

**WALSALL COLLEGE MINUTES OF A MEETING OF THE AUDIT COMMITTEE  
HELD ON TUESDAY 14 MARCH 2023 AT 0930 HRS  
VENUE: HB202, HUB BUILDING**

<b>Attendance Present:</b>	<b>Attendees</b> Graham Ward – Chair Nick Tomkys
<b>Together with:</b>	Matthew Brown – Director of Finance & MIS Jacky Leek – Head of Finance Louise Tweedie – Partner, RSM Gurpreet Sandhu – Contract and Compliance & Data Protection Manager Alison Buick – Head of Governance
<b>Apologies: Absent, No Apologies:</b>	Julie Haywood Charlotte Bosworth

<b>Item</b>	<b>Subject</b>	<b>Who</b>
17.23	<b>CHAIR’S OPENING REMARKS</b> The Chair welcomed everyone to the meeting and thanked them for their attendance.	
18.23	<b>APOLOGIES FOR ABSENCE</b> Julie Haywood.	
19.23	<b>DECLARATIONS OF INTEREST</b> None.	
20.23	<b>MINUTES</b> The minutes of the meeting held on 15 November 2022, having been circulated, were taken as read and were approved.	
21.23	<b>MATTERS ARISING</b> Governors reviewed the Action Points Record for the Audit Committee and noted the following:  <u>Item 12.21 AND 14.23</u> Audit Committee members had been invited to training on 4Risk with RSM and college managers on 8 March. Two Governors had attended and both felt that it had been a very worthwhile session. The Chair wished to discuss reporting options with the Director of Finance & MIS in due course.  <u>Item 06.23</u> The Director of Finance & MIS would bring an update on funding assurance recommendations to the next meeting.  <u>ESFA Funding Audit</u> The Director of Finance & MIS gave a verbal update on the ESFA commissioned funding audit that had been carried out by PWC. The audit was substantially complete but the report had yet to be finalised. Governors were advised that the audit had highlighted some control weaknesses and errors, the effect of which was an expected funding clawback. The clawback was potentially sizeable although management were hoping that discussions with ESFA may reduce this.	

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Governors discussed the reasons for the clawback, which related mostly to evidence for apprenticeship off the job training.

Management had no concerns with the conduct of the audit. The final report would be shared with the Corporation Chair and Audit Committee Chair on receipt, and the final version would be reviewed at the next meeting of this committee.

Governors discussed the preliminary audit findings, including the extent to which they had funding implications or related to identified weaknesses in controls. The scope of the KPMG funding assurance audit for 2022/23 had not yet been agreed and it was planned to use this audit time to pick up some of the areas for further review.

22.23 **AUDIT RECOMMENDATION TRACKING REPORT**

The Contract and Compliance & Data Protection Manager 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 16 recommendations, of which eight were in progress and six were complete. None were overdue, none had actions that were no longer required and two actions were not yet due.

Questions and comments were invited.

The Chair asked if there were any concerns about the process or the progress seen. Management confirmed that the process worked well and that there were regular reminders to provide action updates. Actions that were in progress mainly related to cyber security. It was felt that managers were now providing more realistic timescales for completion of actions, so this helped with the reporting process.

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

23.23 **INTERNAL AUDIT REPORTS**

Louise Tweedie, Partner at RSM, presented the reports.

01.22/23 Human Resources Controls – Training and Development; Appraisals and Performance Management

The scope of the audit was to provide assurance on the controls and mitigations in place in relation to maximising staff potential and performance.

The following areas were considered as part of the review:

- How mandatory training is identified and delivered;
- How role specific training needs are identified and sourced;
- How individual requests for CPD and training are linked to the benefit to the College and prioritised;

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	<ul style="list-style-type: none"> <li>In respect of appraisals, how these are scheduled and recorded to ensure consistency. Performance management processes in the form of disciplinary and capability, and how these are case managed, were also reviewed.</li> </ul> <p>The overall conclusion gave substantial assurance that the controls upon which the organisation relies to manage this area were suitably designed, consistently applied and effective.</p> <p>Four low priority recommendations were agreed with management and RSM had no significant concerns to report.</p> <p>The Chair asked about the number of HR cases ongoing. RSM had not reviewed the details but had viewed the records of work in progress.</p>	
	<p><u>Internal Audit Progress Report</u></p> <p>This was RSM's usual report to give members an update on audits planned and completed in year. Safeguarding work was in progress and the next visit to look at other areas within the plan would be in April. It was expected that all reports from these visits would be reported to the June Committee meeting.</p> <p>Some sector information had been appended to the report:</p> <ol style="list-style-type: none"> <li>Procurement and Contract Management newsletter; and</li> <li>Employment Matters – this had a number of sections including cost of living support, gender pay gap reporting, hybrid working and other areas.</li> </ol>	
	<p><u>Benchmarking</u></p> <p>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. Walsall compared favourably with 75% of RSM's client base. There was a small error in one of the graphs so RSM would correct this and issue an updated version.</p> <p>Governors discussed the report and the details within. It was agreed that the outcome reflected the approach taken to determining the audit programme as there was focus on areas that would add value to the college.</p> <p>RSM had added a new section to show high priority recommendations made across their client base and in which audit areas. All were areas that had been covered within the planning horizon for the internal audit work. Governors were reassured that there were no high priority areas being flagged in other colleges that were not reviewed at Walsall.</p>	RSM
	<p>It was <b>resolved</b> that the Internal Audit Reports be <b>received and accepted</b>.</p>	
24.23	<p><b>TERMLY BOARD ASSURANCE AND RISK MANAGEMENT REPORT</b></p> <p>The report was presented by the Director of Finance &amp; MIS and Governors noted the following:</p> <ul style="list-style-type: none"> <li>Management at Exec and SMT level continued to be fully aware of risks facing the college;</li> <li>Inflation continued to be a significant risk factor;</li> </ul>	

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- Staff turnover and recruitment was also an ongoing concern;
- Some risks were moving adversely but the assurance mechanisms were not always keeping pace. The introduction of 4Risk was helping with this, although it was recognised that time was needed to embed 4Risk fully across all areas of the college as it was a new way of working for staff.

The Chair reflected on recent 4Risk training he had attended with RSM. This had been very informative and worthwhile. It had been agreed that the committee needed to reflect on what type and level of reporting was desirable at Governor level, as it was clear that much information was available but that this needed to be appropriately filtered. The work of the management team in supporting the roll out of 4Risk was acknowledged.

Governors asked whether management were happy with the allocation of risk owners and control owners, and whether this was at the right level of management. It was confirmed that with the exception of two areas (health & safety and workforce development) all responsibilities sat at SMT level. For these two areas, the specific managers had a range of actions assigned to them. SMT regularly discussed risks.

It was acknowledged that risks were managed on a continuum and that they would continue to evolve. The system therefore would need to be kept updated and not expanded.

There was a discussion about strategic risks and risk appetite. These needed to be kept under review by Governors as it was likely that the risk appetite would change over time and as circumstances changed.

Governors asked about student number risks. This remained a concern, particularly with the number of Walsall schools with sixth forms.

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

## 25.23 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. Governors noted that:

- Measures to review economy, efficiency and effectiveness had been considered;
- Student outcomes and progression were measured and Governors were aware of KPIs for these. In 2021/22, achievement was not at target level but progression was good;
- Financial health remained good;
- There were pressures on EBITDA, which was below target but for reasons that Governors were aware of;
- Cash reserves were strong and the college had plans to invest in facilities;
- Interest rates had improved so the college now had a less risk averse approach to liquidity;
- Many impacts of the work of the college, particularly around pastoral and student support, were difficult to quantify but equally as important as financial savings.

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There was a discussion about the college investment strategy, as approved at Finance and Resources Committee. It was also noted that value for money was a subjective area, complicated by inflation meaning that the college was spending more but not necessarily seeing better outcomes. There was increased expenditure on wrap around services for students which did not always have measurable or immediate impacts.

The impact of Covid was considered. Management felt that this would continue to be seen in education for several years, even though the pandemic had passed. The effects of lockdown on behaviour and mental health were expected to continue.

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

26.23      **ANNUAL ASSESSMENT OF PERFORMANCE OF AUDITORS AND UPDATE ON AUDIT TENDERING PROCESS**

Louise Tweedie left at 1055 hrs.

Governors noted the written report, which indicated that management was satisfied with the performance of each audit service.

The Director of Finance & MIS gave an update on the process for tendering the audit services, which was in progress through the CPC procurement framework. It had been decided to complete the internal audit process first and then start the external audit process. Three firms had expressed interest to date in the internal audit process.

KPMG had indicated that they would not be re-tendering for the external audit. Governors noted that a substantial increase in external audit fees was expected.

The Director of Finance & MIS would liaise with the Committee Chair regarding timescales and his input in due course. A further update would come to the next Committee meeting.

Governors **resolved to receive** the Annual Assessment of the Performance of the Auditors and Update on Audit Tendering Process Report.

27.23      **DATE AND TIME OF NEXT MEETING**

Tuesday 13 June 2023 at 0930 hrs.

The meeting ended at 1105 hrs.

Item	How governors challenged management
24.23	Discussed allocation of risk owners and risk controllers, and whether this was at the right level of management.

Item	Impact of meeting on college

