



*Wirral Met College has a vision to be an inclusive, outstanding college*

**CONFIRMED MINUTES OF THE  
AUDIT COMMITTEE MEETING  
HELD REMOTELY ON 27<sup>th</sup> JUNE 2022**

<b>Present:</b>	Gary Baines Joe McArdle Ian Parkinson	Co-opted Committee Member Independent Governor (Chair) Independent Governor
<b>In attendance:</b>	Sue Higginson Michael Norton Phillip Jones Nikki Leising Rory McCall  Lisa Randall Lesley Venables	Principal Deputy Principal Vice Principal - Quality Financial Controller Wylie & Bisset, External Auditors (minutes 124 to 149) RSM, Internal Auditors (minutes 124 to 143) Clerk to the Governors

#### **APOLOGIES FOR ABSENCE**

124. Apologies for absence were received from Lucy Barrow. The Clerk advised that, due to her work commitments, a recommendation was being submitted to the Board whereby Lucy would step down from this Committee for 2022/2023. Ian Parkinson had been asked to join the Committee with immediate effect to maintain quoracy.

#### **DECLARATIONS OF INTEREST**

125. A standing declaration of interest was received from Joe McArdle for any matters relating to the University of Chester and as a parent of a student who attends the College.

#### **PRE-MEETING WITH AUDITORS**

125. The Committee met with the Auditors in the absence of management and were advised that there were no issues that they wished to raise.

#### **MINUTES OF PREVIOUS MEETING**

126. **Resolved** That the minutes of the meetings held on 9<sup>th</sup> February 2022 (Part 1) and 27<sup>th</sup> April 2022 (Part 2) be approved as a correct record and signed by the Chair.

#### **MATTERS ARISING**

127. Governors received a progress report on the list of actions from the previous meeting. The Clerk reported that the national replacement for the Education & Training Foundation (ETF) online Governor Development Programme was not yet operational. Alternatives would

be sought over the summer and a menu of training activities would be developed from which governors would be able to select, in addition to the mandatory sessions on items such as safeguarding.

### **INTERNAL AUDIT VISIT 3 REPORT 2021/2022**

128. The Internal Auditor presented a number of Internal Audit reports, as follows:

#### **Estates Management – Maintenance Logging Procedures**

129. This area had been graded as providing a 'substantial' level of assurance, with 3 low priority recommendations identified. Governors noted that the enhancements suggested by the auditors had, in most cases, already been implemented by management.

#### **Key Financial Controls – Management of Student Fees**

130. The Internal Auditor had concluded that the College was charging appropriate fees for the courses it offered, with students invoiced accurately in a timely manner. This area had been assessed as providing a 'substantial' level of assurance with one low priority recommendation made. The latter related to ensuring that the College's policy of allowing greater flexibility in the payment of student debt during and after the pandemic was documented.

131. A governor asked whether the proposed response deadline of 30<sup>th</sup> June was realistic and was advised by the Financial Controller that this target would be met.

#### **Student Bursaries & Free Meals**

132. Levels of compliance had been found to be strong in relation to Student Bursaries and Free Meals. The Internal Auditor had been one low priority recommendation on adding a version control number to the relevant policy document. Governors were advised that a revised policy would be submitted to the Senior Leadership Team for approval in June.

### **Follow-up 2021/2022**

133. The Internal Auditor reported that progress on the implementation of previous recommendations was good. A total of 3 action points were outstanding and it was noted that the initial dates for the completion of this work had been revised, together the cyber checks being undertaken at more manageable intervals (rather than on a weekly basis).

### **INTERNAL AUDIT PROGRESS REPORT 2021/2022**

134. Governors received for information a report on progress against the Internal Audit Plan for 2021/2022 and noted that the full Plan had now been delivered.

135. The Internal Auditor also presented a summary of emerging issues in the further education sector. It was noted that new sub-contracting standards would be introduced by the ESFA with effect from 1<sup>st</sup> August 2022. An audit of this area of provision was currently underway and the College would be seeking a certificate of compliance for its sub-contracting

work as early as possible in the new academic year. The Principal reminded the Committee that the College only sub-contracted with one organisation and there were no plans to change this strategy in the near future.

## **FE BENCHMARKING REPORT**

136. The Internal Auditor presented RSM's analysis of risk registers across its client base, which enabled useful comparisons to be made against the College's own performance. Governors noted the College's high levels of assurance and compliance compared to other institutions.

137. This aligned to robust financial management and budgetary control processes in operation. Many FE colleges were in financial difficulty and the next 12 months would be extremely challenging, particularly in relation to staff pay levels and its impact on the financial position of the sector. The report also highlighted the strength and effectiveness of the College's leadership team and the appropriate levels of accountability amongst staff.

## **INTERNAL AUDIT ANNUAL PLAN 2022/2023**

138. Governors received the draft Internal Audit Plan for 2022/2023. This had been prepared following consultation with management and aligned to the College's strategy and risk profile, together with current priorities within the FE sector. It was noted that there would be a total of 3 reviews in the year: Hospitality & Culinary Arts, Governance & IT Controls and Agency Staff Utilisation, together with a follow-up of recommendations made in 2021/2022.

139. In response to a question from a governor the Deputy Principal reported that the Plan focused on areas of high risk to the College. It was difficult to gain a consistent level of substantial assurance over areas such as IT Controls to protect its systems from the cyber-security attacks experienced by other FE colleges, as the environment moved extremely quickly.

140. Ransomware incidents were increasing and a governor asked how colleges shared good practice in combatting these events and whether information was available on the range of organisations that had been targeted and the scale of any losses. The Deputy Principal reported that attempts to de-fraud colleges were extremely common and occurred regularly, but the Finance Department had additional layers of security built into its processes to identify any dubious transactions. It was important for staff to maintain a high level of vigilance and to receive regular training on these issues.

141. A governor questioned why IT was being covered by Internal Audit in two consecutive years and was assured that the audit in 2021/2022 had focused on safeguarding IT compliance, whereas the 2022/2023 audit remit was in relation to pastoral support for trips and visits.

142. The proposed audit of Hospitality provision had been suggested due to the high value of stock in that area and the need to tighten some of the internal controls. This work would be undertaken early in the Autumn Term to enable the Internal Auditor and management to check on the implementation of any recommendations in-year.

143. **Resolved -** That the Board **be RECOMMENDED** to approve the draft Internal Audit Plan for 2022/2023

**Lisa Randall left the meeting at this point.**

## **EXTERNAL AUDIT PLAN FOR FINANCIAL STATEMENTS & REGULARITY AUDITS 2021/2022**

144. The External Auditor presented the proposed Plan for the conduct of the audit work on the Financial Statements for 2021/2022.

145. Governors were informed that the scope and level of materiality were similar to the previous year. However, responsibility for the accuracy of funding claims now resided with the College and the statement provided in the annual accounts would no longer constitute assurance over funds earned from the ESFA. Previously, audit assurance had been taken from this ESFA statement.

146. The External Auditor proposed to gain assurance over the applicable funds by increasing the level of substantive testing, which would be undertaken in August 2022.

147. Although the External Auditor could not yet provide a confirmed figure for the materiality limits for the audit, as this would be determined following receipt of the July management accounts, any instance over 5% of turnover would be reported to the Audit Committee.

148. Governors received information on the key risks associated with the audit, together with the reporting timetable and the total fees (£18995 + VAT).

149. **Resolved** That the Board **be RECOMMENDED** to approve the External Audit Planning Memorandum for 2021/2022 Financial Statements, including the fees.

**Rory McCall left the meeting at this point.**

## **MANAGEMENT ACCOUNTS**

150. The Committee received for information the Management Accounts as at 31<sup>st</sup> May 2022 to monitor the solvency of the College, in accordance with the Committee's terms of reference.

151. The College's finances remained in a positive position and the financial health assessment continued to be graded as 'Outstanding'. Income levels for apprenticeships had exceeded the plan, but HE enrolments were under the target by £125K. Management felt that this was due to the impact of COVID-19 on adult students and a full curriculum review was underway for the College's higher education provision.

152. The Financial Controller reported that the pay increase that had recently been approved by the Board would be accrued for in the July 2022 management accounts, as this would be effective from 1<sup>st</sup> August, but was also subject to consultation with our recognised Trade Unions.

153. A governor asked about the current situation on staff recruitment and whether the national market was having a negative impact. The Principal responded that the problem affected curriculum areas such as Construction in particular. The College had held a successful recruitment event and appointed 3 lecturers as a result, with a 'bank' of other potential staff being developed. It was difficult for colleges to compete with levels of pay in same industry sectors, due to static levels of funding, and this was a national issue. However, the College was in a strong financial position and had a positive workplace culture which was attractive to many applicants. Governors were mindful that any strategy on pay had to be affordable.

## **RISK MANAGEMENT**

154. Governors received for information an update on the College's Risk Register. The scores for 2 risks had been reduced due to a detailed review of curriculum planning taking place earlier in the year and the introduction of an applicant tracking system in HR to streamline processes.

155. **Resolved -** That the Board **be RECOMMENDED** to approve an updated policy on Risk Management

## **MONITORING OF PREVIOUS RECOMMENDATIONS**

156. Governors received a report on the progress of the implementation of previous audit recommendations and the respective implementation dates. A total of 8 recommendations were currently 'live' with implementation not yet due to take place. A further report would be submitted to the Committee's September meeting.

## **POST-16 AUDIT CODE OF PRACTICE**

157. The Clerk reported that a revised version of the Post-16 Audit Code of Practice had been published in April 2022 and would be effective from 1<sup>st</sup> August 2021. Governors noted that the changes to the Code were relatively minor and that the College would also be required to complete an updated Regularity Self-Assessment Questionnaire to accompany the Financial Statements for 2021/2022.

## **COMMITTEE TERMS OF REFERENCE**

158. The Clerk presented revised terms of reference which had been reviewed to ensure that they aligned with the latest version of the Audit Code of Practice and included the requisite elements of the ESFA's Guide for Audit Committees.

159. Governors noted some additional requirements on the Committee's membership to ensure that it is suitably diverse, skilled and experienced to enable it to scrutinise assurance reports and provide a sufficient level of challenge. The Audit Committee was also required to have a minimum of 3 meetings in each academic year.

160. Particular mention was made in the ACOP of controls on sub-contracting which should align to recent regulatory guidelines from the ESFA. Cyber-crime had now been added to the Committee's list of responsibilities in relation to fraud, irregularity, impropriety

and whistleblowing. The Code clarified the Committee's authority to engage the services of a third party to investigate any activity within its remit.

161. **Resolved -** That the Board **be RECOMMENDED** to approve the revised Terms of Reference

#### **ITEMS TO BE REPORTED TO THE BOARD:**

162. The Chair summarised the main points of the meeting which would be reported to the Board at its meeting on 13<sup>th</sup> July 2022:

- Internal Audit reports on Estates Management, Key Financial Controls – Student Fees, Student Bursaries & Free Meals and Follow-Up of Recommendations were received and graded as providing 'substantial' assurance
- Internal Audit Annual Plan for 2022/2023 and External Audit Plan for 2021/2022 Financial Statements were recommended for approval
- Update received on Risk Management and Risk Management Policy recommended for approval
- Report received on updated Post-16 Audit Code of Practice and revised Terms of Reference were recommended for approval by the Board
- Management Accounts to 31<sup>st</sup> May 2022 received for information

**DATE OF NEXT MEETING – 28<sup>th</sup> September 2022**



Signed

28 September 2022

**(Chair)**