

## **GOVERNING BOARD 3 DECEMBER 2024**

### **ANNUAL REPORT OF THE AUDIT COMMITTEE 2023-24**

#### **1. Purpose of Report**

- 1.1 To advise the Governing Board on the adequacy and effectiveness of the College's systems of internal control, data quality and its arrangements for risk management and governance processes.

#### **2. Background**

- 2.1 This report relates to the Audit Committee's activities covering the period 1 August 2023 to 31 July 2024.
- 2.2 Audit Committee members during this period were Kath Causey (Chair) Susan Snape (Vice Chair), Hayley Mercer, Tom Mooney (until 6 October 2023), Caroline Elwood (from 5 December 2023), Sarah Smith and Jo Toner (Co-opted Members).
- 2.3 The Clerk to the Committee for the period was the Director of Governance, Joanne Platt. The College's Internal Auditors were represented at all meetings of the Committee.
- 2.4 The Audit Committee met four times during the year (on 2 October 2023, 8 November 2023, 14 February 2024 and 22 May 2024). All meetings were quorate.
- 2.5 The Chair and Vice Chair and one of the Co-opted Governors (Sarah Smith) attended all meetings of the Committee. Hayley Mercer and Jo Toner (Co-opted Governor) attended three of the four meetings. Tom Mooney didn't attend any meetings and resigned as a Governor after the first meeting. Caroline Elwood attended two meetings (all of those held after her appointment as a Governor).

#### **3. Introduction**

- 3.1 The Post-16 Audit Code of Practice focuses on mandatory audit requirements and puts the onus on colleges to manage risk by reviewing all controls and sources of assurance available for consideration by the Audit Committee. It also provides a framework for audit as follows:

**Internal Audit** – use of an independent Internal Audit provider ceased to be a mandatory audit requirement in 2014 but the College has continued this practice, to provide a regular and ongoing framework of audits of college systems, including financial practices and compliance with statutory and contractual requirements.

**Regularity Audit** – this is required for an audit opinion covering the regularity and propriety of the College’s spending and other relevant activity. The audit is undertaken by the Financial Statements Auditors. The audit opinion is reported to the Education & Skills Funding Agency (ESFA) and the Governing Board (via the Audit Committee) through a tri-partite agreement.

**Financial Statements Audit** – this is required to provide the ESFA, the Governing Board and members of the public with assurances in relation to the annual financial statements.

#### **4. Internal Audit Service (TIAA)**

4.1 The key approaches adopted by the internal auditor are as follows:

- Considering the risks that have been identified by management associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing risk and control tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine whether controls have operated as expected during the period

4.2 Audit subject-matter is proposed through an Internal Audit Plan, which is considered by the Audit Committee and approved by the Governing Board. This plan is flexible and the areas chosen are also dependent on the challenges that evolve over the year. When this happens, the Committee discusses changes it would like to see with the Internal Auditors and subsequently seeks Governing Board approval to any agreed changes. For example, in 2023-24, the plan was changed to include a review of the College’s response to capacity planning, to provide assurance to the Committee that the plans in place were robust and adequate to respond to growth.

Six areas were reviewed during the year 2023-24 as follows:

- Health and Safety
- Cyber Security
- Creditor Payments and Procurement
- ESFA Mock Funding Audit / Learner Numbers
- Safeguarding
- Capacity Planning

In addition to these areas, a follow up of previous internal audit recommendations was also undertaken.

The Internal Auditor reported that the design and effectiveness of controls had been found to provide 'substantial' overall assurance for four of the six reported audits. Two more were given a 'reasonable' assurance rating. These were for Cyber Security and Creditor Payments and Procurement.

The Auditor reported to the Committee that the Follow-Up Audit concluded that all of the recommendations identified in the previous year's audit cycle had been addressed and fully implemented.

The Internal Audit Annual Report for 2023-24 states:

*TIAA is satisfied that, for the areas reviewed during the year, Wigan and Leigh College has reasonable and effective risk management, control and governance processes in place.*

*This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Wigan and Leigh College from its various sources of assurance.*

*TIAA carried out six reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Wigan and Leigh College's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided.*

*The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss*

*and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.*

*There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance.'*

*There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.'*

- 4.4 In June 2024, TIAA's performance for services delivered in 2023-24 were reviewed against agreed performance criteria and it was confirmed that all key performance indicators had been achieved.

## **5. Regularity Audit (Wylie & Bisset)**

- 5.1 Wylie & Bisset undertook this audit during October and November 2024. The outcome was reported to the Audit Committee on 6 November 2024 and no issues of concern were identified.

The Regularity Audit Report states:

*'We are pleased to record that there are no anticipated qualifications in our regularity assurance opinion for the year ended 31 July 2024. In accordance with the Post 16 Audit Code of Practice issued by the Education Skills Funding Agency (ESFA) this work focuses on the regularity and propriety of the college's income and expenditure.'*

## **6. Financial Statements Audit (Wylie Bisset)**

- 6.1 Wylie & Bisset was engaged to complete this audit having been re-appointed as the College's Financial Statements' Auditors in March 2024, following a tendering exercise. The engagement represents a tri-partite agreement between Wylie & Bisset, the ESFA and the College. The Main purpose of this activity is for the auditor to consider whether:

- The financial statements of the College give a true and fair view, in accordance with UK Generally Accepted Accounting Practice ('UK GAAP'), of the state of affairs of the College as at 31 July 2024 and of its results for the year then ended;

- The financial statements have been properly prepared in accordance with recommended practice and accounts directions; and
- The expenditure disbursed and income received during the year ended 31 July 2024 has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

6.2 The Committee has received the Audit Findings Report setting out the results of the audit of the College's 2023-24 financial statements. No issues of concern were identified.

6.3 In March 2024, as part of the tendering process, Wylie & Bisset's performance of its services were reviewed against agreed performance criteria and they were re-appointed as auditors by the Governing Board.

6.4 The Financial Statements Auditor's report states:

*'We are pleased to record that there are no anticipated qualifications in our audit opinion on the College's accounts for the year ended 31 July 2024, as in our opinion, the financial statements give a true and fair view of the College's financial position and the income and expenditure and have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in accordance with the requirements of the Further and Higher Education Act 1992 and directions made thereunder by the Education and Skills Funding Agency. We are satisfied that funds received have been applied for their intended purpose.'*

*'The College's forecasts and financial projections indicate that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements. As auditors we are satisfied following review of the forecasts and financial projections that the Board of Governor's assessment of the going concern basis of preparation is appropriate.'*

6.5 On the basis of the audited Financial Statements, the Audit Committee considers that the College has adequate resources to continue its operations for the foreseeable future and can continue to adopt a 'going concern' basis in the presentation of these statements.

## **7. Monitoring of Risk Management**

- 7.1 The Committee has monitored risk management throughout the year and considered termly updates of the risk registers.

## **8. Audit Implementation Tracker**

- 8.1 The Committee continued to monitor agreed audit actions via a termly Audit Implementation Tracker. This document tracks recommendations from all audit sources and provides confirmation to the Audit Committee when expected actions have been implemented.

## **10. Terms of Reference for the Committee**

- 10.1 The Audit Committee operates under delegated authority from the Governing Board and the Committee's responsibilities are detailed within its Terms of Reference, which are directly approved by the Board. These were last reviewed in November 2021 and approved by the Governing Board at its meeting on 7 December 2021. A change to the quorum of the Committee (on the recommendation of the Search and Governance Committee) was approved by the Governing Board at its meeting on 4 July 2023.

## **11. Fraud, Irregularity, Impropriety and Whistleblowing**

- 11.1 The Audit Committee has delegated authority from the Governing Board to receive an annual report on incidents of fraud. No incidents of fraud were identified in 2023-24.
- 11.2 The Audit Committee ensures that a Register of Interests for all Governing Board members and senior managers is produced. This is maintained by the Director of Governance and is made available for inspection.
- 11.3 The Audit Committee receives reports on gifts and hospitality. An Anti-Bribery Policy is also included in the College's Financial Regulations.
- 11.4 The Audit Committee has delegated authority from the Governing Board to review the College's Whistleblowing Policy and to submit this for approval by the Governing Board. This policy was last reviewed by the Committee in February 2024 and approved by the Governing Board in March 2024 on the recommendation of the Committee.

**12. Audit Committee Conclusions**

- 12.1 The Audit Committee concludes that the Governing Board has an adequate and effective assurance framework and that the Governing Board has fulfilled its statutory and regulatory responsibilities. These governance, risk management and control processes support the effective and efficient use of resources, the solvency of the College and the safeguarding of its assets. On this basis, the Committee is also able to conclude that this framework is adequate to permit the Chair of the Governing Board and Accountable Officer to sign the Statement of Corporate Governance and Internal Control, the Statement of Regularity, Propriety and Compliance and the Statement of Responsibility of the Members of the Corporation within the Financial Statements as required.
- 12.2 The Audit Committee is satisfied that the College’s Executive Team has provided appropriate reports to its committees and the Governing Board, including sufficient detail to enable effective governance. The Committee is also satisfied that effective arrangements are in place for the management and quality assurance of data and that the Executive Team has provided accurate and high-quality data to enable the Governing Board and its committees to effectively challenge performance. In addition, the Committee has received a summary of assurance mechanisms available to provide assurance to the Governing Board in relation to its key data controls.
- 12.3 The Audit Committee is satisfied that both the Internal Auditors (TIAA) and the Financial Statements Auditors (Wylie Bisset) have shown to be effective in their respective roles during 2023-24.
- 12.4 The Audit Committee is satisfied that the Committee itself has operated in an effective manner, has the requisite skills amongst its membership and has met the requirements of its Terms of Reference and the College’s Instrument and Articles of Government. The Committee has also satisfied the procedural requirements set out in the Post-16 Audit Code of Practice and the Financial Memorandum.

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**Kath Causey, Chair of Audit Committee**  
**6 November 2024**