

22.22 AUDIT RECOMMENDATION TRACKING REPORT

The Director of Finance & MIS presented the report, which updated members on the progress of outstanding Audit recommendations.

The cover sheet gave an update against all outstanding recommendations, together with a RAG rating. Responsible managers had been asked to provide updates for their areas, which were incorporated in the attached report. In total there were seven recommendations, of which five were in progress and two were complete. This was a reduction from the 24 recommendations included in the last report.

Questions and comments were invited.

The Chair asked noted that 4Risk training was scheduled for completion by the end of April 2022 but that the action was marked as already complete. The Director of Finance & MIS explained that this was based on the fact that the action was planned. RSM would follow this up later in the year.

The Chair asked about curriculum planning. This was marked as in progress, but he felt it was unclear what was outstanding. The Director of Finance & MIS responded that the planning process for 2022/23 was currently ongoing and that all meetings were diarised. However, the process was not yet complete as there was more work to do. This would be completed by the time the Audit committee and Learning & Quality Committee next met in June 2022.

Governors confirmed they were satisfied with the overall progress on previously agreed audit recommendations.

A Governor asked about the HR and payroll exception reporting. The recommendation related to the accuracy of the payroll but the action had been delayed. The Director of Finance & MIS outlined some staffing issues within the team, which were being addressed. There was an assurance control that was in place but which lacked some evidence of timely completion.

It was **resolved** that the Audit Recommendation Tracking Report was **received**.

23.22 INTERNAL AUDIT REPORTS

Louise Tweedie, Partner at RSM, presented the reports. Recent work had been completed remotely due to the ongoing pandemic.

01.21/22 Key Financial Controls: Tuition Fees and Bursaries

The scope of the review was to test selected controls in respect of:

- Tuition Fees; and
- Bursaries.

Data analytics were considered for use (where possible) to confirm whether:

- Students flagged as other than full-funded had been invoiced;
- Tuition fees had been received timely (based on the date of the relevant invoice); and
- Action to recover overdue tuition fee invoices had been undertaken in a timely manner.

Testing focused on tuition fees and bursaries only and did not provide assurance that the College had identified all debts/monies owed to it.

The Chair asked about the use of data analytics and it was explained that this was used by RSM as a way of testing areas where there were large volumes of transactional data to identify potential anomalies.

The overall conclusion gave reasonable assurance over the design and application of controls in the area. Two medium and four low priority recommendations were agreed with management. Of the five recommendations agreed in the previous year's review of Key Financial Controls, it was noted that one had been implemented, three were in progress and one had not been implemented due to COVID-19.

There was a discussion about the medium priority recommendations and it was noted that there were difficulties in reconciling data on the MIS system with invoices raised on the finance system. This was a common issue in the FE sector. IT suppliers did not tend to invest in systems for FE and it was a large exercise to format data into consistent structures for comparison. Controls in place were often manual as a result.

A Governor asked whether there was a wider issue across collection processes for other income streams. The Director of Finance & MIS confirmed the processes in place and that he believed that the risks were minimal, possibly more related to timeliness with which issues could be identified. Louise Tweedie added that the most recent RSM review of commercial debts had not identified any issues, although this was wholly managed through the finance system. Potential issues were more likely to arise where there was interaction between the student records and finance systems.

A Governor asked if management had considered civil recovery and whether this was appropriate. The Director of Finance & MIS confirmed that this was considered but not always appropriate. In Covid it had not been.

The write off policy was noted. The Director of Finance & MIS had authority to write off up to £5k but anything over this went to Finance and Resources Committee for approval. It was suggested and agreed that the procedures for commercial and student debt be reviewed to ensure they continued to be fit for purpose.

A Governor asked whether a test payment may be appropriate. This was discussed, but taking into account the relatively low risks of fraud, was not felt to be necessary.

The Chair asked about plans for audit work now that pandemic restrictions were easing. Louise Tweedie outlined RSM's views on undertaking a blended approach with some work returning to being on site. This would depend on the area being audited but was felt likely to save time for college staff and auditors.

Internal Audit Progress Report

**Director of
Finance &
MIS**

This was RSM's usual report to give members an update on audits planned and completed in year. The next visit would be in mid-April. Three client briefings had also been included for information – Be Scam Savvy, External Quality Assessment and HE. The Chair commented that all briefings were helpful. There was a discussion about current HE consultations. A Governor noted that there were also ongoing consultations on Level 2 and Level 3 qualifications, with a list of Level 2 qualifications being de-funded from August 2022 having recently been published.

Benchmarking

RSM had provided their annual benchmarking report for information. The overall picture showed Walsall College performed well compared to RSM's other FE sector clients, although it was noted that different audits were undertaken in different colleges and therefore a full direct comparison was not possible. RSM had no concerns about Walsall College based on the overall opinions for work completed.

It was **resolved** that the Internal Audit Reports be **received and accepted**.

24.22 TERMLY BOARD ASSURANCE AND RISK MANAGEMENT REPORT

The report was presented by the Director of Finance & MIS. It was noted that the overall strategic risk picture had not significantly changed. Financial risks, other than inflation, had reduced. Funding allocations for 2022/23 had improved. There continued to be difficulties recruiting teaching staff in certain areas, and the recent announcement of higher salaries for school teachers was expected to widen the pay gap with FE further.

The roll out of 4Risk was going to plan. All of SMT were having training with the RSM consultant. Full implementation was expected to have been achieved by the committee's June meeting. Governors would be given read-only access to the system.

Questions and comments were invited.

The Chair noted the inclusion of the policy with the meeting papers. It was confirmed that there were no material changes and **agreed** that the document be reviewed to ensure appropriate use of the terms 'governor' and 'trustee'.

There was a discussion about the risks to be monitored at Audit Committee, and it was agreed as important that the committee be aware of amber as well as red risks. It was suggested that any risks where the profile and scoring was changing should also be highlighted for committee review. The Chair and Director of Finance & MIS would discuss this at each pre-meeting in future.

A Governor asked how the impacts of potential reputational risks were being reviewed. This was an emerging area, so it was **agreed** that the Director of Finance & MIS would discuss this with the RSM consultant. The Chair commented that this also linked to risk appetite. The Director of Finance & MIS was aware that RSM wished to do an exercise with Governors to look at risk appetite, but this needed to be agreed with the Corporation Chair for a future meeting. The Chair would discuss this at a future Chairs' meeting.

Director of
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The Chair noted the new requirements for external governance reviews and asked for RSM's views on this.

Louise Tweedie explained that such reviews had been required for a long time in HE and were also a requirement for academies. Governance in academies was less well developed than in FE so tended to result in a number of recommendations. No outcomes had been seen from reviews in FE yet. RSM expected outcomes to be shared at future Audit Committees.

A Governor asked if RSM would be able to do follow up reviews to look at implementation of any recommendations. It was confirmed that this would be possible. However, RSM could not undertake full reviews of their existing clients as this would be a conflict.

Governors **resolved** to **accept** the Termly Board Assurance and Risk Management Report and to **approve** the Risk Management Policy.

25.22 ANNUAL VALUE FOR MONEY REPORT

The Head of Finance introduced her report, which highlighted how value for money had been achieved in the previous academic year. Results had continued to be affected by the coronavirus pandemic. National benchmark data was not available in most areas, so comparisons were between years for Walsall College and not against others in the sector. Governors noted that:

- Some quality measures were below those for 2018/19 (the last full year before Covid) but were improving;
- Non-pay costs were increasing but the level of spend was similar to last year;
- Pay and pension costs were challenging;
- Financial health had stayed between good and outstanding;
- EBITDA was lower in 2020/21 than in 2019/20;
- EBITDA for 2021/22 was forecast to be within the expected range.

There was a discussion about the difficulties in writing a value for money report in Covid. It was clear that the college had done more activities that were focused on community learning, staff and student wellbeing and generally meeting student needs. Not all of this was easy to measure although there were definite benefits. It was also likely that there were public health benefits to the Covid testing programme and efficiencies from working at home.

Finance and quality were regular discussions at SMT as part of curriculum planning. Quality impacted on perceptions of value for money for students, as did reputation and achievement.

Governors **resolved** to **receive** the Annual Value for Money Report.

26.22 ANNUAL ASSESSMENT OF PERFORMANCE OF AUDITORS

Louise Tweedie left at 0955 hrs.

Governors noted the written report, which indicated that management was satisfied with the performance of each audit service. There were no concerns to raise as working relationships with all auditors were very good. Due to Covid-19, most audit work in the last 12 months had continued to be completed remotely. Although this had created additional work for college staff to upload documents for review, this had worked smoothly and there had been no concerns about the new processes. As had been mentioned earlier, it was expected to return to at least some face to face working in 2021/22.

The committee was also happy with the consistently high quality of the audit reports received.

The Director of Finance & MIS reminded Governors that the audit services were due for tender in the next financial year, and this was discussed. The Director of Finance & MIS would bring an update to the June 2022 committee and a full proposal for the tender process to the November 2022 committee meeting.

Director of
Finance &
MIS

Governors **resolved** to **receive** the Annual Assessment of the Performance of the Auditors Report.

27.22 DATE AND TIME OF NEXT MEETING

Tuesday 14 June 2022 at 0830 hrs.

The meeting ended at 1005 hrs.

How Governors challenged management		Impact of meeting on College	
23.22	Whether there may be wider issues across all income collection processes.	24.22	Approved Risk Management Policy
24.22	How potential impacts of reputational risks were reviewed.		