

THE CORNWALL COLLEGE GROUP
MEETING OF THE AUDIT AND RISK COMMITTEE

**Minutes of the Meeting held on
27 November 2019 at 11.00 am at CC St Austell**

Members		Jeff Beer	JB	Chair
		Jonathan Mashen	JM	
		Jane Warren	JW	
		Geoff Warring	GW	
Members of the Finance and Resources Committee				
	<i>To minute 3</i>	Karen Burrows	KB	
	<i>To minute 3</i>	Peter Child	PC	
	<i>To minute 3</i>	Patrick Newberry	PN	
	<i>To minute 3</i>	Ian Tunbridge	IT	
Apologies				
	*	Malcolm Bell	MB	
	*	Tracey Hooper	TH	
<i>Member of Finance and Resources Committee</i>	*	John Evans	JE	
<i>Member of Finance and Resources Committee</i>	*	Thelma Sorensen	TS	
In attendance				
		Alison Phillips	AMP	Corporation Secretary
		Michael Collins	MC	Director of Finance and Resources
		Adam George	AG	RSM
		Stephen Patey	SP	PwC
	~	Jessamie Thomas	JAT	Deputy Corporation Secretary

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

~ denotes minute-taker

1. WELCOME TO THE JOINT MEETING WITH FINANCE AND RESOURCES COMMITTEE MEMBERS

The Chair of the Audit and Risk Committee welcomed colleagues. Consideration of item 2 would be carried out jointly with the Finance and Resources Committee, to receive and consider the external auditors' management letter and the draft Cornwall College Financial Statements for the year ended 31 July 2019.

Apologies were received.

1.1 Declarations of interests

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

2. CONSIDERATION OF CORNWALL COLLEGE FINANCIAL STATEMENTS FOR 2018/19

2.1 External audit for the year ended 31 July 2019 – Audit findings report relating to the Financial Statements and reporting on regularity - Confidential

This was dealt with as a confidential matter, in accordance with the Corporation's policy on confidentiality, and recorded in the confidential minutes.

2.2 Cornwall College Financial Statements including its subsidiary companies: CCMS (2000) Limited and CCES Limited – Confidential

This was dealt with as a confidential matter, in accordance with the Corporation's policy on confidentiality, and recorded in the confidential minutes.

Closing the joint meeting, the Chair thanked colleagues from both committees for attending. Members of the Finance and Resources Committee left the meeting.

3. MINUTES

3.1 Minutes of the Audit and Risk Committee meeting held on 24 June 2019.

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

4. MATTERS ARISING

- 4.1**
 - Annual report narrative to be completed with support from Head of Marketing (Minute 6.1) – the report had been completed, and had been considered earlier in the meeting.
 - Pensions risk management assessment for Board - (Minute 6.1) – MC would follow up.
 - External audit plan and engagement letter (Minute 6.1) – approved by Board 10 July 2019.
 - Audit days to include review of mental health and wellbeing (Minute 6.2) – in progress.
 - Internal audit plan and engagement letter (Minute 6.3) – approved by Board 10 July 2019.
 - Development session on risk management (Minute 6.3) – Alastair Campbell delivered training on risk management, board assurance and insolvency regime 2 October 2019.
 - Risk Management Policy and Board Assurance Framework (Minute 6.3) – approved by Board 10 July 2019.
 - MC to report back on measures in place to guard against staff introducing unauthorised software. (Minute 6.5) – an update would come to a future meeting.
 - Counter fraud policy (Minute 6.5) - approved by Board 10 July 2019.
 - Appointment of RSM internal auditors for 2019/20 - approved by Board 10 July 2019.

5. FOR DISCUSSION

5.1 Internal Audit Programme 2018/19

5.1.1 GDPR Follow Up.

The report was received. Adam George, RSM, noted that a substantial amount of work had been done by the College on GDPR and appropriate controls were in place.

5.1.2 Follow Up Visit Two

The report was received. AG confirmed that the four areas which had been pending College action had been closed off.

5.1.3 Internal Audit Progress Report

The report was received. The schedule for the 2019/20 plan was noted. The Wellbeing and Mental Health assignment had commenced.

5.1.4 Internal Audit Annual Report 2018/19

The report was received. AG informed the committee that for the twelve months ended 31 July 2019 the internal auditor's opinion was:

“The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework for risk management, governance and internal control to ensure that it remains adequate and effective.”

This was the second of four opinion levels. AG confirmed that, although the opinion was the same as last year, the results of the audit work for the year identified an improved position,

with strengthened controls, and relevant actions taken to address any identified weaknesses. At the request of the committee, AG would include re-draft his report ahead of the Board meeting, to include wording to this effect. AG agreed to highlight the order of priority of key areas in future reports, to enable the committee to gauge progress of key items.

Members recommended that the report be presented to the Board for its approval, subject to AG's additional wording.

5.2 Internal Audit Programme 2019/20

The internal audit progress report was received. AG updated the committee on two new areas which had been proposed by the Principal: curriculum planning, to reflect the new Ofsted framework, learner recruitment, alignment with stakeholders' interests and running viable courses (to be scheduled after 11 May 2020, once curriculum planning was complete); and additional learning support audit (to be scheduled when convenient).

The committee encouraged flexibility in the scheduling to ensure the workload was spread across the year. They requested that the reports going forward indicated the correlation between the risk register and the audit programme.

The committee noted that the annual programme formed part of the audit strategy 2016-2021. The Internal Audit Programme 2019/20 was approved.

The committee noted that Alastair Campbell would be leaving RSM and wished to put on record their thanks for his support.

5.3 Other Audits

5.3.1 Review of sub-contracting controls

The report was received. AG reported that all areas had been closed, except for the recommendation that the contracts template be reviewed, to be sure it aligned with public contract regulations; MC would consult with AoC.

MC

5.3.2 ESFA Funding Audit

At the invitation of the Chair, MC updated the committee on the ESFA Funding Audit. The written report from KPMG was awaited; MC confirmed that overall it had been a clean audit, with a potential adjustment of £5,000.

5.3.3 Other audits

The Breakthrough 2 Project Audit report was received. The committee noted the project's compliance and commended MC and his team on their work.

6. RECOMMENDATIONS TO THE BOARD FOR DECISION AND INFORMATION

6.1 Audit Committee Annual Report for the year ended 31 July 2019

The report was received. 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 2018/19 and all other relevant reports reviewed in 2017/18, that the Audit and Risk Committee could give assurance to the Governors that the Group had a sound framework for governance, risk management and control, which provided reasonable assurance regarding the effective and efficient achievement of the College's objectives and use of resources. The committee was

also satisfied with the progress made by the Group in developing its risk management approach and strategy.

Subject to the addition of wording by AG regarding the improving position, the committee approved the report for presentation to the Board meeting on 11 December 2019.

AMP

6.2 External audit for the year ended 31 July 2019 – Audit findings report relating to the Financial Statements and reporting on regularity

The confidential External Audit Report and Cornwall College Annual Accounts for the year to 31 July 2019 had been scrutinised earlier in the meeting, jointly with members of the Finance and Resources Committee. The committee noted the position and, subject to the amended wording agreed earlier in the meeting, approved the management letter for presentation to the Board meeting on 11 December 2019.

AMP

7. STANDING AGENDA ITEMS

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

The report was received. MC updated the committee on the good progress being made in closing risk recommendations from previous audits. There remained two high risk items and fourteen medium risk items. MC updated the committee on steps being taken to address the open high risk items. A new purchase order report had been developed, and once the finance system had been upgraded, the switch from paper to online reporting would enhance compliance. Curriculum planning was under review so that reporting mechanisms would monitor staff utilisation more accurately. The MIS team was scrutinising the alignment of contract hours with timetabling, and a report was due in early 2020.

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

The report was received. MC confirmed that the risk register would be further updated to align with the Strategic Plan 2019/20-2021/22 which would be issued in the Spring term. MC presented the rationale for lowering the risk rating of two items. He confirmed that the two priority areas were liquidity and quality: measures being taken to improve liquidity had been discussed earlier in the meeting; quality would be the focus of pre-board discussions on 11 December 2019, when the Principal would present the Strategic Aims to 2023. The Strategic Plan 2019/20 would be brought to the Board for consideration and approval.

7.3 Additional services provided by auditors

No additional services had been provided by the auditors.

7.4 Whistleblowing

The Company Secretary reported that there had not been any disclosures since the last meeting and none were ongoing.

8. PRIVATE MEETING OF COMMITTEE WITH AUDITORS

The staff members left the meeting and the internal and external auditors were invited to share any concerns or comments with the committee.

9. DATES AND TIMES OF NEXT MEETINGS

11 March 2020 at 11.30 am
24 June 2020 at 11.30 am

Closing the meeting the Chair thanked colleagues for their attendance.