

Wakefield College Corporation

Board of Governors Audit Committee

Minutes of the Meeting held on 9 March 2021 (“Meeting”)

Present: Julie Craig, Ian Parsons, David Powell, Martyn Shaw and Neil Warren

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

In attendance: Executive Director of Finance and Resources (“**FD**”) and Jonathan Creed (ICCA-ETS)

1 Apologies for Absence

1.1 Apologies were received from Ruth Sacks.

1.2 The Chair noted that the meeting was quorate and could commence.

2 Declarations of Interest

2.1 The Chair asked governors to make any necessary declarations of interest. Governors had no interests to declare.

3 Minutes of the Meeting held on 17 November 2020

Resolved

That the minutes of the meeting held on 17 November 2020 be approved.

4 Matters Arising

4.1 The Clerk noted the following matters arising from the previous meeting of the Audit Committee:

- (i) On minute 6.1(i), that he had agreed to schedule student database training. He noted that he had asked the College’s Head of Management Information to propose a date which he had yet to do. He confirmed that he would chase this and circulate the details as soon as possible.
- (ii) On minute 6.1(ii), that he had agreed to report back to the Committee with information relating to enhanced payments. He noted that he had actioned this via email.
- (iii) On minute 6.1(iii), that the FD had agreed to prepare a management report on the College’s response to COVID-19. The FD noted that he would endeavour to prepare a report for the next Committee meeting which may be completed with the help of ICCA-ETS. The FD agreed to circulate details of the scope of the work in advance to be agreed by the Committee. The Chair asked for this to include assurances that the College’s continuity plans were

- operating effectively. David Powell asked for assurances that the College has appropriate process in place to assess emerging risks like COVID-19.
- (iv) On minute 7.3, that the FD had agreed that financial statements audit recommendations would be entered on the tracker. The FD noted that there had been no recommendations to add.
 - (v) On minute 8.2(i), that the FD had agreed that a governor session regarding risk appetite would be arranged, and a statement would be prepared for the Board. The FD noted that he would prepare a draft risk appetite statement prior to the next Committee meeting which governors could discuss at a deep dive meeting should they so wish. Governors noted that it was the responsibility of the Committee to recommend the statement to the Board which should be an integral part of the decision-making process.
 - (vi) On minute 9.1, that the FD had confirmed that an internal audit plan would be issued to the Audit Committee before the next Audit Committee meeting. The Clerk noted that the plan was to be considered at Agenda Item 8.
 - (vii) On minute 10.2(iii), that the FD had agreed that an enhanced follow up review would be carried out in relation to the 16-18 Student Journey: Enquiry to Enrolment Report. The FD noted that ICCA would action this as part of its annual follow-up review.
 - (viii) On minute 12.2, that the Committee had agreed that the Internal Audit Annual Report 2019/20 be circulated to its members once complete so that it could be recommended to the Board of Governors for approval. He noted that this had been actioned.
 - (ix) On minute 13.1, that the Committee had agreed that the Audit Committee Annual Report be circulated to its members once finalised so that it could be recommended to the Board of Governors for approval. He noted that this had been actioned.
 - (x) On minute 14.5, that the FD had agreed that further information relating to the College's compliance with PPN 02/20 would be provided in the RSAQ. The Clerk noted that this had been actioned.

5 Status of Outstanding Audit Recommendations

- 5.1 The FD noted that there was one recommendation outstanding, the Risk Management Policy update, which was not yet overdue and would be picked up at the next Audit Committee meeting.
- 5.2 Governors thanks the FD for his commitment to completing the recommended actions which he agreed to pass on to the relevant staff members.

6. Risk Management, Control and Governance

- 6.1 The FD noted the following:
 - (i) That the College was faring well, financially, despite the pandemic. While apprenticeship income was down, the ESFA had agreed to fund the College for additional 16-18 students recruited in year, indicative funding for 16-18 students the following year had increased, and extra funding had been received for capital works. He noted that there was still some risk around apprenticeship income caused by a decline in apprenticeship numbers, some having been lost and some delayed, being rolled over to the following academic year.

- (ii) That staff engagement was strong, curriculum had been innovative, and the College had lost fewer student during lockdown than in previous years.

6.2 Governors asked/noted the following:

- (i) Does the FD expect the additional payments made to the College, due to COVID-19, to be made in 2021/22? The FD noted that much of the funding was exceptional but would have a lasting impact on the College's financial position. He cited the additional capital funding which he explained had allowed the College to advance its capital expenditure plans by one year. The FD stated that the 16-18 funding baseline had been raised for the following year from which the College would benefit if student numbers remained steady.
- (ii) Should risk 1 (failure to embed a sufficiently high-quality teaching and learning culture) be upgraded due to the risks associated with the pandemic, which are assessed as being 'major' at risk 8? Julie Craig opined that the risk, prior to mitigation, should be significant due to COVID-19 and that appropriate mitigations might reduce the risk. Governors asked that the paper be amended in future with inherent risks being followed by mitigating actions, then residual risks which should then be applied against the College's risk appetite. The Chair noted that this was necessary to enable the Committee to determine whether the risks identified had been mitigated to acceptable levels. The FD noted that ICCA-ETS had made this recommendation and that he would action this for the next meeting. The FD noted that, having heard governor comments, there was a gap relating to the resourcing required to help learners catch up following lockdown which he agreed to add to the Risk Register. The Chair noted that it was the Committee's job to test the controls identified. Martyn Shaw suggested arrows might be used to indicate increasing or decreasing risks.
- (iii) Can early warning indicators be added to the Risk Register which instigate a review of the risk or risk rating. Martyn Shaw gave the example of 10 per cent staff turnover. The FD noted that this would be easier for some risks than others but agreed to give the point consideration for the next Committee meeting.
- (iv) How is the Risk Register used within the College? The FD noted that the Risk Register was a standing item at Executive Team meetings which fed into processes throughout the College. He explained that staff were familiar with the controls to which it referred if not the register itself.
- (v) Should the mental health of staff and students be captured as an emerging risk? The FD noted that the Risk Register was a strategic document and did not, therefore, cover all the risks facing the College. He explained that the controls were dealt with elsewhere. He agreed to feed this back at the next Executive Team meeting.

6.3 Governors noted the importance of reviewing the Risk Register, periodically, to ensure that the risks identified remained appropriate. The FD agreed to discuss the register with the Executive Team and bring the 2021/22 iteration to the Committee at its next meeting.

7. Internal Audit Report: Business Support Cost Benchmarking Review

7.1 Jonathan Creed noted the following:

- (i) That, historically, the College's staff cost ratio has been above the sector average.
- (ii) That the report benchmarked the College against similar sized colleges and the GFE median. The latter, due to the range of colleges included, required careful consideration.
- (iii) That the report identified high-cost areas for governors to review to determine whether, in the context of the College's specific characteristics, the spending was appropriate.

7.2 Governors asked/noted the following:

- (i) Governors have not been suitably appraised of the rationale behind the additional money spent when compared against the sector average. The FD noted that governors had approved spending to support higher quality teaching and learning and student support for the College's more disadvantaged students. He explained that, while he could not address this concern completely, the report had been commissioned to provide some detail.
- (ii) What is the value added of spending more than similar sized colleges? The FD noted that there were several quality indicators which showed the College was performing well including the College's latest Ofsted report. He explained that additional spending was necessary due to the deprivation experienced by the College's students, that governors had made the decision not to permit outsourcing and to pay the living wage.
- (iii) Will the Executive Team provide a response to the report back to governors? The FD noted that it would not. He explained that it would inform pay awards and salary structures and that more work had been planned around staff investment. Governors pushed for assurances regarding value for money regarding staffing costs. The FD noted that governors should challenge the Executive Team through the strategic planning process to justify value for money. He stated that governors could take comfort that all spending was student facing.
- (iv) That governors need to be assured that the additional spending on student support staff and the Executive Team had been and continued to be necessary to achieve the College's aims. Governors asked for robust justifications. The FD agreed to seek the opinions of the Executive Team and to feed this back to the Committee at its next meeting. David Powell noted that it might be helpful to have a comparison of how much other similar colleges were spending on leadership.

7.3 Some questions of clarification provided by Ruth Sacks were fielded by Jonathan Creed.

8 Internal Audit Plan 2020/21

8.1 Jonathan Creed noted the following:

- (i) That much of the internal audit work for 2019/20 had been done in the autumn of 2020 which had caused the internal audit plan to be prepared later than usual.

- (ii) That the plan would enable governors to give their year end opinion on risk management and internal control but would also focus on areas key to the College.
- (iii) That a mock funding audit had been scheduled to provide assurance on all ESFA funding, representing approximately 80 per cent of the College's income.
- (iv) That curriculum efficiency was to be reviewed to ensure that staff utilisation and the curriculum model were running at optimum efficiency. He noted that governors might use this to determine whether additional spending on support staff and the Executive Team were at the expense of front-line teaching. He explained that, when taken with the proposed review of financial planning and budgetary control, it would give governors a picture of the viability and efficiency of the College.
- (v) That the plan would address anti-fraud from a corporate governance perspective to address additional ESFA requirements.
- (vi) That an external assurance of sub-contracting controls was a requirement due to the College sub-contracting activities.

8.2 Governors asked/noted the following:

- (i) Does the plan have the breadth for the Committee to provide its opinion? Jonathan Creed and the FD confirmed that it did.
- (ii) Should the College ask itself to what extent it is spending money wisely to support an outstanding curriculum? The FD agreed to consider including reference to achievement rates by curriculum area in the Curriculum Efficiency review.
- (iii) Does the plan include a review of the accuracy of cashflow projections? Jonathan Creed noted that this would be included in the Financial Planning and Budgetary Control review.

Resolved

That the Internal Audit Plan 2020/21 be approved.

9 Board Assurance Policy

9.1 The Clerk introduced the policy.

9.2 Governors asked/noted the following:

- (i) Which is the most up to date version of the BAF? The FD confirmed that the last version of the report had been delivered to the Committee during the previous academic year.
- (ii) What is the purpose of the policy? Jonathan Creed noted that the purpose of the policy was, among other things, to explain the relationship between the Risk Register and the BAF. Governors considered whether the policy addressed ICCA-ETS's recommendations. The FD noted that the Risk Register and the BAF were separate but complimentary and overlapping. Governors noted that they believed the BAF was the responsibility of the Executive Team, as stated in the policy, and that it covered the recommendations made by ICCA-ETS. The Clerk agreed to circulate the latest and previous BAFs to the Committee.

Resolved

That the Board Assurance Policy be approved.

10 Review of Effectiveness of Meeting and Identification of Emerging Risks

- 10.1 The Committee concluded that the meeting had been effective and that the debate had been of a high quality. However, governors noted that the Committee should continue to ensure its discussions remained within its remit.
- 10.2 The Chair asked the Clerk to review the Committee's schedule of business to ensure appropriate assurances were given to the Board. The Clerk noted that this would be prepared for the Board in due course.

11 Date of Next Meeting

The date of the next scheduled meeting is Tuesday 22 June 2021 at 4.00pm.

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

Actions

No.	Minute	Details	Deadline	Responsibility
1.	4.1(i)	The Clerk agreed to chase for a date for student database training	No date specified	The Clerk
2.	4.1(iii)	The FD agreed to circulate details of the scope of the review of the College's response to COVID-19	Prior to the next Audit Committee meeting of 22 June 2021	The FD
3.	4.1(v)	The FD agreed to prepare a Risk Appetite Statement and circulate it to the Committee for discussion prior to the next Committee meeting	Prior to the next Audit Committee meeting of 22 June 2021	The FD
4.	6.2(ii)	Governors asked that the Risk Register be amended in future	The next Audit Committee meeting of	The FD

		with inherent risks being followed by mitigating actions, then residual risks which are then applied against the College's risk appetite	22 June 2021	
5.	6.2(ii)	The FD noted that he would add a risk to the Risk Register relating to the resourcing required to help learners catch up following lockdown	The next Audit Committee meeting of 22 June 2021	The FD
6.	6.2(iii)	The FD agreed to consider the inclusion of early warning indicators to the Risk Register	The next Audit Committee meeting of 22 June 2021	The FD
7.	6.2(v)	The FD agreed to feed comments regarding the risks relating to mental health and wellbeing back to the Executive Team	The next Audit Committee meeting of 22 June 2021	The FD
8.	6.3	The FD agreed to prepare the 2020/21 Risk Register for the next Audit Committee having discussed it with the Executive Team.	The next Audit Committee meeting of 22 June 2021	The FD
9.	7.2(iv)	The FD agreed to provide the Executive Team's opinion to governors that the additional spending on student support staff and the Executive Team had been and continued to be	The next Audit Committee meeting of 22 June 2021	The FD

		necessary to achieve the College's aims.		
10.	8.2(ii)	The FD agreed to consider including reference to achievement rates by curriculum area in the Curriculum Efficiency review	The next Audit Committee meeting of 22 June 2021	The FD
11.	9.2(ii)	The Clerk agreed to circulate the latest and previous BAFs to the Committee.	The next Audit Committee meeting of 22 June 2021	The Clerk
12.	10.2	The Clerk agreed to review the Committee's schedule of business.	The next Audit Committee meeting of 22 June 2021	The Clerk