

THE CORNWALL COLLEGE GROUP

AUDIT AND RISK COMMITTEE

Minutes of the Audit and Risk Committee meeting held at 11.30 am on 24 June 2020 by Video Conference

Members	Patrick Newberry	PN	Chair
	Tracey Hooper	TH	
	Jonathan Mashen	JM	
	Jane Warren	JW	
	Geoff Warring	GW	
Apologies	Anne Thomas	AT	
In attendance	Alison Phillips	AMP	Corporation Secretary
	John Evans	JE	Principal and CE
	Adrian Ford	AF	Vice Principal Group Organisation
	Adam George	AG	RSM
	Damon Lau	DL	PricewaterhouseCoopers
	Stephen Patey	SP	PricewaterhouseCoopers
	Graeme Sinclair	GS	Director of Finance
	Louise Tweedie	LT	RSM

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

1. WELCOME

The Chair welcomed colleagues to the first meeting of this committee held by video conference. He expressed his hope that this would not curtail debate and thanked colleagues for responding to the invitation to raise any specific questions on the meeting papers with the VP Group Operations in advance of the meeting, to facilitate the smooth running of this meeting. He suggested that this was a good process which might be adopted for future committee meetings subject to all questions and responses being shared with committee members. The Chair welcomed the internal and external auditors and senior managers attending this meeting. He particularly welcomed the Principal and CE explaining that it was helpful for him to attend these meetings from time to time but for clarity he was not a member of the committee.

Declarations of Interest – The Chair disclosed, for transparency, that he was a director of the asset management company for Cornwall and Devon Local Government Pension Scheme.

2. MINUTES

2.1 Minutes of the meeting held on 11 March 2020

The minutes of this meeting were received and agreed as a correct record.

3. MATTERS ARISING

The committee noted that all items had been addressed or were covered in the papers for this meeting, apart from:

- **Minute 4.1.2 Framework for Anti-Fraud Policy and Awareness.** The VP Group Operations confirmed that online training courses to increase awareness were running.

He assured the committee that there were plans to increase awareness of what fraud might look like for staff and governors.

- **Minute 4.2 Other Audits – ESFA Funding Audit.** The Director of MIS had been invited to attend this meeting to give an update on this area and summarise the key messages from the report which was very detailed. This had been deferred to a future face to face meeting.
- **Minute 5.1 Rolling review of high and medium risk audit recommendations from previous audits – Business Continuity Plan.** The committee had requested that the plan be tested and a deadline set for completion. This had been pre-empted by the Covid-19 pandemic and tested in real life. The process would be reviewed in due course.
- **Minute 6. Performance Review and Recommendation for Reappointment of External Auditors 2019/20 and Internal Auditors 2020/21.** Re-tendering of the external audit contract had not been progressed due to time constraints.

AF/wr

3.1 Risk Assessment Covid 19

The Covid 19 Risk Assessment for the whole College was received. The Chair explained that governors had been briefed but it would be useful for committee members to be aware. At the invitation of the Chair, the VP Group Operations reviewed the assessment outlining the processes and consultations which had taken place to produce it. Responding to committee members' questions the VP and Principal confirmed that staff had been taken ill with Covid-19 symptoms and the process had been tested and modified slightly as a result. Staff were being encouraged to return to campus and whilst there was some anxiety initially, when staff returned they were reassured and comfortable with the processes put in place which were aligned with government advice. The VP also confirmed that the College's insurance arrangements relating to its duty of care to both staff and visitors to the College included Covid-19. He undertook to share the risk assessment with the College's brokers and noted the Chair's comments regarding potential risks relating to tenants.

AF

The Chair thanked the VP and Principal for the detailed and impressive documents and processes.

4. RECOMMENDATIONS TO THE BOARD FOR DECISION

4.1 External audit for the year ending 31 July 2020 – audit planning document - Confidential

The confidential external audit plan for the year ending 31 July 2020, which had been circulated separately, was received. At the invitation of the Chair, Stephen Patey, PricewaterhouseCoopers, reviewed the plan and introduced Damon Lau, new Audit Manager. Stephen Patey confirmed that the plan was not radically different from previous years and would be familiar to committee members. The implications of the Covid-19 outbreak detailed in the letter accompanying the plan relating to expanded work on going concern and impairment were highlighted. The committee was also assured that PwC was very capable of delivering audits remotely which was likely to be necessary given the current pandemic.

The scope of the audit, audit approach including materiality, and in greater detail the areas of audit focus were reviewed. The audit focus was based on risk assessment with the first three significant risks being: Fraud and management override of controls; Revenue recognition and Expenditure recognition. Covid 19 was the fourth significant risk with Pension schemes as an elevated risk. The committee confirmed that members were not aware of any fraud, actual, alleged or suspected, over the previous year.

Responding to the question of specific areas the committee would like reviewed the committee identified cyber fraud and capital expenditure. Cyber fraud had been reviewed by

the internal auditors and the College was looking at various measures including Cyber Essential Plus. However, working remotely presented additional risks of processes slipping, particularly if the procedures had not been revised. Accordingly this would be reviewed by the external auditors along with capital expenditure mindful of the future farm project and property plans.

The Chair confirmed that the committee was content and the committee agreed to recommend the external audit plan to the Board for approval.

AF/amp

4.2 Internal audit strategy 2020/21

The report was received and reviewed by Louise Tweedie, RSM. She explained the strategy had been prepared following review of the risk plans, cyclical issues, wider economy and legal regularity, but assured the committee that plans were flexible. The areas proposed for review in 2020/21 were:

- Financial Planning Processes – Cashflow.
- Human Resources Controls – Recruitment and Selection.
- Funding Assurance Compliance Arrangements General Data Protection Regulations Governance Framework.
- Estates Management and Health and Safety Framework.
- Payroll controls.
- Plus other internal activity including Follow up audits.

The committee discussed the proposed plan openly including the need for a specialist review of cyber risks following the earlier discussion and college plans. The total cost of the audit service would be £25,000 and, responding to a question from the Chair, RSM confirmed that audits could be switched around, swapped and added to. Following a further discussion regarding the timing of the presentation of audit reports to the committee, the VP Group Operations undertook to share draft reports with the committee, in between committee meetings, following the completion of management responses and audit feedback.

AF

The committee also reflected on whether the Business Continuity Plan should be reviewed. The VP Group Operations confirmed that it would be looked at to identify lessons and this would be reported back to the committee at the appropriate time.

AF

The management of capital projects was also discussed and proposals for putting a project management infrastructure in place and establishing a governor task and finish group were noted.

The committee agreed to recommend the proposed internal audit plan for 2020/21 to the Board for approval.

AF/amp

4.3 Risk Management Policy and Board Assurance Framework

The report detailing proposed changes to the Risk Management process and reintroduction of the Board Assurance Framework, was received. The VP Group Operations summarised the proposed changes and reviewed the new pictorial risk register. This was aligned with strategic aims and included the current and previous assessment to identify movement and trends. The intention would be to link the risk registers with other key management documents also aligned with the strategic plan.

The committee commended the revised presentation of the risk register and responding to committee members' questions the VP explained how the register had been developed using the existing risks. He also confirmed that Covid-19 would be incorporated into the risk register as well as its own specific risk assessment. The risk register would be presented to the committee for review and approval of proposed changes.

The Chair reflected on the issue for the Audit and Risk Committee; audit was looking backwards and risk was identifying what might happen. Detailed management of the processes was for the management team; the committee's role was to be assured that the management team were in control. Following further discussion of the specific risks the committee commended the new mechanism recognising that it would require fine tuning but should improve risk management.

The Board Assurance Framework would be developed from the Risk Register and identify areas where assurance was required. It would be focussed on internal processes and would be used to inform internal and external audit plans. Essentially it should identify when assurance was needed, how assurance was gained and what further assurance was required. The VP shared a proposed format with the committee. The committee welcomed these plans and commended the proposed format making one or two suggestions for improvements. The committee also considered whether, once the Board Assurance process was established, there should be a Board level review to assess the Board's capability and competence to oversee key strategic risks.

JE/AF

The committee agreed that the proposed Risk Register and Board Assurance Framework formats be presented to the Board for approval.

AF/amp

Following this discussion the Principal left the meeting.

4.4 Whistleblowing Policy

The paper including the updated Whistleblowing Policy and Procedure and Conflicts of Interests Policy was received. These policies, along with the Governors Code of Conduct, had been updated to reflect the recommendation from the internal audit of the Framework for Anti-Fraud Policy and Awareness in March 2020.

The committee agreed to recommend the updated policies to the Board for approval, subject to any appropriate consultation with the unions.

AMP

5. FOR COMMITTEE INFORMATION AND DECISION

5.1 Internal Audit Programme 2019/20 – revised programme and progress report 2019/20

The report providing a progress update was received and reviewed by Adam George, RSM. He confirmed that the Follow up review had been completed remotely and updated the committee on the status of the planned reviews. Following the Covid-19 pandemic the internal audit plan had been reviewed with the management team to agree which audits could be progressed during lockdown recognising the priority areas for the College. The proposed changes to the plan were the cancellation of the Curriculum Planning and Additional Learning Support Review with the Risk Management Training deferred to 2020/21 to assist with the development of the risk management and board assurance arrangements.

The committee considered the proposed changes to the 2019/20 plan and agreed that these should be recommended to the Board for approval.

AF/amp

5.1.1 Follow up

The report included with the internal audit programme report was received and the committee noted that good progress in implementing agreed management actions had been made.

5.2 Other Audits

No other audits had taken place since the last committee meeting and there were no other audit reports to be shared with the committee.

5.3 Standing agenda items

5.3.1 Rolling review of high and medium risk audit recommendations from previous audits
The report was received. Following a review of the report format, the VP highlighted the document would be improved for future meetings. The committee acknowledged the inevitable impact of the Covid-19 pandemic on clearing outstanding actions and noted the progress being made.
The committee commended the ongoing work and suggested that the format of this report be reviewed in due course.

AF

5.3.2 Additional services provided by auditors
The VP Group Operations reported that RSM had been contracted to undertake the sub contracting controls audit required by the Education and Skills Funding Agency.

It was also noted that PwC was undertaking Transactions Unit certification.

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

5.4 Co-option of Committee member

The CV of a potential committee member, Leon Sargeant, which had been shared confidentially with committee members, was noted. The Chair confirmed that he had met Leon, who was a Bank Manager and had a good commercial background, and commended him to the committee. The committee agreed to co-opt Leon Sargeant onto the committee, subject to due process, for a four year term of office. The Corporation Secretary was asked to progress his appointment.

AMP

6. ANY OTHER BUSINESS

One item considered in the Confidential minutes.

7. DATES AND TIMES OF NEXT MEETINGS

25 November 2020

10 March 2021

23 June 2021

Subject to government advice, meetings will be held at CC St Austell usually commencing at 11.30 am with the exception of the November meeting when the committee will meet at 11.00 am, with the Finance and Resources Committee, to consider the annual accounts.

Following this item the VP Group Operations and Finance Director left the meeting.

8. PRIVATE MEETING OF COMMITTEE WITH AUDITORS

Following the staff members leaving the meeting the external and internal auditors, met privately with the committee.