

**The College of West Anglia  
Minutes of the  
Audit Committee  
23 June 2021  
9.30 am  
Remote Meeting – Microsoft Teams**

<b>Present</b>	Gill Rejzl	Governor (Chair)
	Mike Andrews	Governor
	Dave Clark	Governor
	Rebecca Hamilton	Governor
	Carolyn Rand	Governor
<b>Attending</b>	Paul Harrison	Vice Principal Corporate Services
	Virginia Grace	Head of Finance
	Rob Petto	Assistant Principal – Funding & Performance (part)
	Hayley Winter	RM Manager (part)
	Ash Earl	RM – Technical (part)
	Emma Larcombe	KPMG (part)
	Charlotte Wilson	KPMG
	Stephen Halls	Clerk to the Corporation

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## **1 Committee Members' Briefing with Auditors**

There were no updates from the Auditors.

*Paul Harrison and Virginia Grace joined the meeting at 9.33 am*

The Chair offered the Committee's congratulations to Mike Andrews who had recently been appointed as the managing partner of Stephenson Smart Accountants. The Chair noted the recent resignation of Lucy Nethsingha from the Committee (and the Board) following her appointment as Leader of Cambridgeshire County Council and gave thanks for her contribution to the Committee. The Chair advised that Rob Petto, Assistant Principal and members from RM, the College's IT managed service provider would be attending for Item 6 – Cyber Security. The Chair also advised that Items 9 and 10 on the agenda would be taken after Item 6 as these both also included input from Rob Petto.

## **2 Apologies for Absence**

There were no apologies for absence received.

### **3 Declaration of Interests**

No interests were declared.

### **4 Minutes of the previous meeting – 24 March 2021**

The minutes of the meeting held on 24 March 2021 were reviewed and agreed as being an accurate record.

### **5 Matters Arising**

Item 9, 25/11/20 – Risk & Internal Controls – Governors asked for an update of when the desk-top exercise would be taking place. The Vice Principal advised that this had been planned for 16 November 2021. The Vice Principal gave details of a recent incident at the Wisbech campus involving a suspicious person near to the campus which had been reported to the police. The College was currently reviewing the need of an auto-alert system for desktops and mobiles.

Item 8, 25/11/20 – Annual Report on Risk Management & Review of Risk Register – the Chair was concerned about the late scheduling of the Risk Workshop on 10 November 2021 and asked if this could be brought forward. The Clerk would review this with the Vice Principal.

**ACTION-CLERK**

Governors asked about the content of the Risk Workshop. The Vice Principal explained that it was envisaged that the session would look at risk strategy, risk appetite and risk scoring with the session possibly being led by the College's internal auditors.

*Emma Larcombe, KPMG, joined the meeting at 9.51 am*

The Chair asked the Vice Principal to update the Committee on current issues. The Vice Principal advised that the healthy position of the finances now enabled the College to begin considering future investments and projects, for which good project management skills would be required. Also mentioned as a current concern, but being discussed during the meeting, was cyber security.

*Rob Petto, Hayley Winter, RM, and Ash Earl, RM, joined the meeting at 9.53 am*

### **6 Cyber Security**

*This item was deemed "Confidential."*

*Hayley Winter, RM, and Ash Earl, RM, left the meeting at 10.33 am*

### **7 Apprenticeship Funding Audit (Agenda Item 9)**

The Chair commented positively on the comprehensive specification that had been proposed for the apprenticeship funding audit. Governors asked about the sampling size that had been proposed and if adjustments would be made to any data found to be incorrect. The Vice Principal advised that any errors recorded during the audit would be corrected to ensure that the correct funding was received. The Vice Principal continued that the audit would be used to review the processes and systems involved with the aim of improving systems and increasing future accuracy.

The Chair asked about the timing of the audit. The Assistant Principal advised that the audit was due to commence on 13 July 2021 with the report being received approximately 3 weeks later. The Audit Committee would review the finalised report at its next meeting on 24 November 2021.

**The updates were noted.**

## **8 Review Progress on Implementing Past Approved Audit Actions (Agenda Item 10)**

*(With the Assistant Principal still in the meeting, the Chair moved to Item 10 in order to review one item of the report that related to the Assistant Principal).*

The Chair asked about Item 3 on the actions listing regarding the customer relationship management systems and if there were any cyber security issues relating to the proposed new software solution under review, and the anticipated timeframe for this project. The Vice Principal advised that there were no concerns regarding cyber security. The Assistant Principal advised that stakeholders had received a demonstration of the software the previous week, noting that the requirements for the software were many, particularly due to the number of departments that would be using the system. The Assistant Principal considered that the College would not be able to finalise its decision on this software until the beginning of the autumn term but was mindful of the need to resolve this issue, noting that support for the current software system would end in 2024.

The Chair asked for an update at the next meeting, along with details of reference sites that were already using the proposed software.

**ACTION-APFP**

*(The remainder of the report would be reviewed later in the meeting).*

**The update was noted.**

*Rob Petto left the meeting at 10.47 am*

## **9 Risk and Internal Controls Update (Agenda Item 7)**

*This item was deemed “Confidential.”*

## **10 Risk Register Review (Agenda Item 8)**

The Vice Principal advised that risk scores for some of the items had been updated in the most recent version of the register being presented to the Board at its meeting on 30 June 2021. Similarly, the Risk Dashboard had been updated slightly in the Board paper. The Chair commented positively on the inclusion of the new Risk Dashboard as part of this report.

Governors commented that there had been no update of Risk 2018 (4) – Inability to recruit and retain high calibre staff. The Chair noted that the Value for Money Report (Item 13) indicated that staff costs were lower than that for other colleges, suggesting that pay was an issue and would need to be dealt with strategically across the College by the Board.

Governors noticed that text had been omitted in Risk 2021 (1) Cyber Attack. The Vice Principal would adjust the formatting in future versions to ensure all text was displayed. **ACTION-VPCS**

The Chair noted the continuing improvements in the presentation of the Risk Register. There would be a need in time to triangulate the various risks to further improve the register.

**The report was noted.**

*The Chair called for a break in the meeting at 11.03 am  
The meeting re-commenced at 11.10 am*

**11 Review Progress on Implementing Past Approved Audit Actions (Agenda Item 10)**

The Chair thanked the Head of Finance for reviewing and softening some of the comments in the previous report which were somewhat defensive. The Chair asked if Scrutton Bland, internal auditors, had agreed to the updates in the report; the Head of Finance confirmed that this was so and that indeed a recent audit had been undertaken to follow up the previous year's actions.

Governors asked about the need to replace the current payroll system, as noted under Item 6 in the report table. The Head of Finance explained that the current system did not integrate with the HR system, causing efficiency issues and the risk of errors in data entry when managing two systems. Two new possible systems had already been viewed, with one further system still to be review. If an ideal solution could not be found then the College would consider accepting the solution offered by its current payroll bureau provider. Support for the current payroll system would expire in March 2022 and so it was necessary to have a replacement system identified by the autumn term to allow for set-up time and training.

**The report was noted.**

**12 Review of Contracts Register, Waivers & Debt Write-Offs (Agenda Item 11)**

The Chair asked for more information to be supplied in future reports on the rationale for authorising waivers. **ACTION-HoF**

Governors commented on the Microsoft Licence renewal and asked if an audit had been carried out to ensure the College had the correct number and type of licences it required and was being charged for. The Vice Principal responded that this had been reviewed internally and then checked with the information held by RM, adding that tight controls were in place to ensure there was no excessive issuing of licences.

**The report was noted.**

**13 Audit Needs Assessment and Audit Plan (Agenda Item 12)**

The Chair noted that the proposed areas for review for 2021/22 by the internal auditors were for the three areas within the core financial systems: non-current assets; tax and budget setting/reporting/management. Governors also noted the need to regularly review subcontracted provision and also cyber security, once the new action plan for cyber security had been finalised.

Governors considered the need to regularly review the risk register, and if necessary, commission audits to provide assurance to the Board.

**The Committee agreed to recommend to the Board the 3 core financial systems for 2021/22 as detailed in the report, and that additional audits would be commissioned as required during the year.**

## **14 Annual Value for Money Report (Agenda Item 13)**

The Vice Principal advised that for the analysis undertaken the benchmarking data had been obtained from the ESFA's benchmarking tool. The tool did not supply as much detail or explanation when making comparisons as the Tribal Consulting benchmarking report commissioned by the College in the previous year. The analysis highlighted that pay levels were lower than the benchmarked data; the College was aware of this following the Tribal report and the College's own pay review by an external consultant commissioned in the summer of 2019. Governors discussed the College's difficulties in the recruitment and retention of staff, particular to certain areas of work (eg Technology).

Governors commented on the comparison of sub-contractor provision costs which was much higher than the benchmark, although noting that much of this cost would have been offset with a higher level of income received. The Vice Principal explained the College's exposure to partnership working and the aim of reducing this provision to the target of 25% in-line with the ESFA's expectations. The Vice Principal said that some areas of the provision could easily be brought in-house for the College to provide, whereas other areas were more specialist and would need to remain with the sub-contracted partner.

The Committee noted the much higher spend incurred on IT contracted services, accepting that more detailed information (though not available) would be needed to understand what was causing the difference. The Vice Principal commented that CWA was the only college in this particular dataset and that the College's IT provision was currently fully contracted out, although this was currently under review.

The Chair asked if there was any benefit to be had in commissioning a regular benchmarking review, similar to the detailed exercise previously undertaken by Tribal Consulting. The Vice Principal commented that the cost of such an exercise was prohibitive and that perhaps the additional detail was not required by the College at the present time as finances were now in order. It could be that a detailed exercise was undertaken every 5 years or so.

**The report was noted.**

## **15 Financial Statements Auditor – Audit Strategy & Planning Memorandum (Agenda Item 14)**

Emma Larcombe, engagement director for KPMG, was welcomed by the Chair, this being her first year working on the College's audit. Emma gave a summary of her background and experiences with KPMG and public service working. Emma commented positively on the challenge, debate and questions raised by the Committee during the meeting.

Charlotte Wilson, audit manager, provided an overview of the audit to be undertaken, as detailed in the report, noting the 4 areas of financial risk identified and one other area of focus to be covered (use of funds). With regard to revenue recognition, due to the change by the ESFA in no longer issuing certificates, KPMG was currently considering a change in its approach as to how these funded income streams would be tested as part of the audit. Charlotte Wilson confirmed that KPMG was acting independently in the audit and that the objectivity of KPMG of audit staff was not impaired.

Governors asked if there was a need to review payroll, noting that this could potentially be a high-risk area for fraud. Emma Larcombe explained that payroll was covered under the checking of controls and balances; if a concern was noticed then further work would be undertaken. The Vice Principal added that Scrutton Bland, internal auditor, had carried out an

audit on payroll during the year, the report for which would be presented to the Committee at its next meeting in November 2021.

The Chair asked about other work undertaken by KPMG for the College and the fees for the audit. KPMG confirmed that no other work had been carried out for the College during the year under review and that the fees had been agreed, with an increase, to allow for more work to be undertaken as part of the auditing standards requirements.

The Chair asked about the ESFA's new requirement that Board members should also be able to question and receive guidance from the auditors when considering the annual accounts, as well as Audit Committee members. Emma Larcombe explained that it would be KPMG's intention to present their report to both the Audit Committee and then to the Board in the autumn term.

**The report was noted.**

## **16 Any Other Business**

There were no items of other business.

## **17 Chair's items for briefing to the Corporation**

- Cyber Security.
- Apprenticeship Funding Audit – scope of works, due for this summer.
- Review of current areas of risk, and the risk register, noting the new Risk Dashboard. A risk workshop had been planned for the autumn term.
- Review of outstanding actions on previous audits – within this report the Committee focused on one historical action regarding the delayed introduction of a new customer relationship management system and was pleased to hear that this was now progressing.
- Review of the contracts register, waivers and debt write-offs - The Committee had asked for more information to be supplied in future reports on the rationale for authorising waivers.
- The Audit Needs Assessment and Audit Plan for 2021/22 was reviewed, with a recommendation to the Board.
- Value for money report – the use of general benchmarking data did not allow for detailed or meaningful comparisons to be made, unlike the previous year when the College commissioned a detailed review from Tribal Consultants.
- KPMG presented their audit plan for the 2020/21 accounts and the Committee met Emma Larcombe, the new relationship manager with KPMG. The Audit Code of Practice now required that the auditors attend both the Audit Committee in November 2021 and the Corporation meeting in December 2021 to present their report to members and to take questions.

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

Wednesday 24 November 2021 at 9.30 am

**The meeting closed at 11.57 am**