

**MEETING OF**            **AUDIT COMMITTEE**  
**TIME/DATE**            **5.00pm, Wednesday 4<sup>th</sup> March 2020**  
**VENUE**                    **Gateway Boardroom, Parson’s Walk, Wigan Campus**

**ATTENDANCE:**

Committee Members	Kath Causey (Chair) Gill Edwards Susan Loudon <i>David McDonald</i>
External Co-opted Member	Pauline Hunter
Clerk Finance Director Vice Principal, Corporate Services Assistant Principal IT, MIS and Subcontracting	Robert Smith Steve Scott Louise Brown Dave Harrison
Internal Auditor (ICCA)	Helen Culshaw

*Italics denotes absence*

**MINUTES**

Item	The meeting opened at 5.00pm and was quorate with at least 2 members present.	
1	A/20/03/01	<b>CONSULTATION WITH AUDITORS</b>  Members and the Internal Auditor met for initial discussions in the absence of the Executive Team and the Clerk.
2	A/20/03/02	<b>APOLOGIES</b>  An apology for absence was received from David McDonald. It was also noted that Helen Culshaw was in attendance for the Internal Auditors as Jonathan Creed was unavailable.
3	A/20/03/03	<b>DECLARATIONS OF INTEREST</b>  There were no declarations of interest.
4	A/20/03/04	<b>MINUTES OF THE MEETING HELD ON 20<sup>th</sup> NOVEMBER 2019</b>  The minutes were approved as an accurate record of the meeting and for signature by the Chair.
5	A/20/03/05	<b>MATTERS ARISING</b>  The Clerk advised that all matters on the committee’s Action Sheet were now complete.
6	A/20/03/06	<b>INTERNAL AUDIT PROGRESS REPORT</b>  The Internal Auditor provided a summary of internal audit activity to date for the 2019/20 cycle of activity. It was noted that audits had been completed for the following areas of activity:

- Capital Projects Management
- Key Financial Controls
- External Assurance of Sub-contracting Controls (see separate agenda item)

The auditor explained that the latter of these reports would be covered under the subsequent agenda item and outlined the findings for the remaining two audit reports. She explained that the Capital Projects Management audit had involved a high-level review of the governance, procurement and project management arrangements for the Pagefield Centre development, including tender processes, project approval arrangements and budget management. Members were pleased to learn that the audit had found substantial levels of assurance and that the report contained no recommendations for improvement.

The Co-opted Member sought clarification on the tender scoring for the selection of a main contractor for the development and highlighted a significantly lower cost in relation to one of the companies not selected. The Vice Principal provided additional information on this matter and it was noted that some costs had not been included in the lower tender and that additional costs would have been added as a result. They also noted a number of additional concerns in relation to this tender that led to an overall reduction in the tender score. The Chair commented that there had been significant involvement of the Board in the planning and approval stages, as well as continuous updates on progress and a tour of facilities on completion.

The auditor also provided a summary of the findings of the Key Financial Controls audit and it was noted that this had resulted in three recommendations, although the overall assurance level was substantial.

The first recommendation was advisory only and related to financial systems. The auditor explained that many processes remained paper-based and that current electronic systems appeared to replicate earlier paper systems, rather than taking the opportunity to increase efficiency and effectiveness and remove the labour-intensive nature of many of the tasks within the Finance Team. Members noted that improving efficiency within electronic systems could free up human resource within the team to enable greater support of college budget holders to help improve the ways in which budget planning and monitoring is delivered. The Finance Director commented that the last two years had been focused on delivering improvements in process compliance within the team and that the overall 'substantial assurance' of the audit indicated this had been successful. However, he also agreed that, having delivered these improvements, there was now an opportunity to carry out an in-depth review of the teams functions, with a view to introducing system efficiencies and freeing up additional time to support budget holders.

The Chair asked whether the auditor was aware of particular electronic financial systems that worked well in the FE sector and had delivered these types of improvements for other colleges. The auditor agreed to ask Jonathan Creed to report back on this matter at the next meeting.

**Action: Auditor**

Members asked whether the scale of change envisaged would require a full tender process and the production of a full business case for approval. The Vice Principal explained that the college would use the same approach for this project as the one used to deliver iTrent, the electronic system for human resources management. It was also noted that the requirements for financial approval were detailed within the Financial Regulations and that appropriate procurement and approval arrangements would be adopted, depending on the expected value of the project.

The second recommendation related to the rationalisation of supplier lists. The auditor explained that the college had a very long list of suppliers within the financial system and did not appear to have a focused 'preferred supplier' approach to increase buying power and value for money. It was noted that a high proportion of the suppliers within the system

had no transactions recorded within the previous twelve months. The auditor suggested that it may be helpful to rationalise the list and also consider the adoption of a preferred supplier approach.

The Finance Director explained that, when suppliers had not been used for a significant period of time, they were 'stopped' within the system but remained on the overall supplier list because removing them completely would also remove the transaction history. Members acknowledged that in these circumstances it would not be appropriate to delete suppliers from the system and expressed concerns that the explanation given was not reflected within the report. The Chair commented that it was important that audit reports are fully considered by both auditors and managers to ensure that findings presented to the committee are accurate and include explanations where relevant. The auditor responded that such a review process was already in place and that challenges from managers were always welcomed if this would result in a more accurate and relevant final report. The auditor also agreed to ask Jonathan Creed to consider whether the explanation regarding supplier transaction history discussed at this meeting should result in the audit report being amended

**Action: Auditor**

The Finance Director explained that, despite system requirements preventing a wholesale deletion of suppliers, there was still an opportunity to deliver improvements through the auditor's recommendation. It was noted that a review would be carried out to develop improved focus on delivering value for money and preventing unnecessary use of multiple suppliers. It was also noted that this review would provide a balance between supporting Wigan Council initiatives to support local suppliers with delivering overall value for money for the college. Members asked whether there was a typical benchmark for the number of suppliers used by colleges or whether the auditor was able to advise whether the college's list of suppliers appeared excessive in terms of numbers when compared to colleges with a similar make up of provision. The auditor agreed to ask Jonathan Creed to report back on this matter at the next meeting.

**Action: Auditor**

Members also asked whether multiple purchases with suppliers were being monitored to check whether overall values might trigger Public Contract Regulations. The Finance Director explained that overall values were monitored by the Finance Team and that larger contract values were subject to frameworks and tenders to ensure that relevant regulations were met. The Co-opted Member commented that maintaining an excessive list of suppliers would increase the risk of supplier fraud and asked whether this should mean that the audit priority should be increased from low to medium. Members discussed the implication of fraud risks and the Finance Director outlined the fraud prevention arrangements in place. It was agreed that the priority level could remain unchanged. It was also noted that the reason the report did not specifically investigate the potential fraud implication was that this was not within the agreed scope of the audit.

The third recommendation related to aged debt analysis and had been rated as a medium priority. The auditor explained that the recommendation focused on debt over 90 days and was intended to prompt a review by management of whether older debt should be categorised as 'bad debt' or 'doubtful debt'. The Finance Director explained that an appropriate figure was included in the accounts for bad debt provision but not all relevant debts were then removed from the system as a management choice had been made to maintain the debt for further debt collection measures. It was also noted that some of the aged debt related to annual payments invoiced at the start of the year but due for payment in instalments throughout the year. The Chair asked that the committee be provided with further analysis on bad debt provision, how it was calculated and how aged debtors were managed, including comparisons with previous years. The Finance Director agreed to arrange this.

**Action: Finance Director**

**WIGAN AND LEIGH COLLEGE: GOVERNING BOARD**

		<p>The auditor reported that an additional audit was taking place in the current week relating to attendance, retention and intervention. It was noted that this audit was in the process of being finalised and was not due to be reported to the committee until the summer term.</p>
<b>7</b>	<b>A/20/03/07</b>	<p><b>SUB-CONTRACTING CONTROLS ASSURANCE AUDIT</b></p> <p>The Internal Auditor drew members' attention to the report on the Sub-Contracting Controls External Review audit and provided a summary of key findings. It was noted that the report included one recommendation relating to pre-approval of subcontracting values by the Governing Board. It was noted that approval had been given after the commencement of the current academic year and therefore subcontracted activity had commenced prior to approval in some cases. The Clerk advised that the Schedule of Business had been amended so that this matter would be reviewed earlier by the Board and that pre-approval could be secured.</p>
<b>8</b>	<b>A/20/03/08</b>	<p><b>AUDIT IMPLEMENTATION TRACKER</b></p> <p>The Clerk outlined outstanding audit actions and it was noted that six of the twelve actions within the report had now been fully implemented. He explained that the reason fully implemented actions remained on the tracker was in order to provide final confirmation to the committee that the actions had been addressed. It was noted that these actions would be removed from the report for the next committee meeting.</p> <p>It was also noted that five actions were not yet due for completion, including the three Key Financial Controls recommendations discussed under an earlier agenda item. Finally, it was noted that processes had been updated for the remaining action relating to due diligence of data sharing partners, but that the item would not be categorised as 'fully complete' until the first example of the new processes being implemented had occurred.</p>
<b>9</b>	<b>A/20/03/09</b>	<p><b>RISK REGISTER</b></p> <p>The Finance Director circulated an updated version of the risk register, which members noted now took into account the potential impacts of the current coronavirus (COVID 19) outbreak. Members discussed the register and noted those risks that had been increased in intensity as a result of the COVID 19 outbreak. The Finance Director provided a summary of the key potential impacts, including risks of learners not completing their programmes or achievement rates being negatively affected. He explained that this might be the result of students not attending college, staff being unavailable or a combination of both.</p> <p>The Chair asked for further information in relation to the mitigation action being put in place by the college. The Vice Principal explained that emergency planning arrangements had been amended and changes put in place, such as increased cleaning of higher risk areas, availability of hand cleaning gel and the development of plans for running systems off-site (including payroll and finance functions) should this become necessary. Members noted that many school trips had also been cancelled, either due to perceived risks or trip venues being closed. The Vice Principal explained that staff remained positive and had a good understanding of their role in supporting students in terms of following public health advice.</p> <p>Members asked whether the college was confident it had up to date and accurate contact details for staff and students to ensure effective communication during the outbreak. The</p>

**WIGAN AND LEIGH COLLEGE: GOVERNING BOARD**

		<p>Vice Principal responded that all students and staff had college email addresses and could be contacted even when away from college. She also advised that there were specific email and telephone groups for college managers to ensure that appropriate communication could be disseminated. Members also asked whether the college was concerned about not meeting its income targets. The Finance Director responded that these concerns were limited as most income was guaranteed. However, it was noted that staff and student absence could lead to the expected funding rules not being complied with. It was acknowledged that, should this be the case, it was likely that it would apply universally across all colleges within the sector.</p> <p>Members also discussed potential arrangements to maintain course delivery should the college be required to close. It was noted that online resources could be used to maintain delivery for a short period but maintaining delivery for longer periods would be challenging. The Vice Principal also gave an example of an apprentice's employer deciding not to allow on-site visitors and the way in which technology was being used to keep the apprentice engaged and to ensure that he remained on target.</p>
<b>10</b>	<b>A/20/03/10</b>	<b>ANNUAL ANTI-FRAUD REPORT</b>  The Director of Finance reported that the college had identified no instances of fraud during 2018/19 and explained that controls were in place to reduce the risk of fraud. He also explained that his report would normally include declarations of gifts and hospitality received by college managers and staff and valued at over £30. However, it was noted that no gifts or hospitality above this value had been declared during 208/19.
<b>11</b>	<b>A/20/03/11</b>	<b>ANY OTHER BUSINESS</b>  There was no further business.
		<b>DATE AND TIME OF NEXT MEETING</b> – 5pm Wednesday 10 <sup>th</sup> June 2020
		<b>The meeting closed at 6.50pm</b>