

CITY OF WOLVERHAMPTON COLLEGE

Minutes of the Meeting of the Audit Committee of the Board of Governors held on Wednesday 27 November 2024 at 5pm via Microsoft Teams

PRESENT

Mr John Bradford (Chair)
Mrs Amanda Tomlinson – until 6pm
Mr Trevor Dutton (Associate Member)
Mrs Alison Shannon (Associate Member)

IN ATTENDANCE

Mrs Alison Buick (Head of Governance)
Mr Paul Davies (Director of Finance)
Mr Mark Munro (Bishop Fleming – External Auditors) – until 5.40pm
Ms Clare Parkes (TIAA - Internal Auditors)

01/25 MEETING WITH AUDITORS WITHOUT MANAGERS PRESENT

This was not deemed necessary as neither auditor had any matters to raise.

02/25 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST (ITEM 1)

Apologies had been received from the Deputy Principal and Chief Executive.

Ms Dionne Barrett was not in attendance.

There were no declarations of interest.

03/25 MINUTES OF THE PREVIOUS MEETING (ITEM 2)

Resolved:

That the minutes of the meeting held on 26 June 2024 be approved as a correct record.

04/25 MATTERS ARISING (ITEM 2)

The actions agreed at the last meeting were reviewed and the following noted:

- The Safeguarding Link Governor had reviewed the Single Central Record.
- A meeting with Dionne Barrett to go through the risk management methodology was to be arranged.
- Curriculum planning deep dive and annual funding assurance audit would both be covered later in the meeting.
- An audit recommendation tracking report would be considered.
- The IT Manager and the Business Learning Technologies Manager would be invited to the next meeting as agreed.
- Inclusion of an IT audit topic in future internal audit plans would be considered in the planning cycle in summer 2025.

05/25 CORRESPONDENCE (ITEM 3)

There was no correspondence to report to this meeting.

06/25 FINANCIAL STATEMENTS AUDITORS REPORT (ITEM \$)

Mark Munro, Partner at Bishop Fleming, presented the Key Issues for Discussion Document (KIDD). It was in a similar format to last year and outlined the work completed in relation to the key audit risks identified. Governors were asked to note the following:

- All substantive audit work was complete and there were only a small number of matters requiring final checks.
- The financial statements had now been reviewed and feedback provided to management. No more significant work was expected at this stage.
- Unmodified opinions on the financial statements and the regularity work were expected.
- Testing on the significant risks identified at the planning stage was explained. There were no matters to report from this.
- There were no audit adjustments arising from the audit work.
- The audit insights section of the report showed the output of Bishop Fleming's analytical work, from which there were no concerns noted.
- There were no management letter points for 2023/24. Those reported in 2022/23, relating to the filing of the 2022/23 Enterprise accounts and the non-completion of a Related Party Transaction form by one Governor, had been reviewed and were deemed satisfactorily closed down.
- The audit had gone smoothly. The Director of Finance and his staff were thanked for their work and support.

The Director of Finance commented that WMCA would not issue their final funding reconciliation statement until 19 December 2024 and asked whether this would impact Bishop Fleming's ability to sign off the accounts by the end of December deadline. Mark Munro responded that he did not expect this to cause a delay. Bishop Fleming had reviewed the RO14 return and done other testing to confirm the income received.

- The audit had considered the pension risks and the assumptions of the actuaries. The asset position last year was capped at zero and this would be the case again this year.
- There was a technical pension issue to note as the opening balance of the assets presented by the actuaries had been over-stated by £5.9m. The interest income on plan assets was calculated as a percentage of the asset base meaning this was mis-stated in amounts recognised through profit and loss. Bishop Fleming had noted that the difference was below the level of materiality and therefore, it was recorded as an unadjusted difference.
- The disposal of Paget Road was expected within the next two years so there was a need to accelerate the depreciation charge. This had been discussed with management. There was no impact on the EBITDA, which was £2.9m.

The Director of Finance explained his review of the deferred capital grants and accelerated depreciation. Details would be added to the notes to the accounts. There would be no impact on the financial health score. Bishop Fleming would review the calculations and the adjustments to the balance sheet reserves. This was the main focus of the outstanding work.

A Governor asked if asset ratios would be affected. It was confirmed there was no impact on the areas that impacted financial health.

A Governor asked what value would be added to the balance sheet after October 2025, the anticipated date of sale of Paget Road. The Director of Finance commented on the addition of £8m for ATAC and £60m for CLQ.

- There was a minor point to be considered about staff governor remuneration, which the Accounts Direction required to be disclosed in the accounts. However the auditors were satisfied with the college wording as the staff governor was only paid for their employment role and not their governor one.
- There had been some audit adjustments highlighted and these were explained.
- There were no concerns to report from the journal testing completed.
- There were no new management letter points and those raised last year had been actioned.

Questions and comments were invited.

A Governor commented that the financial position appeared positive and asked about the fixed asset register. The Director of Finance commented on changes to the register format which was expected to be in place next summer and in time to capitalise CLQ. Mark Munro commented on similar issues with asset registers that the auditors saw elsewhere, and recognised the efforts of the finance team in addressing this.

A Governor asked about the results of the journal testing and asked whether February having the lowest number but highest value was a concern. It was confirmed that this was a technical and timing issue that the auditors were not concerned about.

The Chair asked if the final, updated reports would be ready for the Board meeting on 12 December. There were no anticipated problems with this from the college or the auditors.

The Committee noted the reports and agreed to recommend the External Audit Key Issues for Discussion Document to the Board of Governors for approval.

The Chair thanked the Finance team and auditors for their work in preparing the papers. Mark Munro left at 5.40pm.

07/25 GOVERNOR TRAINING – ROLE OF INTERNAL AUDIT (ITEM 5)

Clare Parkes shared her screen and gave a presentation that covered the following:

- Audit planning process
- Different types of audit
 - Assurance
 - Compliance
 - Advisory
- Audit process
- Audit planning memorandum
- Root cause indicators:
 - Governance framework
 - Risk mitigation
 - Compliance
 - Performance monitoring
 - Sustainability
 - Resilience

- Areas of audit – assignment reporting, quarterly progress report, annual report
- Fieldwork stage
- Reporting stage, including exit meeting
- Different levels of assurance
 - Substantial
 - Reasonable
 - Limited
 - None
- Different types of recommendation
 - Urgent
 - Important
 - Routine
- Audit Committee stage.

There was a discussion about the root cause indicators, which were deemed to be very useful. How these could be more integrated into the reports would be considered by TIAA. Action: Clare Parkes, TIAA.

(Amanda Tomlinson left at 6pm)

08/25 INTERNAL AUDIT REPORTS (ITEM 6)

Clare Parkes, Manager at TIAA, presented the reports that had been finalised. Governors noted the following:

Assurance Review of Subcontractor Controls 2023/24

The format of the report on this area was different as the scope of the audit had followed the DfE template. No assurance level had been assigned. The report set out the findings against each of the standards, and this showed that the standards had been met.

Reclassification (2024/25)

The overall conclusion gave substantial assurance over the design and application of the controls to manage risks in this area. There were no recommendations made and no concerns to report. The scope of the audit had covered compliance with the requirements of Managing Public Money, including restrictions on borrowing, senior pay controls, write offs and special payments.

Follow Up

The Director of Finance reported that he had been working with managers to ensure that previously agreed recommendations had been completed.

It was noted that work had recently been completed for the Apprenticeships and Student Finance audits. Draft reports had been issued for management review and the final versions would be brought to the next meeting. The scope of the Apprenticeships audit was discussed.

The Chair thanked TIAA for their comprehensive reports.

The Committee noted the reports.

09/25 INTERNAL AUDIT ANNUAL REPORT 2023/24 (ITEM 7)

The Internal Auditor introduced the report and highlighted the Head of Internal Audit's annual opinion which was based on the reviews that had been carried out during the year.

The report identified the reviews that had been completed in 2023/24 together with the levels of assurance and number of recommendations.

The key element of the Opinion was as follows:

'TIAA is satisfied that, for the areas reviewed during the year, City of Wolverhampton College has reasonable and effective risk management, control and governance processes in place'.

The report included the number of recommendations made compared to the previous year, the root cause indicators with recommendations mapped against them, a table of reports completed and the audit days completed compared to plan.

Resolved:

that the Internal Audit Annual Report be recommended to the Board of Governors for adoption.

10/25 KPMG/ESFA FUNDING AUDIT MANAGEMENT LETTER (ITEM 8)

The Director of Finance reported that the final letter had now been received and that it confirmed no adjustments were to be made. There were no concerns to report. The overall conclusion at section 6 confirmed that there was a "Satisfactory conclusion" on the use of funds.

11/25 PROPOSAL TO COMMISSION A MOCK FUNDING AUDIT (ITEM 13)

The Director of Finance noted that two quotes for the work had been obtained and a third was being sought. A proposal would be brought back to the next committee meeting. Action: Director of Finance.

12/25 RISK MANAGEMENT ANNUAL REPORT 2023/24 (ITEM 9)

The Director of Finance presented the annual report on risk management, including a review of the Risk Management Policy.

Risk Management Policy

The policy had been reviewed and deemed fit for purpose. The only change was to the Risk Champion, which was now the Director of Finance.

Risk Register

There were 45 risks in total on the register. All continued to be reviewed regularly at EMT. The number of high level risks had reduced from 11 to 10. Some of these had decreased in value, although remained rated as high risk.

There was a discussion about curriculum planning risk. This was high as it was a critical part of the business to meet funding allocations, plans, budget and the needs of stakeholders. Resource and staff planning was derived from this.

The Chair commented on risks related to the transition to CLQ and asked if these were adequately covered. There appeared to be some risk around completion and therefore opening dates, plus there were some legal documents still to be completed. It was suggested and agreed that there be a further discussion with the Deputy Principal and Chief Executive. Action: Director of Finance.

There was a discussion about risk management training. It was proposed to schedule this for both SMT and the committee next term. A date would be agreed as this would be outside of a committee meeting. Action: Director of Finance.

Resolved that:

- **The Risk Management Policy be approved.**
- **The Risk Management Annual Report be forwarded to the Board of Governors.**

13/25 AUDIT COMMITTEE ANNUAL REPORT (ITEM 10)

The Head of Governance presented the report and noted that it formed part of the assurances provided by the Committee in relation to the College's audit arrangements, its framework for governance, risk management and control processes. It would be forwarded to the Board for review alongside the financial statements for approval.

The report provided a summary of the work undertaken by the committee in 2023/24, and the reports received from the internal and external auditors, as well as members of the college management team.

The overall opinion of the report was that the College's audit arrangements and its framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets were adequate and effective.

Resolved:

That the Audit Committee Annual Report be recommended for Board approval.

14/25 ANNUAL REPORT ON FRAUD AND WHISTLEBLOWING (ITEM 11)

The Head of Governance presented the report and highlighted that there had been no instances of fraud, bribery, corruption or whistleblowing during the 2023/24 academic year.

15/25 POLICIES FOR REVIEW (ITEM 12)

The following Counter Fraud Strategy had been reviewed as required. There were no significant as there had been no changes to legislation in these areas.

Resolved:

That the Counter Fraud Strategy was approved.

16/25 CURRICULUM PLANNING DEEP DIVE (ITEM 14)

The Director of Finance had covered curriculum planning as part of Item 12/25 above and there was nothing further to add.

17/25 CONFIDENTIALITY

There were no items to be withheld from public access.

18/25 DATE AND TIME OF NEXT MEETING

Wednesday 26 March 2025 at 5pm.