

THE CORNWALL COLLEGE GROUP

AUDIT AND RISK COMMITTEE

Minutes of a Special meeting of the Audit and Risk Committee held on 10 December 2018 at 10.30 am at CC St Austell

Members	Jeff Beer	JB	Chair
	Tracey Hooper	TH	
	Jonathan Mashen	JM	
	Geoff Warring	GW	
Apologies	* Malcolm Bell	MB	
In attendance	Alison Phillips	AMP	Corporation Secretary
	Michael Collins	MC	Director of Finance and Resources
	Stephen Patey	SP	PwC

*number of consecutive meetings at which apologies for absence have been given.

1. WELCOME

Jeff Beer, Chair, welcomed colleagues to the meeting and thanked everyone for their attendance.

Apologies were received.

2. CONSIDERATION OF CORNWALL COLLEGE FINANCIAL STATEMENTS FOR 2017/18

2.1 External audit for the year ended 31 July 2018 – Audit findings report relating to the Financial Statements and reporting on regularity

The confidential report was received. Stephen Patey, PricewaterhouseCoopers, explained that the letter was largely unchanged from the version presented to the meeting held on 28 November 2018. The changes made related to the Going Concern risk, on pages 8 and 9, following confirmation that the College had secured Exceptional Financial Support. He reviewed this section with the committee and confirmed that the accounts had been revised similarly with a more positive Going Concern note.

The committee discussed the changes and reviewed the updated letter. Responding to questions regarding the treatment of two internal control deficiencies SP explained that the risk rating related to the control issue rather than quantum. Specifically the College unposted income journal was an isolated situation which would be addressed by regular journal posting in the current year whereas the CCMS issue related to the control process not working effectively.

The committee also discussed the emphasis of matter paragraph. SP reassured the committee that the emphasis of matter was not a qualification; the College was considered a going concern. The accounting guidance was however clear and the paragraph would be included until restructuring funding was secured and the bank loans repaid.

The committee noted the position and agreed to recommend the management letter to the Board meeting on 12 December 2018. MC/amp

2.2 Audit Committee Annual Report for the year ended 31 July 2018

The report was received. The Secretary apologised for the omission of some pages of this report in the printed version; the report was complete in the electronic version shared with the committee. The committee reviewed the report which detailed the work of the committee during the year including summaries of the internal audit service, external and regularity audit and risk management. The report concluded, based on the internal auditors' report for 2017/18 and all other relevant reports reviewed in 2017/18, that the Audit and Risk Committee could give assurance to the Governors that TCCG had a sound framework for governance, risk management and control, which provided reasonable assurance regarding the effective and efficient achievement of TCCG's objectives and use of resources. The committee was also satisfied with the progress made by TCCG in developing its risk management approach and strategy.

The committee approved the report for presentation to the Board meeting on 12 December 2018.

2.3 Cornwall College Financial Statements for the year ended 31 July 2018

The confidential draft financial statements were received and an updated Board report was tabled. MC reviewed the statements. The College had made a loss of £2.7m which was largely attributable to the pension contributions. He suggested that the financial position had been stabilised and restructuring funding would help but there remained work to do.

The committee reviewed the Board report and accounts. Geoff Warring identified some inconsistencies between the accounts and the notes to the accounts. Specifically Note 10 Staff costs and Note 11 Other operating expenses. SP undertook to address these inconsistencies and also to look into the breakdown of Other income (Note 7) and consider whether further details should be included. The committee noted the inclusion of a consistent Going Concern note and subject to the amendments discussed, agreed to recommend the draft financial statements to the Board meeting on 12 December 2018 for approval. SP

The committee also suggested that a positive PR statement to accompany the publication of the accounts should be considered.

3. STANDING AGENDA ITEMS

3.1 Review of Cornwall College Risk Register

The report was received. MC explained that the quarterly review had been completed and the risk register updated to reflect the Executive Leadership Team's discussions. He highlighted the key changes and these were discussed and endorsed.

4. DATES AND TIMES OF NEXT MEETINGS

20 March 2019 at 11.30 am

24 June 2019 at 11.30 am

Closing the meeting the Chair thanked colleagues for their attendance at this short but important meeting.