Report and Financial Statements, together with the accounting policies underpinning the accounts, be recommended to the Board of Governors for approval once finalised.

### **(iv) Regularity Self-Assessment Questionnaire**

- 14.4 Richard Lewis reported that there were some additional questions relating to COVID-19 and asked that the College provide further information relating to its compliance with PPN 02/20. The FD agreed.

### **Resolved**

That the signing of the Statement of Regularity, Propriety and Compliance (as part of the Report and Financial Statements) be recommended to the Board of Governors for signing by the Chair of Governors and Accounting Officer.

That the signing of the declaration of the Regularity Self-Assessment Questionnaire be recommended to the Board of Governors for signing.

## **15 Audit Committee Terms of Reference**

- 15.1 The Clerk noted that he had made minor amendments to the Committee's Terms of Reference which would permit Ian Parsons to become a co-opted member of the Audit Committee after the end of his term of governance on 31 December 2020.

## Resolved

That the Terms of Reference be recommended to the Board of Governors for approval.

## 16 Review of Effectiveness of Meeting and Identification of Emerging Risks

16.1 The Committee concluded that the meeting had been effective and that all emerging risks had been considered.

## 17 Date of Next Meeting

The date of the next scheduled meeting is Tuesday 9 March 2021 at 4.00pm.

Signed..... Date.....

## Actions

No.	Minute	Details	Deadline	Responsibility
1.	6.1(i)	The Clerk agreed to schedule student database training.	The Audit Committee meeting of 9 March 2021	The Clerk
2.	6.1(ii)	The Clerk agreed to report back to the Committee with information relating to enhanced payments and confidentiality clauses.	The Audit Committee meeting of 9 March 2021	The Clerk
3.	6.1(iii)	The FD agreed to prepare a management report on the College's response to COVID-19.	The Audit Committee meeting of 9 March 2021	The FD
4.	7.3	Governors requested that financial statements audit recommendations be entered on the tracker.	The Audit Committee meeting of 9 March 2021	The FD
5.	8.2(i)	It was agreed that a governor session regarding	The Audit Committee meeting of 9	The Clerk



		risk appetite would be arranged, and a statement would be prepared for the Board.	March 2021	
6.	9.1	The FD confirmed that an internal audit plan would be issued to the Audit Committee before the next Audit Committee meeting.	The Audit Committee meeting of 9 March 2021	The FD
7.	10.2(iii)	The FD agreed that an enhanced follow up review would be carried out in relation to the 16-18 Student Journey: Enquiry to Enrolment Report.	None specified	The FD
8.	12.2	The Committee agreed that the Internal Audit Annual Report 2019/20 be circulated to the Committee once complete so that it may be recommended to the Board of Governors for approval.	Prior to the Board meeting of 8 December 2020	The Clerk
9.	13.1	The Committee agreed that the Audit Committee Annual Report be circulated once finalised so that it may be recommended to the Board of Governors for approval.	Prior to the Board meeting of 8 December 2020	The Clerk
10.	14.5	The FD agreed that further information relating to its compliance with	Prior to the Board meeting of 8 December 2020	The FD

		PPN 02/20 would be provided in the RSAQ.		
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