

CITY OF WOLVERHAMPTON COLLEGE

**Minutes of the meeting of the Audit Committee of the Board of Governors held on
Wednesday 14 October 2020 at 5pm via Microsoft Teams**

PRESENT

Ms Alison Shannon (Chair) Mr Colin Horwath
Mr Mike Hastings Mr Trevor Dutton

IN ATTENDANCE

Mrs Elizabeth Ball (Clerk to the Board of Governors)
Mr Peter Merry (Vice Principal Business Success)
Mr Paul Oxtoby (RSM Tenon – External Auditors)
Mr Mark Lunn (Mazars – Internal Auditors)
Ms Clare Parkes (TIAA – Internal Auditors)
Ms Jane Butterfield (TIAA – Internal Auditors)
Mr Hughie Benson - Health and Safety Manager (Item 5)
Mr Dan Harris – Facilities and Procurement Manager (Item 5)
Ms Mary Carter – Head of Human Resources (Item 5)
Ms Julie Mowbray – Head of Finance (Item 5)

15/20 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies.

Alison Shannon declared a conflict of loyalty in relation to the City Learning Quarter.

16/20 MINUTES OF THE PREVIOUS MEETINGS (ITEM 2)

Resolved:

That the minutes of the previous meeting held on 8 July 2020 be approved as a correct record.

17/20 MATTERS ARISING (ITEM 3)

The Committee noted the report on outstanding actions and that these would be completed in advance of the meeting in December 2020.

18/20 CORRESPONDENCE (ITEM 4)

The Clerk reported that there was no correspondence to be considered by the Audit Committee.

19/20 INTERNAL AUDIT REPORTS (ITEM 5)

The Internal Auditors presented five internal audit reports:

(a) Health and Safety

The Health and Safety Manager joined the meeting.

The Internal Auditor (Mazars) reported that the outcome of the review was a rating of adequate assurance and that two priority 2 (significant) recommendations relating to completion of training and site inspection and one priority 3 (housekeeping) recommendation relating to risk assessments had been made.

It was noted that some delays in completing site inspections had occurred as a result of the COVID 19 pandemic but that any risk was mitigated as the premises were not occupied.

In relation to the completion of training, the Health and Safety Manager reported that all staff are required to complete mandatory training modules on line. Where training had not been completed, this is reported at meetings of the Senior Management Team, however a level of tolerance was given last year as a result of the pandemic and as not all staff had access to computers during furlough.

The Health and Safety Manager left the meeting.

(b) Capital Projects

The Facilities and Procurement Manger joined the meeting.

Trevor Dutton chaired the meeting for this item.

The Internal Auditor (Mazars) reported that the outcome of the review was a rating of substantive assurance. However it was noted that currently the project was very focused on governance and planning and not risks relating to funding and spending.

It was noted that one level 2 (substantial) recommendation relating to Medium/long term Capital Planning and one level 3 (housekeeping) recommendation relating to the schedule of meetings of the Campus Transformation Oversight Group had been made in the report.

The Committee noted that the report was very positive but as these were long term projects they asked whether the Internal Auditors had looked at the planning assumptions to ensure that in future the project keeps to plan.

The Facilities and Procurement Manager confirmed that regular meetings are taking place and that ongoing financial health remains a priority. The intention is to refresh the condition reports, particularly for Paget Road and to identify the investment that would be needed if the CLQ project

does not go ahead. This would also include developing a refreshed estate strategy if necessary.

The Vice Principal Business Success reported that some of the assumptions are being challenged particularly in view of the opportunities for online learning and working. It was emphasised however that only a low level of staff accommodation was included in the proposed build. It was important to ensure however that nothing had changed since the bid had been submitted.

The Facilities and Procurement Manager advised that the project had already been value engineered and that it was unlikely that levels of room utilisation could be improved.

Alison Shannon took over as Chair

(c) Procurement and Contract Management

The Internal Auditor (Mazars) reported that the outcome of the review was a rating of adequate assurance with two level 2 (significant) recommendations and 5 level 3 (housekeeping) recommendations having been made.

The Facilities and Procurement Manager reported that the recommendations relating to contract management would be addressed as part of the review of the procurement process. It was also noted that an update to the Financial Regulations was being reported to the Board of Governors at their meeting on 19 October 2020.

The Vice Principal Business Success advised the Committee that significant changes had been made to the procurement processes over the past 18 months and that the procedures needed to reflect this.

He confirmed that efforts were being made to ensure compliance with purchase order procedures and to ensure value for money with a sharepoint site being established to record all contracts. The intention was to put in place automatic procedures to flag up when contracts come to an end.

The Committee noted the recommendation relating to exceptions to quotation requirements and asked whether reports were provided to the Board of Governors.

They were advised that these have not been reported on in the past but that where an exemption is requested these are reviewed by the Vice Principal Business Success.

The Facilities and Procurement Manger left the meeting.

(d) Human Resources

The Head of Human Resources joined the meeting.

The Internal Auditor (Mazars) reported that the outcome of the review was a rating of adequate assurance and that two level 2 (significant) recommendations and one level 3 (housekeeping) recommendation had been made.

In relation to pre-employment checks the Head of Human Resources confirmed that no member of staff had commenced employment without a DBS or List 99 check. It was reported however that the recruitment policy needed to be updated to reflect that whilst a DBS is being processed, a list 99 check and two risk assessments should be completed before a member of staff commences employment.

In relation to the recommendation about training and development it was reported that the position reflected that relating to the completion of Health and Safety training and that a process would be developed for the ongoing monitoring of training completion.

The Head of Human Resources left the meeting.

(e) Compliance

The Head of Finance joined the meeting.

The Internal Auditor (Mazars) presented the report which included areas for further review and an action plan.

It was noted that three level 2 (substantial) recommendations had been made but the Internal Auditor confirmed that this was not necessarily mean that the activity had not taken place, but reflected that relevant evidence had not been available.

The Head of Finance reported that she believed that if the College had not been subject to lockdown the evidence would have been available and as a result it was important to ensure that the effect of working remotely is taking into account and actions are formally documented.

The Head of Finance confirmed that all recommendations in the report had been addressed.

The Head of Finance left the meeting.

The Committee were cognisant that this would be the last meeting attended by Mark Lunn in view of the appointment of TIAA as the new Internal Auditors.

The Committee thanked him for his contribution to the work of the Audit Committee.

The Committee also recognised the value of relevant managers joining the meeting of the Audit committee and asked that their thanks be conveyed to them.

It was resolved that the Board of Governors be advised about the outcome of the Internal Audit Reviews.

20/20 INTERNAL AUDIT PLAN 2020/21 (ITEM 6)

The newly appointed Internal Auditors (TIAA Ltd) presented the Audit Strategy and Annual Internal Audit Plan for 2020/21.

It was noted that whilst this was an annual plan, it covered a three year period but was subject to review on an annual basis.

The Internal Auditors reported that the Audit Plan was informed by a risk assessment and that it was not surprising that the key emerging themes including: COVID 19, Health and safety compliance; fraud and cyber security, Brexit; and income pressure. However, the plan was also informed by discussions with College Managers and other key risks facing the College.

The Committee was advised that the areas proposed for review were subject to the agreement of the Committee and could alter if the College's requirements change.

The Internal Auditors confirmed that once the plan had been approved, a timetable for carrying out the reviews will be agreed.

The Vice Principal Business Success reported that the Executive Management Team had reviewed the 3 year plan and considered that it correlated with the risks being faced by the College.

He advised that as previously discussed the Internal Audit service will provide a base number of days but further consideration will be given to who carries out some of the reviews and a report provided to the next meeting.

Action: Vice Principal Business Success

The Committee questioned whether in view of the new build project it was appropriate to leave a review of procurement until 2023.

The Internal Auditor replied that a review of procurement had recently taken place, but that if the Committee wished, this could be brought forward.

The Vice Principal Business Success reported that the recommendations from the report on procurement that had been considered as part of the meeting would be followed up by the Internal Auditors but that at the moment, the building project is via the City Council and as a result they will be carrying out the procurement and will have their own audit processes.

If this changes however and the this becomes an FE funded project there will be a need to revisit the framework.

Whilst the Committee noted that the contact with the College had been limited, they asked the new Internal Auditors whether based on that contact there was anything which appeared to be different about City of Wolverhampton College.

In addition, whilst not all reviews can be carried out in year 1, they asked whether the Internal Auditor was comfortable also leaving a review of curriculum planning to year 3.

The Internal Auditor responded that although there had been limited contact thus far, she did not consider there were any significant differences.

She noted however that in relation to curriculum planning there were a number of changes going on with new systems being implemented and that there was a need for staff training.

The Internal Auditor also reported that the review had been put into year 3, because a review of curriculum planning was carried out in 2019/20. If the Committee wished however this could be revisited and the review brought forward.

The Vice Principal Business Success confirmed that whilst the review of curriculum planning had taken place during 2019/20, a new system was being implemented and as a result there may need to be some specific testing in relation to implementation, particularly as there have been some challenges as a result of lockdown.

The Committee agreed that the timing of the audit reports should be kept under review.

It was resolved that the Internal Audit Plan be recommended to the Board of Governors for approval.

21/20 ESFA SUBCONTRACTING CONTROLS (ITEM 7)

The Vice Principal Business Success reported that as a result of the level of subcontracting activity at the College it is necessary for a subcontracting audit to be completed.

He confirmed that the audit would be completed by the new Internal Auditors and that whilst this relates to only one set of controls, there may be a need to extend this which may require additional work.

The Committee noted the report.

22/20 POST 16 AUDIT CODE OF PRACTICE (ITEM 8)

The Clerk to the Board of Governors presented the report and advised that the updated Post 16 Audit Code of Practice had been published in July 2020 and applied to the financial period commencing 1 August 2019 and the funding year 2019/20.

It was noted that the code sets out the assurance arrangements for post 16 providers and the assurance framework for further education corporations.

The Clerk highlighted the changes that had been made and confirmed that no amendments were required to the Terms of Reference of the Committee.

It was noted that compliance with the Code forms part of the review of performance of the Audit Committee and the Committee annual report.

The Committee also noted the key provisions of the code which were set out in the report and the Regularity Self-Assessment Questionnaire which will be completed and reported to the meeting in December 2020.

It was resolved that the report be noted.

23/20 AUDIT COMMITTEE EVALUATION 2019/20

The Clerk to the Board of Governors reported that as part of the Governance Self-Evaluation process for 2019/20 the Audit Committee was requested to consider its performance in accordance with its Terms of Reference.

The Committee noted the checklist that was attached to the report and agreed that members of the Committee should complete the document and return it to the Clerk.

It was resolved that members of the Committee complete the performance checklist and return it to the Clerk as soon as possible.

24/20 ANY OTHER BUSINESS

The External Auditor reported that the annual deadline for the submission of the financial statements has been moved to 31 January 2020. Despite this the intention was that the audit process would be completed by Christmas in order that a report can be made to the meeting of the Board in December 2020.

It was noted however that the annual funding certificate provided by the ESFA may not be available until January 2021.

In addition it was noted that there are some concerns about the position relating to the adult budget and the view of the funding agency that there would be no clawback providing that every effort had been made to continue the provision.

It was reported that there is also lack of clarity about the position relating to devolved funding and the receipt of income in the current year which may make the projection of income and 'going concern' more difficult.

The Vice Principal Business Success confirmed that in relation to the ESFA 'out of area' funding, there was an anticipation that the budget would be exceeded and that as a result there would not be any clawback.

He reported that in relation to the devolved budget the guidance had not been so specific but that if the spirit of the guidance was adhered to it was not expected that there would be any clawback.

The Committee requested that they be kept updated in relation to the position.

25/20 CONFIDENTIALITY

There were no items that should not be made available for public inspection.

**26/20 DATE AND TIME OF NEXT MEETING
2 December 2020 at 5pm**