

CITY OF WOLVERHAMPTON COLLEGE

Minutes of the Meeting of the Audit Committee of the Board of Governors held on Wednesday 12 July 2023 at 5pm via Microsoft Teams

PRESENT

Mr John Bradford (Chair)
Mrs Amanda Tomlinson
Mr Trevor Dutton
Ms Alison Shannon (from 5.20pm)

IN ATTENDANCE

Mrs Alison Buick (Head of Governance)
Mr Peter Merry (Deputy Chief Executive)
Mr Andrew Woodford (Director of Finance)
Ms Clare Parkes (TIAA - Internal Auditors)
Mr Mark Munro (Bishop Fleming – External Auditors)

15/23 MEETING WITH AUDITORS WITHOUT MANAGERS PRESENT

Governors held a brief meeting with representatives of the Audit firms without management present. Neither TIAA nor Bishop Fleming had any concerns to raise.

The Deputy Chief Executive and Director of Finance joined the meeting.

16/23 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST (ITEM 1)

Apologies had been received from Mr Mike Hastings.

There were no declarations of interest.

17/23 MINUTES OF THE PREVIOUS MEETING (ITEM 2)

Resolved:

That the minutes of the meeting held on 29 March 2023 be approved as a correct record.

18/23 MATTERS ARISING (ITEM 2)

The Chair commented on policies that had previously been discussed and which needed updating. Further work was required and they would be brought back to the next meeting. Action: Head of Governance and Deputy Chief Executive.

The Chair also noted previous consideration of cyber security. This would be covered later in the meeting.

19/23 CORRESPONDENCE (ITEM 3)

The latest version of the Post 16 Audit Code of Practice had been included with the meeting papers for information. There were a small number of changes, including reference to the impact of re-classification of colleges as public sector since 29 November 2022.

20/23 INTERNAL AUDIT REPORTS (ITEM 4)

Clare Parkes, Manager at TIAA, presented the reports that had been finalised and gave a verbal update on work in progress. Governors noted the following:

Curriculum Planning

The overall conclusion gave substantial assurance over the design and application of the controls to manage risks in this area. Two priority 3 recommendations had been made and agreed with management. It was noted that there had been changes to the leadership of this area in year and that processes were evolving. The auditor had attended some of the curriculum planning meetings with college managers, and reported that there was evidence of robust review and challenge.

The Chair added that his attendance at the curriculum planning meetings had been very informative and that Governors were encouraged to attend where possible.

Strategic Control

The overall conclusion gave reasonable assurance over the design and application of the controls to manage risks in this area. There had been changes to the clerking arrangements in year so several housekeeping matters raised were already under review.

There were two priority 2 and seven priority 3 recommendations, all of which had been agreed with management. The higher priority areas related to evidencing and signing of key documents within the sample selected for audit review.

Key Financial Controls – Income and Debtors

The overall conclusion gave reasonable assurance over the design and application of the controls to manage risks in this area. There was one priority 2 recommendation relating to cleansing the debtors ledger and aged debts. The Director of Finance confirmed that this was being actioned.

Human Resources

The overall conclusion gave reasonable assurance over the design and application of the controls to manage risks in this area. The scope of the review had been broad and covered several areas within HR. There was one priority 2 recommendation relating to appraisal processes, which had already been changed. All recommendations had been agreed with management.

The Chair asked how the robustness of the new processes would be tested. The Deputy Chief Executive confirmed that TIAA would undertake follow up work so this could be included.

Internal Audit Annual Strategy and Plan

TIAA had drafted an updated strategy and an audit plan for 2023/23 based on their review of key emerging college and sector themes, the college risk register, meeting with the Deputy Chief Executive and update of last year's plan document.

The areas within the 2023/24 plan were discussed.

It had been decided to include payments and procurement as one audit area, and this had released two days which were to be held as contingency pending a decision on their use.

A Governor asked whether six days were sufficient for a review of Campus Transformation work and whether the scope would focus on one specific area. It

was confirmed that a specific scope would be agreed and that Governor views on this were important so that the required level of assurance could be given to the Audit Committee. The Deputy Chief Executive added that there were many aspects of the procurement and project management that were being managed by the City Council, so their controls would be audited by their own auditors. It was expected that CowTechC would be completed by June 2024, so if this was the focus, the scope could be very different to if CLQ was selected for review.

(Alison Shannon arrived at 5.20pm)

As Governor asked whether consideration of re-classification in year 2 should be brought forward to year 1. This had been considered but as the areas that may need review were not yet clear, it had not been possible to set a meaningful scope. The publication of a College Financial Handbook was awaited but would not be in place until August 2024. This would provide some clarity.

The Chair noted that four days had been included for an audit of Cyber Security. The Committee had discussed this area at length in its previous meeting. Governors agreed that this was a key area in 2023/24. The Deputy Chief Executive commented that IT may be an area for early review in year, as the recent follow up work had identified some areas that were still outstanding.

Work in Progress

There was work in progress on three areas – Subcontracting, Follow Up and Risk Management

A draft report on Subcontracting had been issued earlier in the day and had substantial assurance. The audit had reviewed all ten areas within the new framework and compliance had been confirmed with no recommendations. The college staff were thanked for the considerable amount of preparation work they had completed for this.

Follow Up work had concentrated on previously agreed priority 1 and 2 recommendations. Of these, 15 had been implemented, one was no longer applicable and five were outstanding. All of the outstanding actions related to GDPR. Revised implementation dates were now in place.

It was confirmed that reports for all areas would be presented to the next Committee meeting. The Internal Audit Annual Report would also be finalised at this time.

The Committee noted the reports and agreed to recommend the Internal Audit Strategy and Plan to the Board of Governors for approval.

21/23 EXTERNAL AUDIT PLAN YEAR ENDED 31 JULY 2023 (ITEM 5)

Mark Munro presented the External Audit plan for the year ended 31 July 2023. Key information was in sections 1.1 to 1.6 and included the following:

- There were some changes to the work required due to re-classification of colleges and changes to Auditing Standards;
- There were no fundamental changes to the scope of the audit or the format of the reporting;
- There were some changes to the regularity element of the work due to re-classification and the need to adhere to Managing Public Money. The college had submitted its interim compliance report on this earlier in the year.

The college would complete the regularity audit self-assessment for Bishop Fleming to review;

- Bishop Fleming had completed an audit risk assessment. Standard risks around management override of controls and revenue recognition were explained. Going concern was less of a risk than last year but still categorised as a 'heightened risk';
- Pension assumptions would be reviewed by an actuarial expert as this was the most subjective estimate within the accounts.

The Deputy Chief Executive noted ongoing work to re-structure the debt with Barclays Bank. This required Board approval and it was hoped that the transaction could be completed on 25 July.

There was a discussion about the impact of the ONS re-classification. One possible change was a move of year end to 31 March, although colleges and audit firms were not in favour of this and nothing had been confirmed.

The Committee noted the report and agreed to recommend the External Audit Plan to the Board of Governors for approval

22/23 RISK MANAGEMENT UPDATE (ITEM 6)

The Deputy Chief Executive presented an update on the College's risk register and commented on areas of high risk or where there had been changes, which included:

- Minimum standards for apprenticeships;
- Apprenticeships delivery;
- Going concern;
- Major incidents;
- Data systems;
- Martyn's Law and student safety;
- Health and Safety;
- Campus transformation projects;
- HE provision;
- GDPR;
- Subcontracting;
- Partnerships;
- Rejection of T Level and other capital funding bids.

There was no change to the college risk appetite.

Governors commented that the report was clear and comprehensive.

It was agreed that the Committee noted the report.

23/23 ANY OTHER BUSINESS

There was no other business.

24/23 CONFIDENTIALITY

There were no items to be withheld from public access.

25/23 DATE AND TIME OF NEXT MEETING

Wednesday 6 December 2023