

Wakefield College Corporation

Board of Governors Audit Committee

Minutes of the Meeting held on 27 June 2017

- 1 Present:** Emma Elvin, Ian Parsons (Chair), Andy Wallhead,
Andrew Watts
- Clerk to the Corporation
- In attendance:** Executive Director Finance and Resources, Jonathan Creed
(ICCA-ETS)
- Apologies:** Andrew McConnell

2 Declarations of Interest

- 2.1 On Agenda Item 5 (Risk Management, Control and Governance), on the risk (for both 2016/17 and 2017/18) relating to not keeping pace with technological changes, Andrew Watts advised that he was involved in developing one of the key controls – the Business Systems Strategy.
- 2.2 On Agenda Item 6 (Status of Outstanding Audit Recommendations), Andrew Watts reported that he was a member of the Business Systems Team that was responsible for addressing the recommendation to add a new Apprenticeship tab to the Corporate Dashboard.

3 Minutes of the Meeting held on 17 March 2017

Resolved

That the minutes of the meeting held on 17 March 2017 be approved.

4 Matters Arising

- 4.1 There were no matter arising that were not on the agenda.

5 Status of Outstanding Audit Recommendations

- 5.1 The Executive Director Finance and Resources proposed that a number of outstanding audit recommendations be reviewed with a view to them coming off the schedule. These included:
- (i) Board Assurance Framework (628) – this recommendation relating to the development of the Performance Dashboard, made some two and a half years previously was no longer be relevant, given the recent move to the Corporate Dashboard;
 - (ii) Business Development Unit (655) – the recommendation was to ensure that
 - (a) the apprenticeship page on the College website was up to date in listing subject sectors, and
 - (b) that course pages on future prospectuses indicated

- where apprenticeship routes/pathways were available. This work had been completed;
- (iii) Performance Management Framework (667) – the recommendation was to refer teaching staff that required re-observation to the informal and formal stages of the Capability Procedure at an earlier stage. This recommendation had been implemented, but had subsequently been superseded by a completely revised approach to lesson observation in 2017/18;
 - (iv) Apprenticeship Growth Strategy and Response to Reforms (671) – the recommendation was to review all the College's existing frameworks. This work was essentially complete as the College now offered 12 new standards where it previously offered a framework;
 - (v) Apprenticeship Growth Strategy and Response to Reforms (672) – the recommendation was to assess the risks and develop appropriate mitigation plans in response to the apprenticeships reforms and to undertake detailed financial modelling as soon as possible. The College believed that this recommendation was no longer applicable because its apprenticeship work had moved on significantly: 105 levy apprentices had been secured from approximately 25 employers, worth £400k over 2-3 years. A further £150k worth of non-levy apprentices had been secured against an allocation of £250k to December. It was anticipated that the College would submit a growth request in 2017/18 for non-levy provision.

5.2 Governors considered the update and proposals to clear some outstanding audit recommendations. All recommendations to remove recommendations from the list were approved. It was agreed that recommendation 628 (Board Assurance Framework) had been long standing but that a considerable amount of work had been undertaken in this area and that it was no longer relevant.

6 Risk Management, Control and Governance

6.1 The Executive Director Finance and Resources reported the following:

- (i) there were three elements to the paper: an updated Board Assurance Framework (BAF), an updated Risk Register for 2016/17 and a draft Risk Register for 2017/18;
- (ii) that he had reviewed and updated the BAF and found it to be a useful summary of the risks to the College achieving its strategic objectives and the controls that it has in place;
- (iii) the Risk Register for 2016/17 had been updated on progress made with actions to manage identified risks. The risk in relation to the Thornes Park Campus had eventuated – the preferred partner had been unable to deliver an appropriate development solution and had withdrawn from the agreement;
- (iv) the draft Risk Register for 2017/18 was created in a similar format to that of 2016/17 – with a focus on high level risks (or themes). Several of these risks had been carried forward from the current year including: (a) embedding a high quality teaching and learning culture; (b) attracting, retaining and developing a pool of talent; (c) expand, engage and use stakeholder relationships; and, (d) keeping pace with technological developments. Others had been broadened: (a) the risk relating to the disposal of the Thornes Park Campus was extended, to encompass developing and implementing an effective infrastructure strategy; and, (b) the risk relating to managing cost pressures was widened to include maintaining a robust

operating model. Specific new risks had been included relating to growth in both apprenticeship provision and higher education provision. While this was the Risk Register he would like to be recommended to the Board for approval, he would also like to review the risk register and seek to 'unpack' these risks to give greater granularity to specific risks facing the College.

6.2 Issues discussed by Governors included:

- (i) the current focus on high level risks. The Executive Director Finance and Resources reported that although this led to the concise articulation of risk areas, or themes, it did not highlight more specific underlying risks. Jonathan Creed indicated that, from his perspective, the high level risks needed to be interpreted and unpicked to assist in the development of an annual internal audit plan. Some Governors expressed a preference for the Committee to continue to focus on high level risks, but were content for the work to be undertaken to understand the underlying risks;
- (ii) the apparent lack of progress made on the pay review strategy, notably the College's response to the impact the living wage was having on the lower end of the pay scale. It was noted, however, that the Executive Team had considered this recently. The Executive Director Finance and Resources undertook to take this forward with the Executive Director Human Resources and Organisational Development.

Resolved

That the Draft Risk Register 2017/18 be recommended to the Board of Governors for approval.

7 Internal Audit Reports

(i) Learner Record and Funding – Mock Funding Audit

7.1 Jonathan Creed reported the following points:

- (i) the audit was designed to provide an independent assurance opinion that the control framework in operation, in respect of the Education Funding Agency (EFA) and Skills Funding Agency (SFA) funding, supported compliance with the relevant agencies' requirements as defined within the Education and Skills Funding Agency (ESFA) Funding Rules 2016/17;
- (ii) the design of the control framework was found to be 'good', compliance with the control framework was found to be 'good', giving an overall assurance opinion of 'substantial';
- (iii) one advisory recommendation was made: that the control mechanisms to ensure that progress reviews were undertaken every ten weeks as per the 'Guidance for Assessors' document was strengthened. Management commented, however, that a 10 week review was too rigid and not always appropriate and had updated its guidance accordingly.

7.2 Governors noted that the College was one of only two or three colleges out of a total of 20-25 that ICCA-ETS had reviewed in the current academic year that had received such a clean mock funding audit.

(ii) Work Experience and Work Placements

7.3 Jonathan Creed reported the following points:

- (i) the audit was designed to provide an independent assurance opinion that the College had established adequate, effective, and efficient systems, controls and processes to effectively plan, record and monitor work experience, internships and work placements in support of complying with the EFA's requirements for 'Post 16 Work Experience' and Ofsted's Common Inspection Framework criteria;
- (ii) the design of the control framework was considered 'weak', their application 'adequate', which combined to give an overall 'limited' assurance;
- (iii) a key finding was that in 2016/17, at the date of the review, only 188 work experience learning aims had been reported on the Individualised Learner Record (ILR) out of a total 3,330 EFA funded students (a total of 5.6%);
- (iv) one high and two medium priority recommendations were made:
 - the high priority recommendation was to review the structure of the work experience team and to consider moving the established work placement coordination from the Care and Early Years' team into the newly established work experience team and then to make a concerted effort to increase the number of work placement,
 - a medium priority recommendation was for the work experience learning aims for the 41 Health and Social Care level one students to be removed from the ILR and that evidence was available for those learning aims that were reported on the ILR;
 - a medium priority recommendation was that a termly report be prepared and considered by the Executive Team on the quality of work experience activity for each curriculum area. Also, the College's corporate dashboard should include an appropriate KPI for work experience;
- (v) all recommendations had been accepted.

7.4 Governors considered the following issues:

- (i) whether there was an acceptable level (target) for the proportion of students getting work experience. It was noted that 40% would be a reasonable target for the College's first cohort;
- (ii) two measures could be used to monitor work placements: the proportion of students ready (eligible) for a work placement and then the proportion of these students that actually secured a work placement.

(iii) Follow Up of Previous Recommendations

7.5 Jonathan Creed reported the following points:

- (i) the audit was designed to provide an independent assurance opinion that progress with implementing previously agreed recommendations was satisfactory in the context of ensuring that there was no significant risk to the College being able to meet its strategic aims;
- (ii) 'reasonable' assurance was given that progress with implementing previously agreed internal audit recommendations had been timely and effective;
- (iii) 16 recommendations were followed up as part of the review:

- 8 out of 16 (50%) had been found to have been fully implemented;
 - 3 out of 16 (19%) had been found to have been partially implemented;
 - 3 out of 16 (19%) were found to be no longer applicable;
 - 2 out of 16 (13%) were found to have been not implemented and past the due date;
- (iv) Recommendations carried forward included:
- Workforce Planning, Post Enrolment Controls – the original recommendation was to improve planning with regard to English and Maths had been implemented, but that attendance was still too low. An updated recommendation was that the College should ensure that levels of attendance for English and Maths were increased;
 - Post Implementation Review of the PS Financial System – the original recommendation was to undertake a post implementation review once the purchase order processing module had been full rolled out. It had been noted that the system company had now completed all testing of the order processing system and that College roll-out would commence shortly. An updated recommendation was that the new financial system should be rolled out firstly to estates and IT and then to the rest of the College;
 - Business Development Unit – the original recommendation was to finalise an Employer Engagement Strategy and to develop promotional material for apprenticeships and the Business Development Unit. It was noted that an Executive Director Employer Engagement and Apprenticeships had been appointed at the beginning of 2017 and the structure of the team had been reviewed and was currently being implemented. A draft Employer Engagement Strategy had been prepared. An updated recommendation was that the Employer Engagement Strategy be finalised and approved by July 2017;
 - Workforce Planning – Post Enrolment Controls – the original recommendation was that all actions recorded at Business Review meetings include clear implementation deadlines and be followed up. It was noted that the College could not confirm that time bounds were included with all actions in Business Reviews. A revised recommendation was that time bounds accompany all agreed actions at Business Review meetings;
 - Follow-up of Previous Internal Audit Recommendations – the original recommendation was that the College should develop a summary report of key planning targets agreed to by Heads of Curriculum, with accompanying staffing and non-staff resources committed by the College (and signed by both Heads of Curriculum and a member of the Senior Leadership Team). It was noted that this was not achieved for the 2015/16 academic year or for 2016/17. However, for 2017/18, it was noted that a summary of planned numbers, associated funding, staffing requirement and contribution had been generated and, with planning just completed, the summary would be signed by all Heads of Curriculum.
- (v) all recommendations were agreed.

8 Review of Public Interest Disclosure (Whistleblowing) Policy

- 8.1 The Clerk to the Corporation presented a revised Whistleblowing Policy for approval. Minor changes included:

- (i) the use of the term 'worker', so as to include not only employees, but also apprentices, agency staff and employees of subcontractors;
- (ii) updated titles of College staff and names of relevant agencies;
- (iii) inclusion of the National Society for the Prevention of Cruelty to Children (NSPCC) as a useful contact, as identified in 'Keeping Children Safe in Education'.

8.2 Governors asked whether allegations of improper practice needed to be made in writing. It was noted that the College would follow up all allegations regardless of how they were received, but anonymous allegations might prove more difficult to investigate properly. Also, feedback on any outcome would not be possible.

Resolved

That the Public Interest Disclosure (Whistleblowing) Policy be approved.

9 Re-appointment of Auditors

Jonathan Creed of ICCA-ETS withdrew from the meeting for the consideration of this item.

9.1 The Executive Director Finance and Resources reported the following:

- (i) that Grant Thornton's four year contract as the College's financial statements auditors had ended with the audit of the 2015/16 financial statements;
- (ii) ICCA-ETS, the College's internal auditors, were coming to the end of their third year of a three year contact, extendable by a further two years subject to satisfactory performance;
- (iii) a proposal for Grant Thornton to have their contract rolled over for a further year and then to tender for both audit services in May 2017 for the start of academic year 2018/19.

9.2 Governors considered the following points:

- (i) that the approach with respect to Grant Thornton had been informally considered and approved in advance of the arrival of the Executive Director Finance and Resources;
- (ii) the appointment of auditors was a responsibility of the Board of Governors, but it was for the Audit Committee to make recommendations to this effect.

Resolved

That Grant Thornton's contract as the College's financial statements auditors be rolled over for a further year be recommended to the Board of Governors for approval.

That ICCA-ETS be given one further year as the College's internal auditors.

10 Internal Audit Plan 2017/18 and Updated Strategy 2014/15 to 2018/19

10.1 Jonathan Creed reported the following:

- (i) the programme of work, spanning 30 days, included:
 - higher education growth and delivery strategy (4 days);
 - curriculum design (3);
 - curriculum delivery model (3);
 - apprenticeship growth and delivery strategy (4);
 - student attendance, retention and progress tracking (including Governor reporting) (5);
 - English and Maths delivery strategy (4);
 - learning support and optimisation (2)
 - follow up on previous internal audit recommendations (1);
 - management, planning and attendance at Audit Committee (4).

10.2 Issues considered by Governors included:

- (i) the increase in number of days from 25 to 30. This, however, was felt to be appropriate given the Ofsted inspection outcome;
- (ii) other areas potentially requiring internal audit reviews included:
 - the technical recording of compliance with the apprenticeship framework, possibly in the 2018/19 academic year;
 - the quality of teaching and learning in general and the lesson observation process in particular, as these were identified by Ofsted as key areas needing improvement. It was noted, however, that this was not an area of expertise for ICCA-ETS and the College would be better engaging consultants to undertake a review and possibly mock inspection;
 - post implementation review of the College's HR system. It was noted that this would need to be considered further but did not represent an immediate priority for the College;
 - the College's compliance with the General Data Protection Regulations (GDPR) was considered a significant area that needed to be reviewed.

Resolved

That the Internal Audit Plan 2017/18 be recommended to the Board of Governors for approval.

11 Financial Statements Audit, Year Ending 31 July 2017: Audit Plan

11.1 In the absence of a representative from Grant Thornton, the Executive Director Finance and Resources reported the following:

- (i) that the Audit Plan contained nothing controversial and focussed on known material accounting and business risks faced by the College;
- (ii) significant risks identified, in this case were unlikely to be College specific and included:
 - improper recognition of revenue;
 - management over-ride of controls;
- (iii) reasonably possible risks included:
 - grant income is not accounted for appropriately;
 - property, plant and equipment activity is not valid;
 - employee remuneration is understated;
 - creditors / operating expenses are understated

- pension scheme assets and liabilities may be misstated
 - in appropriate recognition and release of deferred capital grants
- (iv) other risks identified:
- Crofton Partnership Agreement
- (v) fees: £15,275 (excluding VAT), including £14,600 for the financial statements and regularity audit and £675 for the teacher's pension scheme.

11.2 Governors were content with the Audit Plan as presented.

Resolved

That subject to the re-appointment of Grant Thornton as the College's financial statements auditors, the Audit Plan for the Year Ending 31 July 2017 be approved.

12 Annual Review of the Audit Committee's Terms of Reference

12.1 The Clerk to the Corporation reported that he had made only one recommended change to the wording of the terms of reference to match that used by the Post-16 Audit Code of Practice. However, it was also proposed that the terms of reference be redrafted so that the Audit Committee had the authority to approve the internal auditor's Audit Plan for the following academic year, as it already did with the financial statements auditor's Audit Plan. Governors agreed that this would reduce duplication of business.

Resolved

That the proposed changes to the Audit Committee's terms of reference be recommended to the Board of Governors for approval.

13 Review of Effectiveness of Meeting and Identification of Emerging Risks

13.1 Governors noted that the safety of buildings was an issue for the public sector following the fire at Grenfell Tower and asked whether the College had carried out any checks. It was noted that the College was currently seeking clarification from its contractors. However, the risk to the College and its students was significantly less as it did not have any tall buildings, all buildings had multiple points of egress and the College undertook regular building evacuation exercises.

13.2 The Clerk to the Corporation indicated that this meeting was always going to have been a problematic one, given the timing of the start of the Executive Director Finance and Resources (12 June). He added, however, that all papers had been prepared and circulated on time, which represented a considerable result.

14 Date of Next Meeting

14.1 The date of the next scheduled meeting is Tuesday 21 November 2017 at 4.15pm.

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