

THE CORNWALL COLLEGE GROUP

AUDIT AND RISK COMMITTEE

Minutes of the Audit and Risk Committee meeting held
on 24 June 2019 at 11.30 am at CC St Austell

Members		Jeff Beer	JB	Chair
	<i>From minute 2</i>	Malcolm Bell	MB	
		Tracey Hooper	TH	
		Jane Warren	JW	
	<i>To minute 3</i>	Geoff Warring	GW	
Apologies		Jonathan Mashen	JM	
In attendance		Alison Phillips	AMP	Corporation Secretary
		Jessamie Thomas	JAT	Deputy Corporation Secretary
		Alastair Campbell	AC	RSM
		Michael Collins	MC	Director of Finance and Resources
		Adam George	AG	RSM
		Elaine McMahon	EM	Principal and Chief Executive
		Stephen Patey	SP	PwC

1. WELCOME

The Chair welcomed colleagues to the meeting. He also welcomed Jane Warren, prospective co-opted member, and Jessamie Thomas, Deputy Corporation Secretary.

Apologies were received.

1.1 Declaration of interests

No additional interests, to those already disclosed, were declared.

2. COMMITTEE MEMBERSHIP: APPOINTMENT OF CO-OPTED MEMBER

At the request of the Chair, Jane Warren withdrew from the meeting. The Secretary confirmed that references had been taken up and due diligence completed. The committee unanimously agreed that JW's experience and skills set would be an asset to the committee. Governors approved her appointment as a co-opted member of the Audit and Risk Committee for a four year term, from 24 June 2019. JW returned to the meeting and the Chair thanked her for her interest and confirmed her appointment.

AMP

During this discussion, Malcolm Bell joined the meeting.

Following this discussion Geoff Warring left the meeting.

3. MINUTES

3.1 Minutes of the meeting held on 20 March 2019

The minutes of the meeting were received, agreed as a correct record, and signed by the Chair.

4. MATTERS ARISING FROM THE MINUTES

4.1 Internal Audit Progress Report 2018/19 (Minute 4.1.3)

An update on the programme was included with the papers for this meeting.

4.2 Review of Risk Register (Minute 5.2)

An updated register was included with the papers for this meeting.

4.3 Additional services provided by auditors (Minute 5.3)

An update would be presented later in the meeting.

4.4 Review of Whistleblowing Policy (Minute 6)

The policy had been reviewed, presented to the Board, approved and published.

4.5 Committee membership (Minute 7)

The reappointment of co-opted member Jonathan Mashen had been completed.

4.6 Post 16 Audit Code of Practice (Minute 8)

Arrangements had been included in the updated audit plan for 2019/20.

4.7 Performance Review and Recommendation for Reappointment of External Auditors 2018/19 and internal auditors 2019/20 (Minute 9)

MC confirmed that all actions had been completed. The Board had agreed to reappoint the external auditors for 2018/19. The appointment of internal auditors for 2019/20 would be considered later in this meeting.

5. FOR DISCUSSION

5.1 Internal Audit Progress Report 2018/19

The progress report was received. An update on progress against the annual audit plan was summarised by Adam George, RSM. Since the last Audit and Risk Committee meeting, four audit assignments had been completed: Follow Up (March 2019) with good progress noted; Student Bursaries, Substantial Assurance; Future Farm Project Review, Advisory; and Funding Assurance Training. Following a positive outcome from the Ofsted Residential Inspection of Bicton College's accommodation, the Bicton Site audit had been cancelled, as no longer required. The GDPR audit had been deferred but had taken place in June. The Follow Up (visit two) had also been deferred and was planned to commence on 18 July 2019.

The Further Education Emerging issues briefing, included with the report, was noted, including the Post16 Audit Code Of Practice emphasis on prevention of fraud.

The Chair thanked AG for his overview and noted that good progress was being made.

5.1.1 Student Bursaries

The report was received and Adam George summarised the report. Bursary funds provide financial support to help students overcome specific financial barriers to participation. The audit found that the distribution of the bursary fund allocations had been effectively managed, with a few minor compliance issues identified, which would be addressed with the bursary team.

5.1.2 Follow Up (visit one)

The report was received. Adam George reported that there had been good progress against actions. Michael Collins confirmed that the relevant staff members were aware of the recommendations, which were being followed-up quarterly.

5.1.3 Future Farm Review

The report was received.

This advisory report's observations and recommendations were noted, including clarity about the process and implications for stakeholders. Michael Collins explained the project governance meetings structure and confirmed that planning was supported by project management software.

5.1.4 Funding Assurance Training

This had been delivered by Karl Bentley, RSM FE funding specialist and included a review of the PDSAT (Provider data self-assessment toolkit), a session on apprenticeships plus Q&A with college staff.

5.2 Other Audits

Michael Collins reported that there had not been any other audits since the last committee meeting.

6. RECOMMENDATIONS TO THE BOARD FOR DECISION AND INFORMATION

6.1 External audit for the year ending 31 July 2019 – audit planning document – Confidential

The external audit plan for the year ending 31 July 2019 was received and, at the invitation of the Chair, Stephen Patey, PricewaterhouseCoopers, reviewed the plan.

SP summarised the external audit timetable and suggested that the Board report be prepared for 30 September 2019 when the PwC audit fieldwork would begin. Michael Collins also suggested that the narrative report should be prepared with support from the Corporate Head of Marketing. MC

SP reviewed the Audit approach and Areas of audit focus which included the pension scheme actuarial assumptions. The committee acknowledged the significance of the pension deficit figure in the accounts and noted SP's offer for a pensions specialist to present a strategic pensions risk management assessment to the Board. MC undertook to follow up with SP. SP noted the positive impact of the Transactions Unit funding and consequent reduction of the going concern risk. Clarity around the accounting treatment of the grant and implications of missing milestones would be sought from the TU, ESFA and FE Commissioner team. MC

In response to a question from SP, governors confirmed they had no knowledge of fraud which had impacted TCCG.

SP tabled 'Managing Risk in Higher Education', detailing PwC's assessment of the HE sector risk profile.

The Chair thanked SP for his review of the external audit plan and confirmed that this plan, and the engagement letter, would be presented to the Board for its approval. AMP

6.2 Internal Audit Proposed Plan for 2019/20

The Internal Audit Plan 2019/20 initial proposals paper was received and taken as read. Alastair Campbell, RSM, confirmed that the draft plan was in line with the internal audit strategy 2016/17-2020/21 and noted the priorities which had come out of discussions with management: funding assurance, academic quality systems and project management. Following a brief discussion, the committee requested that some of the unallocated 13 days be used for an expert review of mental health and wellbeing. Further priorities for use of the unallocated days would be agreed through the year. MC

The Chair thanked AC for his review of the internal audit plan and confirmed that this plan, and the engagement letter, would be recommended to the Board for its approval. AMP

6.3 Risk Management Policy and Board Assurance Framework

The report was received. The framework had been reviewed and detailed the various reports which were presented to the Board and its committees for reassurance. Michael Collins explained that the Executive Leadership Team reviewed the risk register quarterly; separate registers were maintained for different areas and the ELT decided whether to escalate issues to the risk register, based on their risk score. Alastair Campbell noted that the Board Assurance Framework provided the opportunity to tie the risk register and KPIs together. The Corporation Secretary confirmed that this had been done previously but needed to be

reviewed with the new Strategic Plan and could not be linked to the dynamic risk register. The committee agreed to propose to the Board that a development session on risk management be scheduled; AC suggested that RSM could co-ordinate this, using some of the unallocated time. The committee agreed that The Risk Management Policy and Board Assurance Framework be presented to the Board for its approval.

AMP

AMP

6.4 Review of internal auditors' performance and reappointment of internal auditors for 2019/20

This item was deferred to the end of the meeting.

6.5 Financial Regulations:

- **Counter Fraud Policies**

The report was received.

The committee reviewed and approved the Counter Fraud Policy. The policy had also been approved by Finance and Resources Committee. Michael Collins was asked to report back on the measures in place to guard against staff introducing unauthorised software.

MC

The policy was recommended for approval to the Board.

AMP

7. STANDING AGENDA ITEMS

7.1 Rolling review of High and Medium risk audit recommendations from previous audits

The report was received.

Michael Collins updated the committee on progress being made in closing risk recommendations from previous audits. 36 items closed during 2018/19 were awaiting RSM's confirmation in the upcoming follow up review. There were currently three high risk items outstanding, specifically including: controls on purchase orders and curriculum planning and Pro Solution implementation.

The committee noted and endorsed the progress being made.

7.2 Review of Risk Register and Executive Leadership Team risk management discussions

The report was received.

Following its quarterly risk review on 12 June 2019, the Executive Leadership Team's assessments had been incorporated into the risk register: new items were Future Farm and property disposals; elevated items were HE market competition/fees and environment risk due to delays in securing ERDF funding for Future Farm. The most significant risk remained cashflow.

The committee reviewed and approved the Risk Register.

7.3 Additional services provided by auditors

RSM had been contracted to undertake the annual review of sub contract work.

7.4 Whistleblowing

The Secretary reported that there had not been any disclosures since the last meeting.

8. ANY OTHER BUSINESS

The auditors left the meeting and the deferred item was considered.

8.1 Review of internal auditors; performance and reappointment of internal auditors for 2019/20

The Chair reminded colleagues of the appointment process for the internal auditors, explaining that the service had been tendered in July 2016 and RSM had been appointed for a five year term subject to annual reappointment. Michael Collins confirmed that he was very happy with the service provided. Following a brief discussion, the committee agreed to recommend the reappointment of RSM as the internal auditors for the 2019/20 academic year to the Board.

AMP

9. DATES AND TIMES OF NEXT MEETINGS

27 November 2019, 11.00 am

11 March 2020, 11.30 am

24 June 2020, 11.30am

These meetings would be held at CC St Austell.