

Wakefield College Corporation

Board of Governors Audit Committee (“Committee”)

Minutes of the Meeting held on 22 June 2021 (“Meeting”)

Present: Julie Craig, David Powell, Ruth Sacks, Martyn Shaw and Neil Warren

Clerk and Legal Officer (“**Clerk**”)

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

1 Apologies for Absence

- 1.1 Apologies were received from Ian Parsons.
- 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 9 March 2021

- 3.1 IT WAS RESOLVED that the minutes of the meeting held on 9 March 2021 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 4.1(i), that he had agreed to chase for a date for student database training. He noted that this had been actioned and that the training had taken place on 12 May 2021.
 - (ii) On minute 4.1(iii), that the FD had agreed to circulate details of the scope of the review of the College’s response to COVID-19. The FD noted that he would discuss this with ICCA-ETS before the next meeting of the Committee.
 - (iii) On minute 4.1(v), that the FD had agreed to prepare a Risk Appetite Statement and circulate it to the Committee for discussion prior to the next Committee meeting. He noted that this had been actioned and would be addressed at agenda item 6.
 - (iv) On minute 6.2(ii), that Governors had asked that the Risk Register be amended in future with inherent risks being followed by mitigating actions, then residual risks which are then applied against the College’s risk appetite. He noted that this had been actioned and would be addressed at agenda item 6.

- (v) On minute 6.2(ii), that the FD had noted that he would add a risk to the Risk Register relating to the failure to mitigate against the effect of COVID-19 on learners' education. He noted that this had been actioned and would be addressed at agenda item 6.
- (vi) On minute 6.2(iii), that the FD had agreed to consider the inclusion of early warning indicators to the Risk Register. The FD noted that he would address this at agenda item 6.
- (vii) On minute 6.2(v), that the FD had agreed to feed comments regarding the risks relating to mental health and wellbeing resulting from COVID-19 back to the Executive Team. The FD noted that this had been actioned and was reflected in the draft Risk Register 2021/22.
- (viii) On minute 6.3, that the FD had agreed to prepare the 2021/22 Risk Register for the next Audit Committee having discussed it with the Executive Team. He noted that this had been actioned and would be addressed at agenda item 6.
- (ix) On minute 7.2(iv), that the FD had agreed to provide governors with the Executive Team's opinion that the relatively high spending on student support staff and the Executive Team had been and continued to be necessary to achieve the College's aims. The FD confirmed that he would discuss this issue as part of the Finance Deep Dive Group budget meeting scheduled for 28 June 2021. The FD noted that the spending was necessary, especially to provide adequate support to students in the aftermath of COVID-19.
- (x) On minute 8.2(ii), that the FD had agreed to consider including reference to achievement rates by curriculum area in the Curriculum Efficiency review. The FD noted that he would address this at agenda item 7.
- (xi) On minute 9.2(ii), that he had agreed to circulate the latest and previous BAFs to the Committee. He noted that this had been actioned.
- (xii) On minute 10.2, that he had agreed to review the Committee's schedule of business to ensure it was adequately discharging its Terms of Reference duties. He noted that this had been actioned and would be addressed at agenda item 10.

5 Status of Outstanding Audit Recommendations

- 5.1 The FD noted that only one recommendation remained outstanding. The review of the BAF was overdue but an updated version of the document would be brought to the next Committee meeting.
- 5.2 The Chair asked that any comments regarding the previous versions of the BAF be fed back to the Clerk.

6. Risk Management, Control and Governance

Risk Management Policy

- 6.1 The FD noted the changes made to the policy including the addition of the risk appetite statement as requested by governors.
- 6.2 Governors asked the following:

- (i) Does the policy adequately distinguish between Committee and Executive level risks and clearly define when a risk is to be elevated to the Committee? The FD noted that strategic and operational risks often overlapped and that it would be very difficult to devise a mechanism to determine when risks should be escalated. The FD offered to amend the policy to explicitly confirm the responsibility of the Principal and Executive Team to raise emerging risks as, in their discretion, thought necessary.
- (ii) Does the policy include the evidence by which the Committee can be assured that mitigating controls are working? The Chair confirmed that, in his experience, 'very high' inherent risks were escalated to members to allow them to assure themselves of the robustness of mitigating controls and that risk owners were asked to address members to discuss those controls, their impact and further necessary measures to bring the risk in to line with the Board's risk appetite. It was agreed that risk owners would address the Committee in 2021/22.
- (iii) Should the Board as a whole set the College's risk appetite? The Chair agreed to discuss this with the Chair of the Board.
- (iv) Should cyber risks be included in the policy as a category of risk? The Committee considered cyber security issues in the FE sector. The FD agreed to amend the risk categories. The Chair asked to see a stronger link into the College's continuity plans should the risks identified manifest.

6.3 IT WAS RESOLVED that the Risk Management Policy be approved subject to the changes discussed at minute 6.2(i), the Chair and Chair of the Board discussing risk appetite as outlined at minute 6.2(iii), and the inclusion of cyber risks as at minute 6.2(iv).

Summer Term Risk Update

- 6.4 The FD noted that there was increasing risk around apprenticeship and HE income, but the College's financial risk had reduced, and the College's overall financial position was relatively strong. Richard Lewis noted that the ESFA were challenging colleges on compliance with apprenticeship funding rules and clawing back money. The FD noted that this would be addressed by scheduled audit work and he was confident that the College was compliant.
- 6.5 Governors were satisfied with the report.

Draft Risk Register 2021/22

- 6.6 The FD noted the following:
 - (i) That increased competition and the threat of a fee cap meant that it would be necessary for the Committee to continue to monitor a risk relating to HE growth.
 - (ii) That three new risks had been added 1) the failure to mitigate the operational, safeguarding and wellbeing impact of COVID-19; 2) the failure to mitigate the educational and wellbeing impacts of COVID-19 and 3) failure to effectively manage the merger with Selby College.
 - (iii) That the risk relating to the failure to realise planned FE growth had been split into two: 16-18 and 19+ to give governors greater oversight of the

differing risk profiles of these two types of provision including the specific risks associated with devolved funding for adults.

- (iv) That the presentational changes requested by governors had been implemented.

6.7 Governors asked the following:

- (i) That the FD include a heat map to help the Committee identify clusters.
- (ii) That the FD review the risks to ensure that the inherent risk rating of each was sufficiently severe to warrant Committee monitoring. The Chair noted the low impact of risk 2.
- (iii) That the College's risk appetite be incorporated to determine whether tolerances have been met.
- (iv) That the Executive Team identify the risks which should be examined by the Committee in detail in 2021/22.

6.8 The Chair asked the FD for confirmation that he was happy that the document was comprehensive. The FD confirmed but noted that he would add cyber security.

6.9 IT WAS RESOLVED that the Draft Risk Register 2021/22 be recommended to the Board for approval.

7. Internal Audit Report: Curriculum Efficiency

7.1 Jonathan Creed noted the following:

- (i) That curriculum efficiency had been given substantial assurance.
- (ii) That the College had a robust framework to ensure curriculum is designed with reference to funding methodologies.
- (iii) That College group sizes were efficient.
- (iv) That staff utilisation was, on the whole, sound but some areas were more efficient than others and a recommendation had been made to review some of these less efficient areas.

7.2 The FD noted that achievement rates had not been included in accordance with the request made by governors at the last Committee meeting as the previous year's had been anomalous due to COVID-19.

7.3 The FD noted that some of the areas flagged as being less efficient in terms of staff utilisation were among the College's best financial performers.

7.4 Governors asked the following:

- (i) Was the Executive Team aware of the areas identified as being less efficient in terms of staff utilisation before the audit? The FD noted that it was and that it had the systems in place to monitor curriculum area performance regularly.
- (ii) Should governors be concerned about staff wellbeing in areas of very high staff utilisation? The FD noted the College tried to foster a sustainable teaching approach. Jonathan Creed noted that the College's standard teaching contract hours were not particularly high in the sector and higher standard hours would manipulate utilisation statistics.

8 Internal Audit Plan 2021/22 and Updated Strategy

- 8.1 Jonathan Creed noted that the plan was provisional depending on the outcome of the College's application to merge with Selby College. He outlined those reviews which would go ahead regardless including audits of the HR performance management framework and learner support and high needs but explained that some were specific to a merged entity only and that the plan would need to be reviewed again should the College not be successful in its merger bid.
- 8.2 Richard Lewis suggested that a review of cyber security be brought into 2021/22 due to serious issues in the sector. The FD noted that the College was due to have its Cyber Essential audit shortly. Jonathan Creed noted that a review by ICCA-ETS would substantially overlap with this and may, therefore, be of limited value.
- 8.3 IT WAS RESOLVED that the Internal Audit Plan 2021/22 be approved subject to the outcome of the College's merger bid.

9 Financial Statements Audit, Year Ending 31 July 2021: Audit Plan and Sector Update

- 9.1 Richard Lewis noted the following:
- (i) The scope of the review.
 - (ii) That the ESFA was due to publish a supplementary document to the Post-16 Audit Code of Practice which would likely include additional questions to the Regularity Self-Assessment Questionnaire regarding COVID-19.
 - (iii) The planned timing of the audit.
 - (iv) The risks and areas of focus including pension scheme liabilities, going concern, the College estate and regularity.
 - (v) That due to changes to the Post-16 Audit Code of Practice, RSM would be required to do additional work on income recognition. He gave the range of costs associated with this and guaranteed that he would engage with the College regarding fees in due course once he had more information of the work required and noted that the price would be reasonable.
- 9.2 The Chair asked that specific reference be made to the section relating to independence and the safeguards identified in relation to the VAT commentary on the potential merger in light of the requirements in the Post-16 Audit Code of Practice.
- 9.3 IT WAS RESOLVED that the Financial Statements Audit, Year Ending 31 July 2021: Audit Plan be approved.
- 9.4 Richard Lewis outlined his Emerging Issues paper and asked that it be sent to all governors.

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

- 10.1 The Clerk noted the following:
- (i) That, in his opinion, the document remained fit for purpose.

- (ii) That it contained all the mandatory provisions of the Post-16 Audit Code of practice.
- (iii) That he had made amendments to include new duties in the Post-16 Audit Code of Practice

10.2 IT WAS RESOLVED that the Committee recommend that the amended Terms of Reference be approved by the Board.

10.3 Governors noted the gap analysis against the Committee's Terms of Reference and asked that it be appropriately reflected in the Committee's annual report.

10.4 Governors asked for confirmation that the Committee could comply with new the newly included duties which the Clerk gave.

10.5 The Clerk noted the Committee's duty to ensure that a policy is put in place regarding the regular retendering of external audit according to the latest Post-16 Audit Code of Practice and suggested that this might best be addressed in the Financial Regulations which were to be approved by the Board at its next meeting. The Committee agreed with this approach.

11. Committee Training and Development

11.1 The Clerk noted the Committee's new duty to consider the training and development of its members as set out in the Post-16 Audit Code of Practice. He suggested that the Committee consider the point and whether it requires additional training beyond that identified by the annual skills audit. The Committee agreed to reflect on this and revert to the Clerk at its next meeting.

12. Review of Effectiveness of the Meeting and Identification of Emerging Risks

12.1 The Chair asked for comments on the effectiveness of the Meeting. The Committee agreed it had been effective.

12.2 The Chair asked the Committee whether it felt that any risks should be escalated to the Board. Nothing was raised and the Chair agreed to report his assurances.

13 Date of Next Meeting

The date of the next scheduled meeting is Tuesday 16 November 2021 at 4.00pm.

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

Actions

No.	Minute	Details	Deadline	Responsibility
1.	4.1ii	The FD agreed to discuss the scope of the review of the College's response to COVID-19 with ICCA-ETS	Prior to the Committee meeting of 16 November 2021	The FD
2	5.1	It was agreed that an updated version of the BAF would be brought to the next Committee meeting	The Committee meeting of 16 November 2021	The Clerk and the FD
3.	6.2i	The FD agreed to amend the Risk Management Policy	ASAP	The FD
4.	6.2ii	It was agreed that risk owners would address the Committee in 2021/22	The Committee meeting of 16 November 2021	The FD
5.	6.2ii	The Chair agreed to discuss a Board wide approach to creating the Risk Appetite Statement with the Chair of the Board	ASAP	The Chair
6.	6.2(iv)	The FD agreed to amend the Risk Management Policy to include cyber security as a risk category	ASAP	The FD
7.	6.7(i)	The FD was asked to include a heat map relating to the Risk Register to help the Committee identify clusters.	The Committee meeting of 16 November 2021	The FD
8.	6.7(ii)	The FD was	The	The FD

		asked to review the risks in the Risk Register to ensure that the inherent risk rating of each was sufficiently severe to warrant Committee monitoring.	Committee meeting of 16 November 2021	
9.	6.7(iii)	The FD was asked to incorporate the College's risk appetite into the Risk Register to determine whether tolerances have been met.	The Committee meeting of 16 November 2021	The FD
10.	6.7(iv)	The Executive Team were asked to identify the risks which should be examined by the Committee in detail in 2021/22 as per minute 6.2ii	ASAP	The FD
11.	6.8	The FD confirmed that he would add a risk relating to cyber security to the Risk Register	The Board meeting of 6 July 2021	The FD
12.	9.4	Richard Lewis asked that his Emerging Issues paper be sent to all governors	ASAP	The Clerk
13	10.5	The FD agreed to amend the Financial Regulations to discharge the Committee's duties relating to retendering for external audit	The Board meeting of 6 July 2021	The FD
14.	11.1	The Committee agreed to consider its	The Committee meeting of	The Committee

		training needs	16 November 2021	
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