

## WALSALL COLLEGE

### MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON 28<sup>TH</sup> SEPTEMBER 2023 PART ONE

|                       |                    |                                 |
|-----------------------|--------------------|---------------------------------|
| <b>PRESENT:</b>       | Charlotte Bosworth | External Governor               |
|                       | Edward Ng          | Associate Governor              |
|                       | Graham Ward        | External Governor (Chair)       |
|                       | Nick Tomkys        | External Governor               |
| <b>IN ATTENDANCE:</b> | Matthew Brown      | Director of Finance & MIS       |
|                       | Jacky Leek         | Head of Finance                 |
|                       | Louise Tweedie     | Partner, RSM (Internal Auditor) |
|                       | Lesley Venables    | Head of Governance              |

#### APOLOGIES

1 There were no apologies for absence. Edward Ng was welcomed to his first Committee meeting.

#### DECLARATIONS OF INTEREST

2 There were no declarations of interest in relation to any agenda item.

#### APPOINTMENT OF CHAIR

3` **Resolved -** That Graham Ward be appointed as Committee Chair for 2023/2024

#### MINUTES

4 **Resolved -** That the minutes of the meeting (Parts 1 and 2) held on 13<sup>th</sup> June 2023 be approved as a correct record and signed by the Chair

#### MATTERS ARISING

5 Governors received for information a progress report on the actions identified at the previous meeting and noted that the majority of these were either completed or featured on the agenda.

6 Under minute 33.23 the Chair reported that this meeting to discuss risk management and board assurance arrangements had yet to take place, but noted the more proactive approach being undertaken by management in relation to risks.

7 In relation to minute 37.23.4 the Director of Finance & MIS reported that this work would be submitted to the Committee's November meeting.

8       Governors were reminded that there had been some issues in 2022/2023 over the timing of reports. Management and the Internal Auditors were confident that the dates by which Internal Audit reports would be submitted to the Committee for 2023/2024 would be met and the schedule for each visit had already been communicated to the relevant College manager. The first visit within 2023/2024 on Health & Safety had been completed by the due deadline.

9       The Internal Auditor gave an assurance that any previous resourcing issues at RSM had now been resolved. The Chair requested that the Committee be kept informed of any potential issues affecting the delivery of the Internal Audit Plan.

#### **CHAIR'S ACTION**

10       No specific actions had been taken by the Chair since the previous meeting.

#### **INTERNAL AUDIT REPORTS**

##### **Curriculum Planning**

11       The Committee received for information a report on Curriculum Planning and Development Processes. The Internal Auditor had graded this area of the College's provision as providing a 'reasonable' level of assurance and had concluded that the College had a robust planning framework for the delivery of qualifications.

12       A total of 5 medium priority and 4 low priority recommendations had been made. The former centred mainly on the 'wrap-around' services provided by the College as opposed to core delivery. Governors also noted that the Internal Auditor had highlighted the College's dependence on a core of individuals and that some staff used over-optimistic predictions of enrolment levels.

13       The Director of Finance & MIS (DF&MIS) responded that the achievement of the student numbers target was a key part of the current strategic plan for 2023/2024. Forecasting enrolments was challenging, given the difficult external environment and high levels of competition between local education institutions. It was possible for the College to over- or under-perform against its enrolment target without any material impact on costs (due to efficiency levels) or on delivery.

14       A governor asked whether a minimum viability calculation was completed prior to offering any additional programmes and was advised that the College aimed for a gross margin or contribution rate of 50%. The DF&MIS reported that in the majority of cases low numbers still achieved a positive margin as the delivery staff were already in place. The Committee commented that staff were likely to be optimistic in their forecasts of student numbers as this preserved the current size of the College's provision.

15       One of the low priority recommendations made by the Internal Auditor related to ensuring that the curriculum planning process was fully documented. Currently only the outcomes of decisions on the shape and size of the curriculum were recorded rather than the rationale and any relevant underpinning discussion. It was difficult to align the strategic intent of each area to the curriculum plan under the existing system. One example of this was the significant increase in the number of high needs students, with 10% of students having an Education Health & Care Plan and approximately 15% requiring additional support due to SEND needs. This impacted on the overall educational character and mission of the College but was not yet reflected in the Strategic Plan.

16      Governors recognised that curriculum forecasting required a level of flexibility with regular reviews, but it was important for the College to articulate how it arrived at decisions on the shape of its provision. This was agreed by management but it was also vital for the curriculum plan to be affordable and deliver the skills needs of the local area (as set out in the Local Skills Improvement Plan), including the development of the College's higher education provision. It was not felt that Ofsted would be reviewing whether the College should be offering particular courses as part of its inspection remit.

17      A number of non-compliance issues had been raised in terms of curriculum planning as part of the audit, such as not all new courses had been through the formal academic course approval process before inclusion in the curriculum plan. These were considered to be low-risk items and relatively straightforward to address.

18      It was noted that the Board had not yet formally approved a revised curriculum strategy.

19      A governor asked whether there were any concerns over staff utilisation levels. The Director of Finance & MIS reported that there were some structural challenges relating to Maths and English delivery due to the revised number of guided learning hours required for each qualification. Staff teaching in these areas could not be easily transferred, for example, the College's Personal and Wellbeing tutors were only able to teach one type of programme but do not necessarily have a vocational specialism, which meant that there were currently some gaps in provision. Management had commenced a review of teaching contracts as these no longer aligned to the required delivery model, however, there could be resistance from staff over any proposed changes.

20      In response to further comments the DF&MIS advised that this picture was commonplace within the FE sector.

### **Higher Education Framework**

21      The Committee received an Internal Audit report on the College's Higher Education Framework compared to the requirements of the Office for Students regulations. This area had been graded as providing a 'reasonable' level of assurance.

22      A total of four medium and 3 low priority recommendations for improvement had been made. The Internal Auditor reported that the Government had introduced new legislation on freedom of speech earlier in the year which required colleges with HE provision to set out how this was met and managed within the organisation. However, safeguarding and Prevent considerations needed to be balanced against any actions.

23      A further recommendation related to further development of the HE Self-Assessment Report for 2022/2023. In relation to a recommendation to ensure that the College website was updated to include more recent sets of Board and committee minutes the Head of Governance advised that some colleges had a system whereby a summary version was published on the website with a fuller document available on request. This would be discussed with the Principal/CEO and any proposals would be approved by the Search & Governance Standards Committee.

## **Safeguarding Framework**

24 The Internal Auditor presented a report on compliance against the Department for Education's guidance, Keeping Children Safe in Education 2023 and the national report on Sexual Harassment and Sexual Violence against Girls published by Ofsted in 2022.

25 The Auditor had graded the College's provision on safeguarding as providing a 'reasonable' level of assurance, with 2 medium and 5 low priority recommendations. The Committee stressed the importance of ensuring that all staff and governors were suitably trained for their roles and that this was refreshed on a regular basis. It was agreed that instead of undergoing annual in-house training, governors who had completed safeguarding training in the course of their employment or in another voluntary role could opt to provide supporting evidence which would be kept on file as part of the College's DBS records. This would be followed up by the Head of Governance and a regular report on compliance would be provided to the Search & Governance Standards Committee, with any issues discussed with individuals as a matter of urgency.

## **Follow Up of 2022/2023**

26 Governors received a report on progress against each of the recommendations made by the Internal Auditor in 2022/2023. From a total of 23 recommendations, 17 had either been completed or superseded and 5 had been partially completed. The Director of Finance & MIS commented that there had been a change in culture within the organisation in terms of progressing any outstanding actions.

27 In response to a question about the due date for an action on capital projects governors were reminded that there were currently no capital projects at the relevant stage of the process. The Committee commented that the future strategic vision for the curriculum and how this related to the College's estate was not explicitly set out in any documentation that had been considered by the Corporation. .

28 The Internal Auditor advised College management to review its terms and conditions on the student contract in view of recent changes to consumer protection legislation. The Director of Finance & MIS reported that there had been a cultural shift in the College's student cohort, with a large influx of asylum seekers moving into the locality. These students and assisting their integration into mainstream provision was proving challenging to manage and there were complex eligibility to study issues, which required significant amounts of support and investigation from College staff. Management aim to make the College as accessible as possible to all learners whilst meeting the funding rules.

## **AUDIT RECOMMENDATIONS TRACKING REPORT**

29 Governors received for information a report on progress against any outstanding audit recommendations, including those referred to in earlier agenda items. The Director of Finance & MIS advised that some actions had not yet been updated, but these were being worked on currently. It was agreed that the relevant managers would be invited to future committee meetings if adequate progress had not been made against particular areas for improvement.

## **FRAUD INVESTIGATION REPORT**

30 The Head of Finance presented a report on a recent instance of fraud relating to an unauthorised request from the perpetrator to change the salary payment details of a member of staff to divert College funds to a different account. The attempt had not been successful, but had highlighted a number of deficiencies in the College's processes, which had now been strengthened.

31 Governors sought assurance that the level of staff training and testing of procedures was sufficient to prevent any possible recurrence. The Head of Finance reported that annual fraud awareness training was provided to all staff and phishing emails were sent during the year, however, internal 'spoof' emails had not been sent previously to test reactions. There had been a further fraud attempt but this had been identified at a much earlier stage.

## **TERMS OF REFERENCE**

32 The Head of Governance presented revised terms of reference for the Audit Committee, which had been prepared to ensure that they complied with the requirements of the latest version of the Post-16 Audit Code of Practice.

33 It was agreed that the Committee's quorum would remain as 2 external governors in view of the current membership and would consider increasing this to 3 when further members were appointed in the near future.

34 **Resolved -** that the Corporation be recommended to approve the revised Terms of Reference for the Committee

## **DATE OF NEXT MEETING**

Tuesday 14<sup>th</sup> November 2023, 9.30 a.m.