

THE CORNWALL COLLEGE GROUP

AUDIT AND RISK COMMITTEE

Minutes of the Audit and Risk Committee meeting held
on 11 March 2020 at 11.30 am at CC St Austell

Members		Geoff Warring	GW	In the Chair
	<i>By phone</i>	Tracey Hooper	TH	
		Jonathan Mashen	JM	
		Anne Thomas	AT	
		Jane Warren	JW	
Apologies		Patrick Newberry	PN	Chair
In attendance		Alison Phillips	AMP	Corporation Secretary
		Michael Collins	MC	Executive Director of Finance and Resources
		Adrian Ford	AF	Vice Principal Group Organisation
		Adam George	AG	RSM
	~	Jessamie Thomas	JAT	Deputy Corporation Secretary

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

~ denotes minute-taker

PRIVATE MEETING OF COMMITTEE WITH AUDITORS

Prior to staff members joining the meeting, Adam George, of internal auditors RSM, met privately with the committee.

1. WELCOME

Geoff Warring, welcomed colleagues to the meeting and explained that he had agreed to chair the meeting in the absence of the Committee Chair, Patrick Newberry. He welcomed Anne Thomas, new governor, and Adrian Ford, Vice Principal Group Operations, to their first meeting of this committee.

Apologies were received. Patrick Newberry.

Declarations of Interest – there was no specific declaration of interest in addition to those previously disclosed on members' written declarations of interest.

AT reminded colleagues that she was CEO of Cornwall Care, a charity which was leasing part of John Keay House, St Austell and which might potentially partner the College in the delivery of health and social care learning. Executive Director of Finance and Resources, Michael Collins, confirmed that arrangements were being managed in a transparent and equitable way.

2. MINUTES

2.1 Minutes of the meeting held on 27 November 2019

The minutes of this meeting were received, agreed and signed by the Chair.

2.2 Confidential Minutes of the meeting held on 27 November 2019

The minutes of this meeting were received, agreed and signed by the Chair.

3. MATTERS ARISING

The Committee noted that all items had been addressed or were covered in the papers for this meeting, apart from: Minute 5.3.1 Review of sub-contracting controls. MC confirmed that

the College's contract template was being reviewed to ensure that it was aligned with public contracts regulations.

MC also confirmed the measures which were in place to prevent the introduction of unauthorised software (Minute 4.1 – Matters arising).

4. FOR DISCUSSION

4.1 Internal Audit Programme 2019/20

4.1.1 Mental Health and Wellbeing The report was received.

Adam George, RSM, summarised its remit. The Committee noted that the College's control framework was deemed sufficient. AG noted the paucity of available benchmarking and lack of best practice guidance, but reassured the Committee that the College's approach was robust. MC indicated that the recommendations from this review were being addressed by the Vice Principal Curriculum and Quality and were included in the Rolling Review of High and Medium audit recommendations (register of open internal audit findings) to be considered later in the meeting.

The Committee commended the College's approach, and suggested that liaison with the NHS on assurance mechanisms could be useful.

The committee noted the report.

4.1.2 Framework for Anti-Fraud Policy and Awareness The confidential report was received.

AG went through the scope of the audit. An opinion was not issued. AG concluded that while some areas needed strengthening, these were not significant. MC confirmed that the recommended actions had been added the register of open internal audit findings. The Committee suggested that generating greater awareness of 'what fraud looks like', might be helpful for staff and governors. AF

The committee noted the report.

4.1.3 Internal Audit Progress Report 2019/20 The report was received.

The Committee noted the progress update and the findings of the internal auditors.

The schedule was discussed. The Committee discussed the balance to be struck between what was essential and what could be deferred. It was suggested that the rationale for the schedule be revisited, mindful of prioritising Additional Learning Support. The Vice Principal Group Operations would review the internal audit plan. AF

AG informed the Committee of personnel changes at RSM and confirmed that RSM had contingency plans to support the College through Covid-19.

The committee noted the report.

4.2 Other Audits

- ESFA Funding Audit
- The confidential report was received.

MC explained that the College had a duty to share external audits with the Board, hence it was being presented to this Committee. While RSM conducted the College's internal funding audit review annually, the Education and Skills Funding Agency (ESFA) instigated its own audits at short notice every two to three years. The scope was extensive, encompassing all student data and consequent funding claims and all processes supporting registration.

MC reported that the College had avoided making any error which would have led to a clawback of funding. He confirmed that no systemic errors were found. The KPMG manager leading the audit had commented that the College had the best records which they had seen. Overall, the Committee took assurance from the outcome of the audit and commended MIS team. The Committee requested that Paul Ramshaw, Director of MIS, be invited to the next meeting, to give an update on this area. Given the complexity of the ESFA's reporting format, the Committee requested that an executive summary report be provided in future.

AF/AMP

The report was noted.

- Agri-Tech Audit.

The report was received.

MC explained that the Agri-Tech Cornwall Project, at Duchy College, Stoke Climsland, was a £10m research project involving four other research institutions but that the project also included funding to develop Future Farm, the College being the lead contractor. The Committee noted that there had been just one audit finding, which had already been actioned, and commended this exceptionally good outcome. MC praised the Project team, and noted the need to recruit a strong replacement for an excellent team member who manages project compliance would retire in the summer.

The report was noted.

5. STANDING AGENDA ITEMS

5.1 Rolling review of high and medium risk audit recommendations from previous audits

The report was received.

MC reiterated the College's approach, focusing on high and medium items while tracking and trying to close low risk items. The current priority was developing staff utilisation, which also fed into curriculum planning.

MC suggested that the business continuity plan be tested; the Committee agreed and the Vice Principal Group Operations undertook to progress this and set a deadline date for completion.

AF

Responding to committee members' questions, MC advised that the Vice Principal Curriculum and Quality was leading on contingency planning for Covid-19 and drawing up contingency plans. The Committee asked whether assurance on the robustness of the planning could be given. MC confirmed that the Executive Leadership Team was briefed regularly and government guidance being followed. The Committee urged the College to focus relentlessly on reinforcing this.

The report was noted.

5.2 Review of Cornwall College Risk Register and Executive Leadership Team (ELT) risk management discussions

The risk management report, including the risk register, was received and the risk chart (which had been omitted from the papers) was tabled.

MC reviewed the report. The Committee concurred that the three new items on the risk register were to be expected: Coronavirus, 16-19 learner recruitment trends and phishing emails. MC and AF responded to committee members' questions regarding how these were being addressed.

The Committee asked whether departmental risk registers tied in with the College-wide register. MC explained that while he did not monitor departmental registers, the College-wide register was created with input from the ELT. The Committee recognised the importance of focusing on the top risks, but urged management not to lose sight of input from each level, from the bottom up. AF confirmed that he was reviewing this area.

The Committee asked whether the College was on track to reach cost-cutting targets. AF confirmed that the 'budget group' comprising MC, AF and the Director of HR, met weekly to assess staff savings. As requested earlier in the day by the Finance and Resources Committee meeting, AF would present a progress update to the Board.

AF

With regard to Covid-19, MC reiterated that contingency planning was being prioritised and led by the Vice Principal Curriculum and Quality. Regarding learning, MC confirmed that the IT system remote access capacity was sufficient. Measures were being taken to provide essential users with equipment. As far as possible, the curriculum would be uploaded to Moodle for remote delivery.

The Committee acknowledged the inevitable detrimental impact that Covid-19 would have on College budgeting, planning, restructuring and so forth, and agreed that learner and staff wellbeing must remain at the forefront of considerations. MC confirmed that arrangements were being reviewed regarding residential learners.

The committee noted the report and endorsed the action being taken, to reduce the risk profile, and to address current challenges.

5.3 Additional services provided by auditors

MC reported that there had not been any additional services provided.

5.4 Whistleblowing

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

AG was thanked for his contribution and left the meeting.

6. PERFORMANCE REVIEW AND RECOMMENDATION FOR REAPPOINTMENT OF EXTERNAL AUDITORS 2019/20 AND INTERNAL AUDITORS 2020/21

The introduction of the Insolvency Regime in 2019 had resulted in an increased risk profile for colleges, and subsequent increase in auditors' fees across the sector. The Committee noted that PricewaterhouseCoopers (PwC) had indicated significant price increases for the remaining two years of their five year tender commitment.

On management's recommendation the Committee considered tendering the external audit service for 2019/20 and onwards. The Committee discussed this, mindful that external auditors would need to be appointed and the plan approved, ideally, by the end of the academic year.

Approved minutes

The Committee agreed that, on the basis of price and quality, the external audit service for 2019/20 and onwards be tendered. If timescales prevented this happening for the coming financial year end, then the arrangement with PwC should continue for a further year, ideally at a compromise price.

Regarding the internal audit, the Committee agreed that RSM should continue for one more year, but with a reduced number of hours and reduced scope - to core controls and a simple assurance framework - which would give the Committee the assurance needed and would support the external auditors' work.

The Corporation Secretary advised that having an internal audit was no longer a statutory requirement, and that the internal/external audits could be carried out by the same firm.

The Committee agreed to recommend to the Board to approve:

- The external audit service for the year ended 31 July 2020 be tendered subject to time constraints, and, if this was not possible, PwC reappointed for a further year ideally at a compromise fee.
- RSM be reappointed as internal auditors for 2020/21 with a reduced scope and time commitment.

AF/AMP

7. DATES AND TIMES OF NEXT MEETINGS

The next meeting would be held on 24 June 2020 at 11.30 am at CC St Austell.

Closing the meeting, GW thanked colleagues for attending.

GW thanked the Deputy Corporation Secretary, Jessamie Thomas, who was leaving the College at the end of the month, for the support which she had provided to the Committee. He also paid tribute to Michael Collins, Executive Director Finance and Resources, who would be leaving the College in May 2020, for his significant contribution to the College.