

**College of West Anglia
Minutes of the
Audit Committee
22 November 2023
9.30am
Meeting Room, Principal's Suite**

Present	Ray Harding Dave Clark Seb Ivanov Sharon Edwards	Governor (Chair) Governor Governor Co-opted Governor
Attending	Leisyen Cox Claire Sutherland Paul Harrison Kerry Heathcote Jenn Quaif Rob Petto Mandy Lakey Ria Steventon Jules Bridges	Scrutton Bland RSM UK Audit LLP Vice Principal Corporate Services Deputy CEO and Vice Principal Curriculum and Quality Head of Finance Assistant Principal Funding and Performance Employer Engagement Systems Implementation Manager Head of Learning Improvement Head of Governance

No.	Action
<p>1 Committee Members' briefing with Auditors A confidential discussion was held prior to management attendance.</p>	
<p>2 Apologies for absence Apologies for absence were received from Mark Eastwood. Paul Goodard of Scrutton Bland and Lauren England of RSM UK Audit LLP also passed on their apologies for absence.</p>	
<p>3 Declaration of interests There were no items of interest declared.</p>	
<p>4 Election of Vice Chair The committee nominated and appointed Dave Clark as Vice Chair of the committee.</p>	
<p>5 Minutes of the meetings held on 28 June 2023 The minutes of the meeting held on 28 June 2023 were reviewed and agreed as being an accurate record.</p> <p>Minutes if the Confidential meeting held on 28 June 2023 The confidential minutes of the meeting held on 28 June 2023 were reviewed and agreed as being an accurate record.</p>	
<p>6 Matters Arising The progress against the outstanding matters from previous meetings was summarised in the report. There were no items to carry forward.</p> <p>It was noted that the new finance system task and finish group meeting has been postponed. Little progress has been made but a meeting of the group will be convened for January 2024.</p> <p>The completed items are to be removed from the table.</p>	<p>HoG</p> <p>HoG</p>

7 Risk and Assurance Progress Report

The report details the internal audit work planned for the year with one area already completed. The remainder of the work will be completed over the coming months and reported back the committee at the meetings scheduled in March 2024 and June 2024. Governors asked if additional work could be scheduled in year if required and it was confirmed that the plan can be adjusted to pick up any emerging issues that may need an audit focus.

8 Internal Audit Reports

(1) IR35

The objective of the audit was to provide assurance of the robustness of the college's hiring processes around the identification of employees who fall in or out of scope of IR35 legislation. Overall, the audit work concluded a level of significant assurance (green) providing two low category recommendations.

The first recommendation relates to implementing a process to ensure that all relevant staff receive annual training regarding IR35s to ensure that staff are up to date with changes in legislation. The second recommendation advised that the college includes and updates a column in the CEST tracker to note the date that an individual's status changes from self-employed to employed. The recommendations have been accepted by management.

For clarification a governor queried the added value point in the report, and it was confirmed that this had been advised to ensure that continuous review and awareness of legislative changes was embedded in the tracker. This would ensure that not only the tracker was kept up to date but those using it would be alert to legislative changes and could accommodate these in process.

(2) Single Central Record

The objective of the audit was to review the mechanisms in place to ensure that a robust, up to date and compliant Single Central Record (SCR) is maintained. As this was a focused review an assurance opinion had not been assigned but one advisory medium category recommendation had been made.

The audit review concluded that the SCR is capturing everything that it needs to but some gaps in data had been found. Due to the number of gaps the advisory recommendation made was to capture the information and complete the record. The management response received is positive and confirms that gaps are minimising daily as the team continues to go through the SCR. Governors asked if there is any assurance that more gaps will not emerge. The HR team has moved from a manual administration of the record to a more electronic approach to ensure that entries are made at the point of receipt and not held in a pending tray waiting to be entered so there is confidence that the maintenance and upkeep of the record is being appropriately managed.

The committee recognised the importance of the record and scrutiny at Ofsted inspection and asked how governors know that the record at any given time is as complete as it can be. The VPCS mentioned that the Principal/CEO and he often review the record themselves and where there are gaps in records these can be justified.

Noting in the report that best practice guidance recommends renewing DBS checks every three to five years governors asked what the college's policy was in the regard. The VPCS will investigate and report back.

VPCS

(3) Subcontracting Standard

The objective of this audit was to undertake an independent review of the college's compliance with the new ESFA subcontracting reporting requirements, aligned with the ESFA's subcontracting rules post-16 funding 2022 to 2023.

It was reported that the compliance status of the report shows a number of partially compliant areas but only two recommendations made as they cover more than one partially compliant area for improvement. The first recommendation was for the college to update its partnership agreement to include mandatory clauses, the second recommendation was around contingency plans for all subcontractors if a partner failed to deliver, or the contract was not fulfilled. It was noted that the contractual changes came into effect in 2022/23 so many of the changes were not known at the time partnership agreements were drafted and this appears to be a common finding in the sector.

It was noted that this audit was not a funding audit but was a review of the college's management of subcontracted arrangements. The report was submitted to the ESFA by the 31 July 2023 deadline and the outcome from the ESFA on whether the college meets the standards or not is yet to be received.

Confidential item under Instrument 17(2) of the Instrument and Articles of Government

Noting that the recommendation for contingency plans had a due date in the report of October 2023 the Chair asked if these are now in place. This is unknown and it is suspected that the college is waiting for the outcome from the ESFA as to whether it has met the standard. The VPCS will chase for an update on progress from the team and will report back to the committee.

VPCS

9 Progress on Implementing Agreed Audit Actions

The report included an update against each recommendation arising from both internal and external audits.

It was noted that the Single Central Record and Subcontracting Standards recommendations are to be added to the tracker report.

HoF

The HoF highlighted item 15 in the report around 'related parties controls' as the recommendation was not to net off debtors and creditors so this hasn't been done this year in the financial statements but one observation that has fallen out of this is how the college can verify that the disclosure of a related party does exist. External Auditors suggested cross checking with Companies House or the Charity Commission for example to see if published information tallies with the disclosure. External auditors also have one recommendation in their findings report around the frequency of updating the register of interests which the HoG will review and act on. It was noted that the deadline date for September 2023 therefore for this recommendation needed a later deadline date that the HoF will adjust.

HoG

HoF

Regarding item 3 the deadline date of September 2023 will be moved to a later date recognising that a reconciliation of the IT asset register with the asset register held by the Finance Team is still to be completed.

HoF

The VPCS commented that there is no appetite to introduce faculty level/operational risk registers. This has been removed from the college's risk management strategy and therefore item 1 will be removed from the tracker report.

HoF

A governor questioned why item 9 is flagged as overdue (red) when the management update suggests this is being managed. The HoF said that the recommendation was to look at every variance, but it was agreed that this item could be removed as finance processes to red flag all adverse variances was sufficient.

HoF

Regarding item 4 'Budgetary Control' due by June 2023 has been delayed due to time constraints and no update made in the report the committee was interested to know when this would be completed. The HoF confirmed that it is anticipated this would be in the new year. The deadline date will be adjusted to reflect this timeframe.

HoF

Finally, governors questioned why item 10 'Bank reconciliation control – unreconciled items' had not been completed. The HoF confirmed that processes are in place around bank reconciliation but there is an obstacle around credit card payments and processing supplier payments with Amazon. Efficiencies in the process are still to be found so this will remain in progress in the report.

The committee **agreed** to remove items 1, 6, 9, 18, 22, 24, 25 and 26 from the tracker report acknowledging and accepting that these are now proven as complete.

R Petto, M Lakey, and R Steventon joined the meeting at 10.30am

10 Funding Assurance Report (including audit update)

The APF&P reported that wrap up meetings were held last week with both PwC, and RSM. PwC have since asked for some additional evidence around funding model 36 which is apprenticeships, loans and DSATs and this is being uploaded. Currently there is nothing coming out as significant with PwC in terms of funding issues but because final conclusions of enquiries are not known this cannot be absolutely confirmed.

There are four potential funding issues raised by RSM. One is associated with off the job evidence which could extrapolate out to £281K funding risk but this has now been cleared. The second was around a maths and English payment but this has been challenged as the claim was corrected in 2021/22 and no funding claimed in 2023. The third issue related to ALS learner evidence which when extrapolated out could be a £20K funding risk but this is expected to be cleared. Finally, the fourth issue was around the timeliness of a withdrawal. The last known attendance of the learner was in March but in June was still an active learner when the files were handed to auditors. This was corrected before it was identified by auditors and the last date of engagement entered for this withdrawal.

The committee wondered if the same issues were found from both audits, but this was not the case. The audits were undertaken for different purposes and therefore look for different things. RSM are looking for materiality misstatements, the full funding audit by PwC is looking for compliance against funding rules. An external consultant has also helped and support the college and there is confidence that no funding adjustment is likely, and no breach made of the materiality threshold.

In summary the college has found itself in this position as the funding methodology is so complex and there is ambiguity in the application of the rules. Some legacy issues to resolve go back several years and funding rules have changed and have changed a number of times. RSM concurred that there are always issues found on apprenticeships as the funding rules are so complex, so it is not usual that college's find themselves with issues raised and, in some cases, significant funding adjustments.

R Petto, M Lakey, R Steventon and J Quaif left the meeting at 10.45am

11 External Audit

1 Draft Annual Members' Report and consolidated Financial Statements (including Regularity opinion to 31 July 2023)

The auditors' findings report is still to be finalised as some sample testing is still to be completed and some resolutions of issues to be reflected in the final report.

In terms of the potential adjustments to the financial statements the biggest adjustment will be around the removal of the pension asset. There is likely to be an asset ceiling and other colleges are recognising the asset at the lower of the accounting valuation or an asset ceiling determined by the actuary, and these are being taken as zero.

There is also one potential adjustment at college level only regarding an impairment of the investment in CWA Enterprises Ltd. The carrying value of the investment in the balance sheet of the college is more than the net asset of that subsidiary by £371K. For the purposes of the statutory audit, auditors will be able to conclude that this is not material in the context of the college balance sheet.

As mentioned above there are some internal control recommendations around funding, finance systems, bank reconciliations, and the nominal ledger. From the point of view of the financial statements, auditors were confident that the work had been done to find the materiality issues. There are new disclosures to be made in the accounts around the ONS reclassification. The VPCS highlighted one disclosure that has never been made in the past around the performance of paying invoices within the 30-day limit which after first testing needs to improve.

Governors asked if additional costs would be charged for the audit work and auditors confirmed that this will be the case but will keep costs fair. The Chair asked for assurance that the experience this year will not replicate in future years. There is confidence that the team has capacity and stability so improvement in process can be achieved. The committee asked to see the lessons learned from the debrief meeting between the college and the auditors. It was further noted that a special meeting of the committee will need to be convened to receive and consider the draft annual members' report, consolidated financial statements, audit highlights memorandum and management letter, and letter of representation ahead of the Corporation meeting to be held on 6 December 2023.

VPCS

HoG

2 Audit Highlights memorandum and management letter to 31 July 2023

The committee will consider the audit highlights memorandum and management letter to 31 July 2023 at the special meeting to be convened ahead of the Corporation meeting to be held on 6 December 2023.

HoG

3 Draft letter of representation

The committee will consider the draft letter of representation at the special meeting to be convened ahead of the Corporation meeting to be held on 6 December 2023.

The meeting was postponed for a short break at 11.00am and resumed at 11.10am. J Quaif rejoined the meeting

12 Risk and Internal Controls Update

ESFA requested some information ahead of arranging for a surveyor to visit site concerning the existence, or not, of RAAC.

The college is yet to be advised if the retrospective DfE approval of the settlement payment made under the requirements of managing public money has been granted. It is anticipated that common sense will prevail.

An issue has emerged around the LRC loan of laptops to disadvantaged students as there are approximately 30 devices still to be recovered from former students. Those that have not been reclaimed have been disabled rendering them useless but unless recovered there are some current students therefore that cannot be provided with essential equipment.

The committee was informed about escalating behavioural issues at the Wisbech campus. These are being managed by enhanced lanyard checks, restricted access for students who are not timetabled to be in college, and more duty managers on site. There are some young people accessing the site that are not students and some evidence that lanyards are being swapped to gain access. The increase in student numbers and particular cohorts not mixing well or respecting each other are the main cause. There have been reports of students with knives, but no evidence found and low-level issues that potentially can escalate absorbing staff time to investigate and resolve.

13 Risk Management Strategy and Risk Register Review

The focus of the strategy is around strategic management of risk and governors commented that the document was a reasonable and proportionate assessment of the college's approach.

In terms of the risk register the VPCS reported that there has been little risk movement since the register was considered and received by the Corporation in October 2023.

Governors questioned risks 3, 11, 13, and 16. The residual score (risk 3) of 16 will be reduced given that there is no longer an apprenticeship funding risk. The residual score (risk 11) of 6 has been determined by the Safeguarding Oversight Committee. The residual score (risk 13) of 6 will be reviewed given the current behavioural issues reported at the Wisbech campus. The residual score (risk 16) of 9 remains appropriate as an HE course failed to start due to HEI delays and failure to recruit an examiner, so the programme had to be pulled despite good recruitment. Collaborative work with the OU will improve this area of risk.

VPCS

VPCS

14 Board Assurance Map

The committee received a new prototype and visual analysis of the assurances in place to manage the strategic risks. The map highlights the ONS reclassification and notification needed regarding the settlement payment made, and the issues discussed above around apprenticeship processing which both remain areas where further assurances would strengthen the management of these risks.

After discussion and debate it was acknowledged and agreed that the committee will keep scrutiny of apprenticeship processing on their agenda. The funding concerns have been resolved but apprenticeship processing remains a priority area for improvement.

15 GDPR/DPO Report

The report from the outsourced DPO, through GDPR Sentry confirms a positive GDPR culture across the college. Some recommendations were advised around the settings of the 'Inventory Portal' used to process visitors and some privacy screens will be instated around some accessible PCs to restrict visibility of potentially sensitive data. It was noted that the HoG takes responsibility for the management and oversight of GDPR in the new year.

16 Self-Assessment Questionnaire

The regularity self-assessment questionnaire has been populated and supports the disclosures in the accounts and is to be submitted to the ESFA. External Auditors noted that the cover report to the committee (paragraph 2) states that 'in CWA's draft statements for 2022/23 the Corporation confirms that "no instances of material irregularity, impropriety or funding non-compliance have been discovered to date" but this cannot be stated here. A form of words will be agreed between the VPCS and auditors.

VPCS

Regarding the section on anti-corruption the Chair highlighted that the response confirms that the college's anti-fraud policy includes the requirements of the Bribery Act 2010 but there is no policy on training in this area. The VPCS confirmed that the finance team have regular training and the bank are good at releasing training on phishing and scams. The college could look to deploy this wider although staff are regularly alerted by IT to be vigilant around emails, scams, and suspect content. After resolving questions around safer recruitment training and the frequency of whistleblowing reports the committee was content to **recommend** the assessment to the corporation for approval at the meeting to be held on 6 December 2023.

VPCS

17	Annual Report of the Audit Committee 2022/23	Governors asked that the dates are added for the resignation of Kay Driver and the date that Michael Andrews term of office completed. It was also noted that any reference to RSM UK LLP in the report should be referenced as RSM UK Audit LLP.	HoG
		Once the audit opinion of RSM UK Audit LLP has been received and the financial statements finalised the annual report of the committee can be presented again at the special meeting to be convened ahead of the Corporation meeting to be held on 6 December 2023 for the committee to consider and recommend to the Board.	
18	Schedule of Matters Reserved	On the back of the scheme of delegation created in response to meeting the requirements of the AoC Code of Good Governance (September 2021) the schedule of matters reserved has been developed to identify other matters required of the corporation under legislation such as managing public money, senior pay controls, the Instrument and Articles of Government, conditions of funding, CWA Financial Regulations etc.	
		In the scheme of delegation, a governor noted that the Principal/CEO is delegated to approve expenditure up to £250K but queried if this was permitted under managing public money. The VPCS confirmed that managing public money concerns borrowing and it was recognised that the Financial Regulations are to be scrutinised against the new schedule as it suggests that the college can approve borrowing in excess of £1.5m.	VPCS
		Subject to resolving this item. The committee resolved to recommend the schedule of matters reserved to the corporation at the meeting to be held on 6 December 2023.	
		KHeathcote left the meeting temporarily at 11.50am and returned at 11.51am	
19	Review of contracts' register, waivers and debt write-offs	The report confirmed one contract waiver in relation to the urgency to resolve the faults on the air conditioning in the Tower Block.	
		The Chair had found 4 contracts in the list that had run beyond the end date. The VPCS will double check and ensure that current contracts are issued. The HoF will check the format of the report as it was noted that the contract detail had not pulled through on all lines.	VPCS HoF
20	Student Union Accounts 2022/23	The committee noted the reduced cash balance at the year end and acknowledged the proposal to close the Student Union account.	
21	Any other business	The committee agreed that an additional meeting should be scheduled in the year around mid-October so that the business items for November could be redistributed evenly across two meetings.	HoG
22	Chair's items for briefing to the corporation	<ul style="list-style-type: none"> • A special meeting of the committee is to be convened to consider the financial statements, auditors findings report, management letter and letter of representation. The Annual Report of the Audit committee is also to be finalised and considered ahead of the corporation meeting to be held on 6 December 2023. • Internal audits have been completed on IR35, the Single Central Record, and ESFA subcontracting standards. • PwC and RSM audit work is expected to conclude with no funding risk of clawback or breach of the materiality threshold. • Apprenticeships will remain a priority focus area for the committee. 	

- The committee was made aware of the behavioural issues at the Wisbech campus and how this is being managed.
- The risk management strategy has been updated and a new Board Assurance Map developed
- The report from the outsourced DPO, through GDPR Sentry confirms a positive GDPR culture across the college
- The schedule of matters reserved will be recommended to the Corporation for approval at the meeting to be held on 6 December 2023.
- The Student Union account is to close.

23 Date and time of next meeting

A Special meeting is to be convened ahead of the Corporation meeting to be held on 6 December 2023.

The next scheduled meeting of the committee is Wednesday, 13 March 2024 at 9.30am

Meeting ended at 12.00pm