

College of West Anglia
Minutes of Audit & Risk Committee
Wednesday, 4 December 2024
9:30am – 12.00 noon
Meeting Room – Principal’s Suite, King’s Lynn Campus

Present	Ray Harding	Governor (Chair)	Remote
	Dave Clark	Governor (Vice Chair)	In person
	Sharon Edwards	Co-opted Governor	In person
	Seb Ivanov	Governor	In person
	Russel Liddington	Governor	Remote
Attending	Paul Goddard	Scrutton Bland	Remote
	Claire Sutherland	RSM UK Audit LLP	Remote
	Paul Harrison	Vice Principal Corporate Services	Remote
	Rob Petto	Assistant Principal Funding and Performance	In person
	Jenny Quaif	Head of Finance	In person
	Jules Bridges	Head of Governance	In person

No.		Action
1	<p>Committee Members’ briefing with Auditors (<i>Governors and Auditors only</i>) A confidential discussion was held prior to management attendance.</p> <p>The Chair of the Committee attended the meeting remotely and handed the Chair to the Vice Chair who was in person.</p>	
2	<p>Apologies There were no apologies for absence from committee members. Apologies were received from Leisyen Cox of Scrutton Bland and Suzy Harper of RSM UK Audit LLP.</p>	
3	<p>Declaration of Interests There were no items of interest declared.</p>	
4	<p>Minutes of the previous meeting held on 25 September 2024 The minutes of the meeting held on 25 September 2024 were reviewed and agreed as being an accurate record.</p>	
5	<p>Matters Arising The progress arising from the previous meeting were summarised in the progress report and all actions reported had either been resolved or, where appropriate, an update had been provided on progress elsewhere on the agenda.</p> <p>The meeting with the iTrent manager did not go ahead so another date is to be convened. Contact is to be made with North Kent College who have a payroll implementation manager so the Head of Finance will arrange to meet with them in the New Year.</p> <p>CWA is yet to obtain specialist advice concerning CWA Developments and its benefits as a VAT shelter.</p> <p>A decision around removing or continuing to log the assets that are nil value, or low value is still to be made with external auditors. Auditors advised that just because the asset has a nil book value this isn’t a reason to remove it from the fixed asset register. If the asset is still held and is still actively used, then it should remain, even if the net book value is nil. The HoF will conduct the review on this basis and will report to the Finance and General Purposes committee as appropriate.</p>	<p>HoF</p> <p>VPCS</p> <p>HoF</p>
6	<p>Risk and Assurance Progress Report The report confirms the two internal audits completed in the year to date: HR Sickness and Absence Management and Health and Safety. Agenda item 7 covered both reports.</p>	

It was agreed that the additional internal audit of green skills/capital projects will be brought into this academic year and the timing of the audit of the New Finance System implementation will be kept under review and may move into the 2025/26 academic year.

Scrutton
Bland

7 Internal Audit Reports

1 HR Sickness and Absence Management

The objective of the audit was to ensure that the college has effective frameworks in place that are designed to appropriately manage cases of staff sickness and absenteeism.

The assurance opinion was significant (green status) with five low risk recommendations made to improve process and practice further. These recommendations covered policy updates, introducing spot checks, creating template and checklists for return-to-work discussions, recording and tracking fit notes, and utilising case notes in iTrent to record employee discussions so that these are entered/applied consistently. Auditors commented that they found that responsibilities are appropriate, and changes made to automate and record absenteeism have been applied consistently. Governors noted the reduced sickness absence level, and it would be interesting to know what the absent rate was pre-COVID if this can be obtained and reported.

VPCS

2 Health and Safety

The objective of the audit was to ensure that there are effective health and safety management practices in place to provide a safe working and learning environment, compliant with health and safety legislation.

A limited assurance (red status) opinion was given by auditors with two high, one medium and four low risk recommendations made to improve internal controls. A further three added value points were also raised. Auditors commented that the issues found were not systemic within health and safety processes, but more specific recommendations made to improve practice or process in particular areas of college delivery.

The audit exposed the need to seek specialist advice to risk assess the need, or not, to install a fire detection system within the equine indoor arena at the Milton campus. At least one fire evacuation drill needs to be planned and conducted for each college building on an annual basis. Risk assessments (927) require update and alignment with HSE guidance. Checks completed after accidents and incidents are to be recorded on the corresponding forms. All actions raised at Health and Safety committee meetings are to be actioned and progress status reported at subsequent meetings. Health and Safety audits and 'Champions' are to be introduced, and the Health and Safety policy updated to reflect the audit work of 'Champions'.

Governors were keen to seek assurance that these recommendations will be actioned by the health and safety committee, and it was confirmed that the audit report will be an agenda item for their next meeting and therefore the recommendations will be for them to take forward and complete. It was further confirmed that fire drill and evacuation practice has been adapted to ensure that evacuation of multiple buildings do not coincide so each building will evacuate independently of other buildings and a termly schedule has been prepared to ensure that these are completed.

Governors acknowledged that the Health and Safety Manager in post at the time of the audit has left the employment of the college. Their successor has commenced in post, so it will take time for them to get up to speed and familiarise themselves with the eccentricities of FE college life.

8 Progress on Implementing Agreed Audit Actions

The committee received the report, and the Head of Finance provided an update on the following points.

Points 19 and 21 relating to procurement have been actioned but the college policy just requires validating by the HoF. The payroll controls, points 29 and 31 (iTrent) will be progressed as contact will be made with North Kent College to seek help and guidance to clear these recommendations down. Point 23 is now complete concerning the IR35 training which has been rolled out and can be removed from the tracking report. The marketing point (41) has been progressed as the department has made a proposal with the IT team and this is currently being considered by SMT so the date will be moved from September 2024 into 2025.

HoF

Governors raised concern regarding point 43 (apprenticeships) and noted that the date has been pushed back to March 2025, so governors sought assurance that progress is being made from the Assistant Principal Funding and Performance under the next agenda item.

R Petto joined the meeting at 10.30am

9 Funding Assurance Report (inc. Audit Update)

The Assistant Principal Funding and Performance reported that long-term staff absence of two key individuals has impacted progress over the last few months although others have taken on additional work to mitigate the effect of these absences. One individual is hoped will return on a phased basis before Christmas. A return date is uncertain concerning the other individual, but the team are coping and picking up responsibilities to cover the absence.

The ILR has now been fully migrated from PICS to EBS. The last ILR return (R03) was submitted from EBS which is a significant achievement and now enables CWA to progress further integrations, development and reporting ability to improve visibility, compliance and efficiency going forward.

The 2023/24 external audit income testing concluded with no funding issues identified with a small number of MLPs (Management Letter Points) however off the job training plans and activity logs remain a concern. Governors asked about the off the job training and if the 20% tolerance was being achieved. Now that CWA has migrated from PICs to EBS there will be better visibility of the alignment between the training logs and the training plans. External auditors confirmed that no materiality was found in relation to apprenticeship income testing which is positive.

Concern was raised by governors noting that the report mentions a lack of understanding by some members of staff. Assurance was given that training will be provided to teams to ensure that understanding of training plans and the importance of compliance is understood and implemented consistently.

Operational apprenticeship management meetings are now in place to ensure that specific issues are addressed and resolved outside of risk register meetings and general practice and process improvement meetings.

The review of apprenticeship posts has commenced and in the main has been received positively by staff. An apprenticeship deep dive is taking place this week by an external facilitator/assessor. The outcome of the deep dive will be reported to the Performance Review and Quality committee.

R Petto left the meeting at 10.35am

10 External Audit

1 Draft Annual Members' Report including Regularity Opinion to 31 July 2024

Auditors confirmed updates since the release of the papers which included that their work of the completeness of other income (page 6 of the report) has now been completed so the drafted section (highlighted yellow) is correct. As in the prior year there is an asset in one of the pension schemes that has not been recognised in the financial statements. Regarding going concern and following the introduction of the MPM (Managing Public Money) rules, the net liabilities of CWA Developments have exceeded the £45k threshold (£46k) and therefore a letter of comfort cannot be given. The Board of CWA Developments will have to conclude how they will meet their liabilities as they fall due when they only have comfort from CWA up to the sum of £45k of the debt. It was noted that there is no impact on the CWA audit of the financial statements. Finally, auditors highlighted that the qualified opinion remains in respect of the opening stock inventory of CWA Enterprises, but this is not material at group level, and it is anticipated that this will be the final year that this will be required.

The external auditor presented an overview of the content of their report highlighting pages 9 through to 21 which included the recommendations on internal controls that came to auditor's attention during their audit work. All 18 of the recommendations were not significant control recommendations but other control recommendations and 6 of the 18 recommendations were repeat findings from the 2022/23 external audit work noting that these related to the implementation of the new finance system.

The final pages of the auditors' report include the appendix which sets out in numerical form the adjustments made to the financial statements. The first page (page 23) shows the summary of unadjusted misstatements totalling just £447k although notably £401k of this related to the impairment in investment in CWA Enterprise and £46k provision against debtor due from CWA Developments. The only adjusted misstatement related to grossing up of the pension interest which is net income rather than expenditure. The balance of £520k in trade debtors (relating to an invoice raised to Anglian Water for grant funding) is to be classified as 'other debtor' rather than a 'trade debtors' in the final accounts. Finally, the external auditor confirmed no adjustments identified in CWA Enterprises or CWA Developments.

HoF

2 **Financial Statements for the year ended 31 July 2024**

It was noted that the list of internal audits received (page 16) up to the date of signing the accounts should include the HR sickness and absence management, and health and safety audits. These will be inserted and subject to some other final anomalies to be corrected and adjustments made (as noted above) governors were content to accept the statements as presented and will recommend they are approved by the Corporation at the meeting to be held on 18 December 2024. The final copy will be shared with the committee ahead of the corporation receiving the year end accounts. The Finance and General Purposes committee received an earlier version of the accounts and were content with the preparation of the accounts and the satisfactory reconciliation of the numbers.

HoF

HoF

Finally, the committee, management and auditors congratulated the work of all involved to prepare and complete the financial statements for the year ended 31 July 2024.

3 **Draft Letters of Representation**

a. **CWA Letter of Representation**

The committee **approved** the letter of representation and will recommend it be approved by the corporation at the meeting to be held on 18 December 2024.

b. **CWA Regularity Letter of Representation**

The committee **approved** the letter of representation and will recommend it be approved by the corporation at the meeting to be held on 18 December 2024.

11 **Annual Report of the Audit Committee 2023/24**

The report has been compiled in readiness for the Chair of the committee to present to the corporation. It was noted that the note concerning the net liabilities of CWA Developments is to be updated (as discussed above) and the qualified opinion of CWA Enterprises is to be included. Finally, the date of PwC (item B.6 of the report) concluding the audit in December 2024, should read 2023. Subject to these amendments the committee **approved** the report for the Chair to present to the Corporation at the meeting to be held on 18 December 2024.

HoG

Chair

R Liddington left the meeting at 10.55am

12 **Self-Assessment Questionnaire**

The Vice Principal Corporate Services advised that the copy circulated was an earlier iteration of the questionnaire and therefore the reference to the severance payment had been updated to concur that retrospective approval had been received. On page 30 it was noted that the data related to 2022/23 mileage claims and therefore would be updated for the 2023/24 year. Reference to the external governance review has been included and there is a new section concerning regularity and compliance which has been completed. The correct version will be shared with governors after the meeting.

HoG

Governors were aware and noted that the ESFA will cease to exist as of March 2025 and the DfE will subsume their activities. The committee was content to **approve** the questionnaire recognising the updates provided verbally and will recommend it be approved by the corporation, and signed by the Chair and the Accounting Officer, at the meeting to be held on 18 December 2024.

Chair

13 **Risk & Internal Controls Update**

The report covered several topics for governors to discuss, increased student numbers, H&S arrangements, testing disaster recover, LEV in Technology workspaces, cyber security

assurance, new procurement regulations, external assurance of the Multiply Programme, and withdrawal of support for Windows 10.

It was confirmed that the LEV system in technology workspaces is not extracting sufficiently across the area, so a new system has been identified for replacement and the committee sought the assurance that health and safety, not cost, was the priority solution.

The withdrawal of support for Windows 10 is likely to impact approximately 360 college devices and the cost to upgrade/replace is currently being worked through. Governors asked if there was a correlation between the transition to Windows 11 and the Cyber Essentials accreditation, or Cyber Essentials Plus reaccreditation that may impact. Cyber security is identified on the corporate risk register and the college disaster recovery plan to test cyber threats and attacks which are prevalent in the FE sector so there are checks and measures in place to mitigate risk.

14 Risk Register Review

The risk register has been updated by risk owners since the last meeting of the committee. It was noted that risk (R027) has been reinstated concerning the Tower Block Roof.

The report now includes a justification for risk movement noting that two risks have increased in residual score and one risk has decreased. Governors challenged the justification to reduce the residual score of Risk R005 (from 12 to 8), and it was explained that this is because the CWA retention rate is lower than industry and sector benchmarks. Staff absence has reduced to 5.4 days lost per employee (against a national average of 5.7 days across the UK) and the number of repeat campaigns to recruit has reduced. Should CWA start to lose more staff or fail to recruit then the risk score will increase.

Governors mentioned the health and safety concerns raised earlier in the meeting and sought assurance that Risk R010 (keeping staff, learners and visitors safe) on the risk register is adequately managing the risk. The Head of Governance highlighted that the Board Assurance Map aligned to the risk register has been reviewed and currently demonstrates that the control environment is generally sound, however there are four areas of concern where the assurance level is medium/low (red/amber) which indicates isolated assurance concerns across the map. One of the four related to R010, the others being R021 (compliance and apprenticeship funding rules), R023 (capital projects fail) and R026 (change in political landscape).

R Liddington rejoined the meeting at 11.10am

Concerning capital projects governors asked if there was an update on the Tower Block Roof. Managing agents have been appointed who will oversee the Tower Block roof replacement and the Green Skills project at Wisbech. The works for the roof are programmed for the summer of 2025 ready for September 2025 start.

Confidential item under Instrument 19(2) of the Instrument and Articles of Government
This item was deemed to be confidential.

15 GDPR / DPO Report (inc. FOI / SAR & Whistleblowing Cases)

It was reported that the college has made good progress (now 62%) against the 156 recommendations arising from the compliance audit where the compliance level was found to be 51% and judged as 'requires improvement'. The next milestone will be to reach 70% in time for the next meeting of the committee at the end of February 2025 and reach 80+% (a good level of compliance) by the end of the academic year. Governors commented that while it could be seen that good progress has been made there are still several red categorised recommendations (need to be considered without delay) that remain outstanding (39 out of 55), and governors asked that these were given the priority to resolve. This is the approach that is being taken and it is hoped that a larger proportion will be progressed and/or completed for the next report to the committee.

In terms of data protection breaches since the last report to the committee (25 September 2024) it was confirmed that there have been 12 breaches reported. The Head of Governance has also handled 3 Freedom of Information requests within the permitted timescale (20 working days) and has one DSAR (Data Subject Access Request) that is currently live. Due to the complexity

of the request the college is permitted to extend the time to respond by a further two months if required. It was noted that there have been no cases of whistleblowing to report in the period.

16 Review of Contracts Register, Waivers and Debt Write-Offs

The report had been omitted from the pack however the Head of Finance verbally provided the details of the top five contracts greater than £10k. Contracts that had been waived since the last report to the committee were small in value and justification for waiver was detailed in the report and these were discussed and noted. The report omitted from the pack will be shared with members after the meeting.

HoF

17 Student Union Accounts 2023-24

The student union accounts for the year ended 31 July 2024 have been prepared. It is the opinion of the college that the accounts fairly represent the Student Union's financial position and of the deficit for the year then ended. It was noted that no uptake in NUS membership has been active in the year and notice has been provided to the NUS (May 2024) to withdraw CWA membership and a proposal will be made to the corporation for the Student Union to be dissolved at the meeting to be held on 18 December 2024. The committee concurred with this approach.

VPCS

18 Any Other Business

There were no other items of business.

19 Chair's Items for Briefing to Corporation

Chair

- The committee has asked internal auditors to conduct an audit of the Green Skills/Capital Projects in the 2024/25 academic year. This may replace the audit of the new finance system, dependent on timing and progress, which may be moved in the 2025/26 academic year.
- The internal audit of HR sickness and absence management received significant assurance (green) opinion.
- The internal audit of Health and Safety received limited assurance (red) opinion. The high recommendations made were not systemic of health and safety processes but were specific to areas of college delivery (e.g., equine and building evacuation procedures).
- The committee continues to keep apprenticeship improvement in focus.
- The committee recommends the corporation approves the financial statements for the year ended 31 July 2024, letters of representation and self-assessment questionnaire.
- The Chair of the committee will present the annual report of the audit and risk committee to the corporation at the meeting to be held on 18 December 2024.
- Good progress (now 62%, was 51%) against the 156 recommendations (arising from the GDPR compliance audit has been made).
- A proposal to dissolve the NUS Student Union will be taken to the corporation at the meeting to be held on 18 December 2024.

20 Date and Time of Next Meeting

Wednesday 26 February 2025 at 9:30am (Remote Meeting via TEAMS)

Meeting ended at 11.45am