



**AUDIT AND RISK COMMITTEE MEETING MINUTES
MONDAY 30 NOVEMBER 2020 AT 11:30am
VIRTUALLY VIA MSTEAMS**

Committee members present

Patrick Newberry	PN	Committee Chair
Tracey Hooper	TH	Governor
Jonathan Mashen	JM	Co-opted Committee member
Leon Sargent	LS	Co-opted Committee member
Anne Thomas	AT	Governor
Geoff Warring	GW	Governor

In Attendance

Wendy Randle	WR	Clerk to the Corporation
Karen Burrows	KB	Finance and Resources Committee Chair
Adrian Ford	AF	VP Group Operations
Graeme Sinclair	GS	Finance Director
Stephen Patey	SP	PwC (External Auditors)
Adam George	AG	RSM (Internal Auditors)

		Action
1	<p>WELCOME, APOLOGIES AND DECLARATION OF INTERESTS</p> <p>The Chair of Finance and Resources was welcomed to the meeting for item 3. Apologies were received and accepted from Jane Warren.</p> <p>The Chair of the Committee reminded the Committee that he was a Director of an asset management company, managing assets of Cornwall and Devon LGP scheme; this information is contained on the register of interests. There were no further interests declared than those contained on the members' register.</p>	
2	<p>MINUTES AND MATTERS ARISING</p>	
2.1	<p>Minutes from the meeting on 24 June 2020</p> <p>The minutes and confidential minutes of the meeting held on the 24 June 2020 were agreed to be a true and accurate record of the meeting. The Clerk to the Corporation would arrange for these to be signed by the Committee Chair.</p>	
2.2	<p>Matters Arising</p> <p>The matters arising report had been circulated prior to the meeting. It was noted that the risk register format had been changed, going forward the risk register will be reviewed by both OLT and ELT to ensure up to date reporting.</p>	

<p>3</p> <p>3.1</p> <p>3.2</p> <p>3.3</p> <p>3.4</p>	<p>CONSIDERATION OF CORNWALL COLLEGE FINANCIAL STATEMENTS FOR 2019/2020</p> <p>External audit for the year ended 31 July 2020 – Audit findings report relating to the Financial Statements and reporting on regularity A draft version of the report had been circulated prior to the meeting. The Committee agreed that the final version be reviewed by Chairs of Audit & Risk and Finance & Resources Committees prior to circulation to the Board for the meeting on 09/12/2020. Further detail included in the confidential minutes.</p> <p>The Committee thanked the VP Group Operations and Finance Director, asking that thanks be passed to the wider team.</p> <p>Cornwall College Financial Statements including its subsidiary companies: CCMS (2000) Limited and CCES Limited – Confidential – considered by Finance and Resources Committee The draft financial statements were received, these had been considered by the Finance and Resources Committee. The final version would be presented to Board on 09/12/2020. Further detail contained in the confidential minutes.</p> <p>Letter of Representation: it was reported that the letter of representation contained no non standard terms. The list of governors at the end of the letter required amendment and the final reconciliation would need completing; the Committee agreed to recommend to Board the approval of the letter of representation subject to the amendments being completed.</p> <p>The Committee were informed that there would be further minor adjustments required to finalise the accounts. The Committee agreed these be considered by the Chairs of Finance & Resources and Audit & Risk Committees prior to circulation for the next Board meeting (09/12/2021).</p> <p>PwC and the College team were thanked by the Committee asking their thanks be passed on to the rest of the team.</p> <p>Regularity Self Assessment Questionnaire (RSAQ) The RSAQ had been circulated prior to the meeting; there were no questions from Committee.</p> <p>Annex to the Regularity Self Assessment Questionnaire The above report had been circulated prior to the meeting. It was noted that this new Annex relates specifically to Covid and is designed to ensure the College are not double funded.</p> <p>KB and SP left the meeting.</p>	<p>WR</p> <p>PN/ KB</p>
<p>4</p> <p>4.1</p> <p>4.1.1</p> <p>4.1.2</p>	<p>FOR DISCUSSION</p> <p>Internal Audit Programme 2019/2020</p> <p>Internal Audit Progress Report RSM presented on the progress report circulated prior to the meeting. It was reported that the 2019/20 audit plan had been completed, with some amendments to ensure delivery on the College priorities, resources and impact of Covid. The additional Payroll audit report would soon be with the College and the Estates audit had commenced. The final change from the plan had been the funding assurance audit which had been delayed due to receiving the ESFA report from KPMG, this was replaced with the Transaction Unit (TU) audit.</p> <p>Internal Audit Annual Report 2019/2020 The report had been circulated prior to the meeting. There were no changes compared to the College annual opinions for the previous year; early data suggests 80% of similar Colleges were rated the same. The Committee were keen to explore if RSM felt there had been improvements compared previous year; RSM stated that based on the profile there had been an improvement yet reminded the Committee they had completed less audits and had not completed a funding compliance audit.</p>	

<p>4.1.3</p> <p>4.1.4</p> <p>4.1.5</p> <p>4.2</p> <p>4.3</p> <p>4.3.1</p> <p>4.3.2</p> <p>4.3.3</p>	<p>Cash Flow The Cash Flow audit report had been circulated prior to the meeting; this report considered the financial planning processes for the cash flow. RSM reported that the control framework for the year was effective having seen the monitoring and reporting framework in operation and being challenged. There was one low significance action, an adjustment to the design of the weekly cashflow model would enable the College to make a more assured opinion. It was also noted that the updating of the cash flow forecast dropped off in September, with the recommendation that the College consider more resource at this time if needed to support staffing.</p> <p>The VP Group Operations noted the recommendations and stated the Finance team have very good processes in place with day to day management of staff and forecasting and thanked the team.</p> <p>Transaction Unit (TU) The report had been circulated prior to the meeting. The Committee reflected on the need to consider lessons learned to seek assurance on effective project management requesting an overview report outlining project progress against milestones for larger scale projects. A Committee member suggested reviewing practice of other Colleges.</p> <p>Subcontracting controls audit The subcontracting Controls audit had been an addition to the planned programme. In summary eight actions were raised, fewer than the previous year and different issues. The actions were due to funding changes and other elements included into funding agreements, similar to other colleges. In summary the actions linked to identifying the rationale in subcontracting, conflicts of interest, the need to advertise the subcontracts through the contracts finder therefore ensuring that all funding requirements and documents are provided to the subcontracting people. A similar action to previous years was linked to the monitoring of sub contractors.</p> <p>The Lead Governor for Apprenticeships and Work Based Learning informed the Committee they were aware that operationally some of the work highlighted had been completed. A Committee member suggested that going forward the College might want to look at H&S, EDI, sustainability and safeguarding standards of Apprenticeship providers to ensure similar standards are in place.</p> <p>Internal Audit Programme 2020/2021 The previously agreed report had been circulated prior to the meeting. Progress had been covered under item 4.1.1.</p> <p>Other Audits</p> <p>Developing Skills for Business</p> <p>Future Focus The above two audit reports had been circulated prior to the meeting; the Committee received these reports with no further comments.</p> <p>Education Skills and Funding Agency (ESFA) Funding Audit The Director of Management Information Services (MIS) had been invited to the meeting in response to a previous Committee request, to provide an overview on the ESFA Funding Audit.</p> <ul style="list-style-type: none"> ▪ The ESFA had audited nearly 10% of learners, a large scope. ▪ The ESFA did not plan on recovering any funds from the College which was an excellent result. ▪ Annex B reflects a list of the minor issues on the areas tested; the College have undertaken a review of these errors and have a plan to progress. ▪ The College have fed back to the ESFA re the executive summaries to support boards considering this report. <p>In response to a Committee member question it was reported that the College have historically</p>	<p>AF</p>
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4.3.4	<p>been good in this area due to a strong team in compliance, the College needs to share this practice in other areas. An internal process of risk assessment has been implemented to enable the College to target areas internally. Outcomes from these assessments are combined in an action plan which will be presented to Audit and Risk committee. The Committee thanked the Director of MIS for his contribution and asked that thanks be passed to the team; Paul Ramshaw left the meeting.</p> <p>Concorde (CCMS)</p> <p>It was reported that the year end audit had not raised any concerns. The College have requested a further audit from RSM, details contained in the confidential minutes. The VP Group Operations reported that the College had improved working relationships with Concorde.</p> <p>A Committee member reflected on the volume of paperwork for the meeting, it was agreed that finalised audit reports be forwarded to Committee once received.</p>	
5 5.1	<p>RECOMMENDATIONS TO THE BOARD FOR DECISION AND INFORMATION</p> <p>Draft Audit and Risk Committee Annual Report for the year to 31 July 2020</p> <p>The Committee reviewed the report circulated prior to the meeting. The report concluded, based on the internal auditors' report for 2019/20 and all other relevant reports reviewed in 2019/20, that the Audit and Risk Committee could give reasonable assurance to the Board that the College had a sound framework for governance, risk management and control processes in place for the effective and efficient use of resources, the safeguarding of assets and the monitoring and management of solvency. The committee were also satisfied with the progress made by the College in developing its risk management approach and strategy.</p> <p>Subject to the inclusions of the suggested amendments from RSM, linked to the requirements of the Audit Code of Practice July update, the Committee approved the report for presentation to the Board meeting on 09/12/2021.</p> <p>The Committee discussed the suggestion of using a picture diagram of the framework in order to provide assurance to the Committee; the VP Group Operations updated on the work started by the College in order to provide assurance, noting the risk register will guide this work.</p> <p>5.2 External Audit Report and Cornwall College Annual Accounts for the year to 31 July 2020</p> <p>The Committee agreed to recommend the External Audit Report and Annual Accounts to the Board for approval.</p> <p>5.3 Regularity Self-Assessment Questionnaire (RSAQ)</p> <p>The Committee agreed to recommend the RSAQ to the Board for approval.</p> <p>5.4 Annex A to the Regularity Self-Assessment Questionnaire</p> <p>The Committee agreed to recommend Annex A to the RSAQ to the Board for approval.</p> <p>5.5 Committee Terms of Reference</p> <p>The Committee agreed to recommend to the Board the approval of the Committee TOR and the suggested amendments.</p> <p>The committee concluded its review for the year.</p>	WR
6 6.1	<p>STANDING AGENDA ITEMS</p> <p>Rolling review of High and Medium Audit recommendations from previous Audits</p> <p>Circulated prior to the meeting, it was noted that the report has been simplified to provide the highlights, progress and future steps. There were nine items outstanding, down from seventeen, which the College plan to address prior to commencing the new audits. The Committee reflected that compared to previous years this was an improvement and thanked the VP Group Operations and team for the improved progress.</p>	

6.2	<p>Review of Risk Register and Executive Leadership Team risk management discussions.</p> <p>The risk register had been circulated prior to the meeting. The risk register had recently been considered at the Operational Leadership Team (OLT) Away Days (26&27 /11/2020) to ensure ownership throughout the organisation; these discussions had resulted in the addition of four items; Environment, Sustainability, Care Standards and Animal Wellbeing.</p> <p>The Committee reflected on their attendance at the OLT Away Days, specifically the session on the risk register which provided assurance to the Committee that all staff groups were supportive of the process and understood the implications.</p>	
6.3	<p>Additional services provided by auditors</p> <p>The Committee reflected on PwC being contracted to support with the compilation of the statutory accounts; it was noted that the College have appointed another accountant to join the Finance team to support with this function internally going forward.</p>	
6.4	<p>Whistleblowing</p> <p>The Clerk to the Corporation reported that there had not been any disclosures since the last meeting and none were ongoing.</p>	
6.5	<p>Health and Safety</p> <p>As agreed at Board, Health and Safety (H&S) will report into the Audit and Risk Committee and then to Board. It was noted that the VP Group Operations chairs the internal H&S Committee, the membership of this includes key H&S staff and assistant principals. The College plan to run a H&S culture questionnaire, with results presented to Committee. A report will be provided to the Committee.</p>	AF
7	<p>PRIVATE MEETING OF COMMITTEE WITH AUDITORS</p> <p>The VP Group Operations and Finance Director both left the meeting. A conversation took place between RSM and the Committee, this is contained within the confidential minutes.</p>	
8	<p>DATES AND ADDITIONAL DATES OF NEXT MEETINGS</p> <p>10 March 2021, 11am 23 June 2021, 11am</p>	