

Wakefield College Corporation

Board of Governors Audit Committee

Minutes of the Meeting held on 23 June 2020

1 **Present:** Julie Craig (until minute 7), Emma Elvin, Karen Hands, Ian Parsons (**Chair**) and Martyn Shaw

 Clerk to the Corporation (**Clerk**)

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

Apologies:

2 **Declarations of Interest**

2.1 The Chair noted that there were no declarations of interest.

3 **Minutes of the Meeting held on 10 March 2020**

Resolved

 That the minutes of the meeting held on 10 March 2020 be approved.

4 **Matters Arising**

4.1 The Chair noted the following matters arising from the Audit Committee meeting of 10 March 2020:

- (i) on minute 4.1(iii), the Clerk agreed to arrange student database training to take place prior to the meeting. The Chair noted that this had been suspended due to the Coronavirus pandemic and would be rearranged in due course;
- (ii) on minute 4.1(vii), the Clerk agreed to communicate to governors confirmation that no termination payments had been made by the College. The Executive Director Finance and Resources noted that settlement agreements had been made in the past, but these had been limited. He noted that the agreements contained confidentiality clauses and that value for money assessments were conducted where payments exceeded contractual entitlements. He explained that this information would be given to governors in the annual HR Report. He noted that there had been seven settlement agreements for the year with total payments of approximately £1,300. 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 and confidentiality clauses were required;

- (iii) on minute 5.2(ix), governors asked that IT staffing be considered at the meeting. The Executive Director Finance and Resources noted that this would be addressed at Agenda Item 5;
- (iv) on minute 7.2(ii), the Clerk agreed to facilitate a conversation between the Chair and the Chair of Governors to confirm how the BAF should fit into Board business going forwards and it was agreed that the BAF would be considered at the meeting. The Executive Director Finance and Resources noted that this would be addressed at Agenda Item 7;
- (v) on minute 8.2(i), the Clerk agreed to consider whether the Whistleblowing Policy should be updated to include a suitable contact for those who may have been subjected to sexual misconduct. He noted that the policy had been updated with details of the Rights of Women sexual harassment at work helpline; and
- (vi) on minute 8.2(ii), the Clerk agreed to give the Chair of Governors training on his responsibilities under the Whistleblowing Policy. The Chair noted that the Clerk had sent an email to the Chair of Governors outlining his responsibilities on 17 June 2020.

5 Status of Outstanding Audit Recommendations

5.1 The Executive Director Finance and Resources reported the following:

- (i) that much of the work relating to audit recommendation implementation had been paused due to the Coronavirus pandemic;
- (ii) that in relation to IT staffing, there had been further turnover, but a new Senior Network Administrator had been recruited. He noted that the College was, again, advertising for senior roles;
- (iii) that governors could take assurance from the fact that the overdue recommendations were primarily around IT policies and procedures and that IT security was sound as evidenced by recent penetration testing and the support and monitoring undertaken through the College's JISC membership;
- (iv) that the IT team had effectively managed the College's move to remote working, facilitated a virtual open day and online applications and procurement was taking place to increase the efficiency of distance working;
- (v) that online work placement and trips and visits systems had been expedited and were nearing completion;
- (vi) that secondary external and campus to campus internet links were being established to create greater protection for increased online working; and
- (vii) that he was confident that the overdue recommendation relating to student counselling would be completed by the next Committee meeting.

5.2 Governors asked and noted the following:

- (i) what had been missed due to the pandemic? The Executive Director Finance and Resources noted that the overdue policies would need to be addressed and appropriate staff recruited; and
- (ii) whether it was typical across the sector that audit recommendations remained unaddressed. Jonathan Creed confirmed. Richard Lewis recommended that the College's year-end report to the ESFA include an explanation that the audit recommendations had not been completed because the College had had to respond to pressing matters caused by the

pandemic. He suggested that an internal audit be conducted into the College's response to COVID-19 to bolster this.

6 Risk Management, Control and Governance

This minute is confidential as it contains commercially sensitive information.

7 Revised Internal Audit Plan

7.1 Jonathan Creed reported the following:

- (i) that only one planned review had been completed to date in 2019/20 and that an assurance opinion could, therefore, not be provided without further work being done;
- (ii) that three changes to the Audit Plan 2019/20 were being proposed having assessed the practicality and value of completing those audits originally planned. He noted that the AEB strategy, HE strategy and ESFA mock funding audits were to be replaced by a review of governance arrangements, risk management and the BAF and an external assurance of subcontract controls; and
- (iii) that it would not be possible to complete the proposed work by the end of July 2020 but that this could be extended where necessary to give an annual opinion by the Audit Committee in November.

7.2 Governors asked and noted the following:

- (i) whether it was possible to do any work in relation to apprenticeship funding as originally planned. Jonathan Creed noted that it was possible but that it would require a presence in College. The Executive Director Finance and Resources noted that he had decided against redistributing staff from enrolment to this audit which would require some to return to College earlier than expected. It was proposed this be delayed until 2020/21. Jonathan Creed agreed stating that the funding audit regime, which had been suspended, would likely come back at this time increasing the risk profile. Richard Lewis noted that a management assurance could be prepared if it was felt necessary for the Committee's annual report, but the better course of action might be to prepare for an audit in 2020/21. Martyn Shaw noted that this appeared to be a priority area and asked whether it was a lack of staff which was the ultimate barrier to completion as planned. The Executive Director Finance and Resources reiterated that he was reluctant to ask staff to return to work earlier than necessary. Martyn Shaw noted that Government guidance allowed for this where work could not be completed from home. The Executive Director Finance and Resources reiterated that the relevant records would not be subject to audit during the academic year, giving further time. The Chair asked if this was certain which the Executive Director Finance and Resources confirmed, and Jonathan Creed noted that it was unlikely that this would be reversed. Governors agreed to address the funding audit the following academic year;
- (ii) whether the proposed work could be completed in the time allotted. Jonathan Creed stated that he did not anticipate a risk to completing on time;
- (iii) Richard Lewis stated that the Committee may want to have a desktop review relating to the College's response to COVID-19. Jonathan Creed suggested

that a management assurance report would be the best course of action in the first instance. The Chair noted that his concerns were primarily around what ordinary work had been missed as a result of the pandemic. The Executive Director Finance and Resources noted that he did not think that the pandemic had exposed the College to any increased risk in this respect. Governors requested that a simple management report on this issue be prepared in the first instance. The Executive Director Finance and Resources agreed to speak to the Executive Team with a view to producing a piece of work to provide governors with assurance on this issue;

- (iv) Richard Lewis asked Jonathan Creed to confirm that his revised plan would enable him to give an assurance opinion. Jonathan Creed confirmed; and
- (v) the Clerk noted that the Search Committee had agreed to postpone the review of governance until the following academic year at its meeting on 16 June 2020. Governors agreed that the Executive Director Finance and Resources and Jonathan Creed consider a final piece of work, outside of the meeting, to be communicated to governors by email, to fill this gap.

7.3 Julie Craig left the meeting due to illness.

8. Financial Statements Audit, Year Ending 31 July 2020: Audit Plan

8.1 Richard Lewis reported the following:

- (i) that the Audit Code of Practice had yet to be released which was referenced in the report;
- (ii) that the ESFA were due to release a supplemental bulletin to the Accounts Direction and Audit Code of Practice on COVID-19 which would mandate a series of disclosures in the College's financial statements;
- (iii) that assurances regarding use of funds would have to be provided to the ESFA and OfS, the former 'limited' the later 'reasonable', which would generate additional work;
- (iv) that the majority of the audit work would take place remotely;
- (v) that he was aware that the deadline for receipt by the ESFA of the financial statements may be extended. However, he intended to work to the usual 31 December deadline;
- (vi) that his report set out the scope, timings and focus of the work. He noted it would include a review of enhancements paid to leavers for regularity;
- (vii) that an area of focus would be a management assessment relating to the Beaumont Building;
- (viii) that he would consider whether an impairment was needed in respect of F Block;
- (ix) that he would consider furloughed staff from a financial and regulatory perspective;
- (x) that there was an increase in RSM's fees due to the ESFA and OfS changes to regularity conclusions; and
- (xi) that the Clerk had circulated an 'Emerging Issues' document on his behalf, which he outlined.

8.2 Governors asked the following:

- (i) whether Richard Lewis felt he could gather sufficient assurance by carrying out the audit remotely. Richard Lewis confirmed and stated that he would

- speaking with the Executive Director Finance and Resources and the Committee if he had any concerns; and
- (ii) whether a significant sum had been received in relation to furlough claims. The Executive Director Finance and Resources stated that only approximately £50,000 had been received. Richard Lewis explained that the main review would be around regularity to ensure there was no double funding.

Resolved

That the Financial Statements Audit, Year Ending 31 July 2020: Audit Plan was approved.

9. Annual Review of the Audit Committee’s Terms of Reference

Resolved

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

10. Review of Effectiveness of Meeting and Identification of Emerging Risks

- 10.1 The Chair asked for an update regarding the College pay increase. The Executive Director Finance and Resources confirmed that consultation was ongoing but that a paper recommending a pay increase would be provided to the Board in July and that the increase would be included in the forecast outturn for the year. The Chair asked if this would likely be approved by the unions. The Executive Director Finance and Resources thought it unlikely but noted that the pay award was likely to be an increase on previous years.
- 10.2 Governors were content with the meeting being held by videoconference.
- 10.3 The Chair thanked Emma Elvin, whose term of office was due to end in July 2020, for her contribution to the Committee. The Committee also thanked her.

11 Date of Next Meeting

- 11.1 The date of the next scheduled meeting is Tuesday 17 November 2020 at 4.00pm.

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

Actions

No.	Minute	Details	Deadline	Responsibility
1.	4.1(i)	The Clerk agreed to rearrange student database training at a suitable time	N/A	The Clerk
2.	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 Board meeting of 13 October 2020	The Clerk
3.	7.2(iii)	Governors requested that a simple management report on the College's response to COVID-19 be prepared	The Audit Committee meeting of 17 November 2020	The Executive Director Finance and Resources
4.	7.2(v)	The Executive Director Finance and Resources and Jonathan Creed agreed to finalise the revised audit plan and report back to the Committee	Prior to the Audit Committee meeting of 17 November 2020	The Executive Director Finance and Resources