

**The College of West Anglia  
Minutes of the  
Audit Committee  
25 March 2020  
9.30 am  
Remote Meeting – Microsoft Teams**

<b>Present</b>	Gill Rejzl	Governor (Chair)
	Mike Andrews	Governor
	Dave Clark	Governor
	Lucy Nethsingha	Governor
<b>Attending</b>	Paul Harrison	Vice Principal Corporate Services
	Andrew Foley	KPMG
	Charlotte Wilson	KPMG
	Stephen Halls	Clerk to the Corporation

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The Chair welcomed everybody to this “remote” meeting, this being the first meeting that Governors had held using audio/visual conferencing. The Clerk offered guidance on how to participate in the meeting using the technology.

*Paul Harrison left the meeting at 9.33 am*

**1 Committee Members’ Briefing with Auditors**

*See “Confidential Minutes – Restricted”*

*Paul Harrison re-joined the meeting at 9.36 am*

**2 Apologies for Absence**

Apologies for absence had been received from Rebecca Hamilton; Neil Harries, Head of Finance; Rob Petto, Head of Funding & Exams; Stephanie Beavis, KPMG.

**3 Declaration of Interests**

No interests were declared.

**4 Minutes of the previous meeting – 27 November 2020**

The minutes of the meeting held on 27 November 2020 were reviewed and agreed as an accurate record.

## 5 Matters Arising

Item 8, 14/6/19 – Financial Statements Auditor – Plan – KPMG reported again that they had no guidance at the present time on the requirements of the AoC’s Remuneration Code for Senior Postholders.

## 6 Review Progress on Implementing Past Approved Audit Actions

Item 1 – CRM System – Governors asked for further information to understand the rationale for the proposal to delete the recommendation to integrate the College’s two CRM systems. The Vice Principal Corporate Services explained the history of the two existing systems and the proposal to create one master CRM system for use across the College. Governors were concerned about the time taken in progressing this matter; the audit recommendation had been in place for 3 years. The Chair expressed to the meeting that a proposal for the removal of a recommendation without a clear and acceptable rationale for doing so, was not acceptable. The guidance from the Committee was that this recommendation was not removed and that the search for a solution should continue, or alternatively that assurance be provided that the action had been superseded by other activity and /or plans that would address this longstanding issue.

Item 6 – Safeguarding Training – this was a low priority action with a deadline of 30 June 2020. Governors were concerned that no update had been provided as to the progress being made and were therefore unsure as to whether the training would be completed for all staff on time. The Vice Principal Corporate Services reported that the audit on safeguarding had been very positive and advised the Committee that in this instance the lack of an update did not necessarily indicate that action was not being taken. The Chair asked that for future reports the “Progress” column explicitly detailed the progress being made on each recommendation.

**ACTION-VPCS/HoF**

The Chair raised the issue of safeguarding for students now working from home during this period of lockdown and that this needed to be managed appropriately. The Vice Principal reported that students were able to make contact with college counsellors and student support staff working remotely from home. This matter would be raised at the next meeting of the Chairs’ meeting group.

**ACTION-CHAIR/CLERK**

## 7 Funding Audit Report – May 2019

Andrew Foley, KPMG, introduced the report. The scope of the review was explained, noting that this was an internal report for the College only. Working with the College’s Head of Funding & Exams, a number of risks were discussed and various compliance checks were undertaken. In summary, 12 observations had been noted, 7 of which had been classed as high priority. Some of the observations were sector-wide issues and not just specific to the College. The auditor explained that if the audit had been requested by the ESFA, any errors found when reviewing the data would be corrected, along with any adjustments to the funding made as necessary.

Governors commented that a number of the observations derived from poor record keeping or data inputting. Governors noted that many of the observations were general issues across the sector rather than issues specific to the College. The auditor replied that on the whole, record keeping within the College was good, as was generally the case within most FE institutions. The auditor added that most errors tended to be found in returns made by HE institutions and private training providers. To reassure Governors, the auditor mentioned that in his opinion the College was ahead of others in its work with timetabled non-qualification activity, similarly, data for the

FM36 (apprenticeships) report was also considered to be good where, for both of these areas, there generally tended to be known compliance issues.

Governors noted the observations from the report and would require assurance from managers that these would be followed up in a timely fashion.

The Chair enquired about the lack of evidence as reported in a number of the observations. The auditor explained that a limited time was allowed for the audit and so only minimal data was reviewed; this was as per the guidance issued by the ESFA. Further, if the audit was a “live” audit reportable to the ESFA then further mitigating actions would be carried out.

The Chair reviewed the observations and recommendations matrix highlighting that the due dates against each item were historic. The Chair was concerned that it was now so long in the past that it would be difficult to gain assurance that actions had been completed without going through another audit process. The Vice Principal advised that previous audits, including those mandated by the ESFA had only ever resulted in minor adjustments being made to the data and funding claims and so there should be no major concerns. Also mentioned was the fact that funding rules changed so frequently within the sector that this caused further challenges.

The Chair was concerned that the topic of apprenticeships was noted within this report and that this area of college activity had been mentioned in other risk areas, such as with MIS reporting. Apprenticeship activity as a whole was a concern for the Committee.

The Committee was not assured by the outcome from this delayed report and would return to it at a later date. **ACTION-CLERK/VPCS**

Risks regarding apprenticeships would continue to be monitored. **ACTION-VPCS**

Governors noted their concerns that actions on previous audits tended not to be fully applied and that managers appeared not to buy into the recommendations, even though they had been agreed. The Chair again noted her concern that it was difficult to accept a report and to gain assurance from it when evidence had not been fully considered.

The Vice Principal accepted that historically managers agreed the recommendations with an auditor in order to finalise the report; operational priorities would then distract the manager from returning to the report to action the follow up required. For this particular report, the Vice Principal assured the committee that the respective managers had been following up on the actions agreed.

**The report was noted.**

*Andrew Foley left the meeting at 10.20 am*

## **8 Internal Control & Risk Management Procedure – Biennial Review**

The suggested changes to the procedures were reviewed. The Chair referred to page 3 of the policy which listed the responsibilities of managers and considered that there was evidence that managers, particularly at department level, did not fully engage with this process. In addition, there were aspects within the policy that did not triangulate with the processes actually taking place across the College.

Governors asked why paragraph 11.2 regarding internal controls had been removed. The Vice Principal explained that the current contract allowed Internal Auditors to focus only on financial

systems and did not allow for other areas of internal control to be assessed. Governors considered that this now allowed for a weakness in the sources of assurance on the effectiveness of controls, noting though that where necessary, other resources such as external consultants could be engaged to review systems when required.

The Vice Principal referred to the Process Overview Map on page 10 of the procedure and advised that he would include the process to engage external authorities/consultants to carry out audits or reviews as directed, with a reporting line to the Audit Committee. **ACTION-VPCL**

It was agreed that the procedure would be updated and brought back for a further review at the next meeting. **ACTION-VPCL**

*Lucy Nethsingha left the meeting at 10.29 am (technical issue)*

## **9 Risk & Internal Controls Update**

*This item was deemed “confidential.”*

*Lucy Nethsingha re-joined the meeting at 10.35 am*

## **10 Risk Register Review**

Risk 2018 (9b) Safeguarding – Governors commented on the need for staff to remain up-to-date with their training, as noted in the Safeguarding Audit and which was discussed earlier in item 6 – Review Progress on Implementing Past Approved Audit Actions.

Risk 2018 (1) Maintaining Quality in Teaching & Learning – the Chair asked for the Applewood Nursery to be separated out from this risk, as combining the regulatory risks relating to the college and nursery meant that the relative risk scoring was unclear. **ACTION-VPCL**

Risk 2018 (5) Apprenticeships – the residual risk had increased from 9 to 12 although it was not clear what had caused this increase. The Vice Principal would review this risk and advise. **ACTION-VPCL**

Risk 2018 (8) Reacting to External Factors – Governors felt there was a need to be more aware of changes happening within the sector, environment, location etc so that the College was able to react at a faster pace.

Risk 2020 (1) CITB – the comment says that this risk was not a current risk to the College. The Chair considered that the risk was current in that potential schemes were being discussed for the CITB site and asked for the comment to be updated accordingly. **ACTION-VPCL**

Risk 2020 (2) Impact of COVID-19 – it was considered that the score for this risk was too low and needed to be reviewed. The VPCL reported that this risk was indeed currently under review. **ACTION-VPCL**

In summarising, the Chair asked for the following to be included on future updates of the Risk Register:

- i. Dates against each risk to show when it was last reviewed

- ii. Dates against each risk for when it was next due for review
- iii. Comments to be fully completed, particularly when there had been an update
- iv. Target risk to be achieved for each item

**ACTION-VPCS**

**The updated Risk Register was noted.**

## **11 Proposed Assurance Framework**

This discussion document was reviewed by the Committee. This initial approach taken to the assurance framework was considered to be good. However, the report had been written at a high level and more detail would be required in the final document. With regard to the Assurance Map, the control RAG rating was helpful for highlighting areas to focus on. The responses in the “Improvement Actions” would need to be the actual actions to be taken, rather than general comments about the controls.

Governors briefly discussed again their concerns about managing the internal audit function in-house, rather than engaging an internal audit service, but accepted the financial reasons for taking that particular decision in 2019. Governors commented that Scrutton Bland could be engaged to provide additional assurance services when required.

Accepting current work pressure, the Vice Principal was asked to consider the comments offered by the Committee and re-submit the next document for review in the autumn 2020 term.

**ACTION-VPCL**

**The report was noted.**

## **12 Fraud: FE Sector Issue and CWA Issues/Concerns**

*This item was deemed “confidential.”*

## **13 CWA Publication Scheme (FOI) and Guidelines**

The Committee agreed that this was a clear and concise scheme.

Governors asked about the number of Freedom of Information requests received by the College. The Vice Principal Corporate Services advised that these were received on a regular basis and related mainly to commercial matters from potential suppliers. Many requests related to IT systems. The Vice Principal was frustrated by the time taken in having to complete such requests. Governors commented that the Information Commissioner’s Office had announced that it would be relaxing the deadlines for the return of information requests during the current coronavirus situation.

**The Committee approved the Publication Scheme (FOI).**

## **14 Governors/SMT Expenses - Annual Review**

The expenses for Governors, Senior Managers and the Clerk were reviewed for the previous 12-month period. Governors asked for assurance that all claims had been correctly authorised prior to payment. The Vice Principal reported that controls were in place in the Payroll and Finance Department to review claims, which were then subject to review by auditors.

**The report was noted.**

## **15 Terms of Office for Governors**

The Chair advised that it was necessary for the Committee to review proposals for the new terms of office for governors to be introduced at the request of the FE Commissioner. The Chairs' meeting group at its meeting on 4 March 2020 had considered it appropriate for the Audit Committee to review the proposals prior to making a recommendation to the Board. Whereas this matter would usually be managed by the Search & Governance Committee it was felt that there would be a conflict of interest as two members of that committee could be directly affected by the introduction of new terms of office.

Governors asked about the new terms for co-opted governors. The Clerk advised that the terms for governors and co-opted governors would be the same.

The Committee discussed the need to refresh the Board from time to time and the benefits of new skills and a differing perspective from new governors, accepting that continuity and the experience of longer serving governors also had benefits. The proposed stipulation that a governor would serve no more than 8 years seemed a sensible expectation. The increased turnover of governors would result in additional recruitment campaigns and could lead to vacancies on the Board. The Chair noted that this action would focus the Board to consider succession planning more carefully in the future particularly with regard to committee chairs, vice-chairs and the Corporation chair.

The Chair asked the Clerk to include guidance regarding a transition period for those governors who would be immediately affected by the introduction of the new terms. This addition to then be circulated to committee members for approval by email prior to the committee making its recommendation to the Board.

**ACTION-CLERK**

**The Committee agreed to recommend the terms of office for governors to the Board, subject to the transition period guidance being circulated and approved beforehand.**

## **16 Committee Performance, Terms of Reference and Future Business Agenda Plan**

The committee reviewed the committee review proforma as prepared by the Clerk and concluded that it provided a fair and accurate summary of the committee's performance during the past year. The Committee asked for the comments section in 1.a) to make particular mention of the additional work undertaken in focusing on the assurance framework and the risk register. Under section 1.f) the committee asked that it be noted that the audit plan recommendations only included those relating to finance and no other risks from the risk register. Further, in 1.n) it was requested to be noted that the Committee was currently in the process of reviewing the anti-fraud policy. The Clerk would make the 3 entries to the proforma.

**ACTION-CLERK**

The Terms of Reference were considered. The Clerk noted that item 1(e) had been removed in a previous version with subsequent section not being renumbered. The Clerk would renumber this section accordingly. No further changes were proposed.

**ACTION-CLERK**

No changes to the proposed future business agenda plan were required.

## **17 Any Other Business**

There were no items of other business.

## **18 Chair's items for briefing to Corporation**

- The Committee had a number of concerns regarding apprenticeships to be followed up in due course;
- The internal control & risk management procedure was reviewed and approved;
- Terms of office for governors were discussed and would be recommended to the Board for approval;
- There was a concern regarding the effectiveness of safeguarding and the potential for the number of incidents to increase during the current situation but assurance had been given that this continued to be dealt with effectively;
- Risk processes - noting that the risk appetite at department level appeared to be low;
- The Committee had taken particular care to address urgent issues and was mindful not to overburden managers with requests for non-urgent work at the current time;
- It was noted that this was the first meeting for governors using remote technology and was deemed to have been successful.

## **19 Date and time of next meeting**

Wednesday 24 June 2020 at 9.30 am

Charlotte Wilson, KPMG, thanked the Committee, noting that it had embraced the remote technology which had resulted in a very successful and effective meeting.

*Charlotte Wilson left the meeting at 11.27 am*

## **A1 Evaluation of Performance of Internal and External Auditors**

*This item was deemed "confidential."*

## **A2 Audit Plan 2020-21**

*This item was deemed "confidential."*

The Chair thanked everyone for attending and taking part in the remote meeting, noting that the Committee had been "trailblazers" for the Corporation in using remote technology for the first time.

**The meeting closed at 11.35 am**