



**Minutes of the Audit and Risk Committee meeting held on**

**Wednesday 29 November 2023 at 10am  
at the St Austell campus**

**Committee members present**

Jonathan Mashen	JM	Committee Chair
Perry Baker	PB	
Ellen Winser	EW	

**In Attendance**

Tian Bersey	TB	Clerk to the Governors
Mathew Davies	MD	Finance Controller
Adrian Ford	AF	Group Deputy Principal Group Operations (DP GO)
Adam George	AG	RSM (Internal Auditors)
Craig Sullivan	CS	Bishop Fleming (External Auditors)
Mark Wright	MR	Deputy Head of Estates for item 9

		Action
1	<p><b>WELCOME, APOLOGIES AND DECLARATION OF INTERESTS</b> Apologies were received and accepted from John Evans.</p> <p>There were no further interests declared than those already contained on the members' register.</p>	
2	<p><b>ANNUAL REVIEW OF MEMBERS REGISTER OF INTERESTS</b> Given that the Clerk to the Governors had very recently started in the role, it was agreed that she and the Chair would review the Members' Register of Interests following the meeting and report back at the next meeting.</p>	TB/JM
3	<p><b>MINUTES AND MATTERS ARISING</b></p> <p>3.1 The minutes and confidential minutes of the meeting held on 28<sup>th</sup> June 2023 were agreed to be an accurate reflection of the meeting and were approved by the Committee.</p> <p>3.2 <b>Matters arising</b> The Committee reviewed the matters arising report and noted the following: 4 – The ONS reclassification is all in place and has been built into the Financial Regulations which have been reviewed by the Finance &amp; Resources Committee and will go to the next Board meeting for approval. 6.2 – The Business Continuity Plan is on the agenda for this meeting. 6.4 – The Head of IT Services will attend the next Committee meeting to update on cyber security. 13 – All actions had been recommended to the Board and approved. 3.3 - The outcome of the internal investigation of the contract management processes within Golf was presented to the Committee. A process is in place and ongoing to ensure that all contracts are up to date. 6 – The update on policy management was deferred until the next Committee meeting. 7 – The Chair reported that following the work of the Risk Task &amp; Finish Group and discussions with the DP GO all actions linked to the risk register were either presented today or in progress</p>	

	and on track for feedback at the next meeting.	
4	<p><b>INTERNAL AUDIT</b></p> <p>The Committee reviewed the documents from the Internal Auditors and welcomed Adam George to the meeting.</p>	
4.1	<p><b>Internal Audit Programme 2022/2023</b></p>	
4.1.1	<p><b>Curriculum Planning &amp; Budget Setting Process</b></p> <p>RSM reported that a substantial assurance opinion was given on the internal audit of the curriculum planning and revised budget setting process. Two low priority and two medium priority management actions were agreed which included tidying up strategy documents; updating and aligning the financial regulations, improving record keeping of budget approval situations and ensuring robust data is kept up to date. The Committee discussed the findings.</p>	
4.2	<p><b>Internal Audit Annual Report</b></p> <p>RSM reported a second level annual audit opinion of an adequate and effective framework for risk management, governance and internal control with further enhancements identified to ensure it remains adequate and effective. This is the same as the previous year but RSM emphasised that there were areas where further enhancements had been made since the previous year. Of the five assignment areas which were: Procurement and contract management controls; governance framework, Learner number systems, Curriculum planning and budget setting processes and follow up only procurement and contract management controls had a high level action.</p> <p>A Committee member asked if it was only the procurement actions that prohibited a top level audit opinion and this was confirmed. The Committee noted that the levels at which tenders were required were very low which had been challenging to fulfil and the Finance and Resources Committee will recommend more sensible levels which would be in line with other colleges to the Board in December.</p> <p>RSM also reported that a second level opinion is in line with their client base but benchmarking data would be presented at the next Committee meeting.</p>	
4.3	<p><b>Internal Audit Programme 2023/24</b></p>	
4.3.1	<p><b>Progress Report</b></p> <p>The Committee noted that the Progress Report had been distributed after the meeting pack.</p> <p>RSM reported that good progress has been made in implementing actions from the previous audit with 7 completed, 1 superseded and 1 ongoing where a new system is being implemented.</p> <p>A Committee member asked if there was value in reviewing low risk action follow up. RSM explained that it provides assurance, demonstrates how the Group has moved on and allows close down on the internal audit systems. The Chair explained the historical context for the Committee.</p>	
4.4	<p><b>Additional Services provided by the Auditors</b></p>	
4.4.1	<p><b>Subcontracting</b></p> <p>The Committee reviewed the assessment against the ESFA Subcontracting Standard. RSM highlighted that of the 91 RAG rated subsections the majority were green, only 22 were amber and there were only 8 management actions to address, the majority of which were in the area of contract management. There were no concerns or outstanding items and the issues raised are common. The assessment will be completed every 3 years.</p>	

	<p>The Committee noted that the actions were due to be completed by the end of October 2023 and the Executive confirmed this.</p> <p>The Chair thanked RSM for their reports.</p>	
<p>6</p> <p>6.1</p> <p>6.2</p> <p>6.3</p> <p>6.4</p>	<p><b>STANDING AGENDA ITEMS</b></p> <p><b>Rolling review of high and medium Audit recommendations from previous Audits</b>                  The Financial Controller updated the Committee on progress against the recommendations from previous audits. The Committee noted:</p> <ul style="list-style-type: none"> <li>• the completion of one high and four medium actions since the previous meeting.</li> <li>• the addition of two medium curriculum planning and budget setting process actions which should be completed by the next meeting.</li> <li>• the planned completion of three procurement actions before the next meeting.</li> </ul> <p>It was agreed to include the actions from the Subcontracting Assessment into the report at the next meeting.</p> <p>A Committee member noted that the action relating to cyber security was open and delayed and asked if there were risk implications to this. The Committee were reassured that training and briefings were in place and that it is additional and specific training that is being sought to complement this.</p> <p>A committee member highlighted that subcontracting was a two way process and asked if the College Group asks subcontractors for their feedback. This was confirmed but not formally reported and will be suggested for the future.</p> <p><b>Business Continuity Plan</b>                  The Committee received a presentation on the Business Continuity Plan. A scenario planning exercise had been completed by the Executive Leadership Team (ELT) and the key learning points shared the Committee.</p> <ul style="list-style-type: none"> <li>• More simple triggers will be added to the plan.</li> <li>• Policy and procedures had been separated to ensure that procedures were clear.</li> <li>• Scenarios/playbooks for curriculum planning and professional services will be developed.</li> <li>• Options for centralised communications are being explored.</li> </ul> <p>The Committee discussed the plan in the context of recent events including the discovery of RAAC and closure due to bad weather. A Committee member asked for confirmation that practice drills are in place and this was confirmed.</p> <p>Bishop Fleming (BF) asked about the skill set in the IT team for disaster recovery, IT failure and reconnection. It was reported that the IT playbooks were effective during the scenario planning exercise and a comprehensive cyber insurance policy is in place. The Committee discussed other IT threats such as phishing attacks and helpful resources such as the Police Cyber Team and GIS shared intelligence. PB will connect with the Head of IT services to discuss further.</p> <p><b>Board Assurance Framework</b>                  The Committee noted that Board Assurance Framework will be updated with the internal audit plan for 2023/2024 and the outcomes of the Operational Leadership Team’s refresh of the risk register at their recent strategy days and brought to the next meeting for review.</p> <p><b>Risk Register</b>                  The Committee reviewed the risk register and noted that risk scoring and mitigations had</p>	<p>MD</p> <p>AF</p> <p>AF/PB</p> <p>MD</p>

	<p>recently also been reviewed in a session involving the full Operations Leadership Team and a selection of governors. The OLT had shown engagement and understanding which demonstrated that the risk register is now embedded. The concept of risk appetite has also been introduced and will be developed.</p> <p>The Committee noted:</p> <ul style="list-style-type: none"> <li>• The increased number of high needs students is considered positive but will have an impact on the attainment gap (1.2) unless further mitigations are implemented.</li> <li>• A modest pay award has reduced the staff retention risk (2.1) slightly.</li> <li>• An increase in mitigations for increased mental ill health and poor wellbeing among students. (2.2)</li> <li>• Positive enrolment figures reducing scoring in a number of areas and giving confidence in financial results.</li> <li>• The Camborne re-development is on schedule to complete on time and within budget (5.4) but the discovery of RAAC in the Penhaligon Building at Camborne has caused problems.</li> </ul> <p>The Committee reviewed the new risks added to the register:</p> <ul style="list-style-type: none"> <li>• Risk to the College Group if foundation awarding powers are not retained, an application is in process.</li> <li>• Risks surrounding the introduction of international provision and the need for effective infrastructure.</li> <li>• The discovery of dry rot in Bicton House.</li> <li>• Risks surrounding the defunding of some qualifications before T Levels are fully implemented.</li> <li>• The impact of adverse weather.</li> <li>• Staff workload.</li> </ul> <p>The Chair raised the risk of devolution which would result in 60% of the adult education budget being devolved to Cornwall Council and could make working both in Cornwall and Devon more complex. This will be added to the risk register. A Committee member recommended also developing a list of opportunities coming from devolution.</p> <p>A Committee member suggested that along with defining risk appetite it would be useful to outline when the College expects to be within risk profile and to horizon scan and maintain a list of emerging topics such as a Labour victory in the next general election. Another Committee member highlighted that the Committee had discussed but not followed up the need to contact candidates in constituencies in Cornwall and Devon.</p> <p>The agreed modification of the format of the risk register will be ready for the next meeting.</p> <p><b>Whistleblowing update</b> None to report.</p> <p><b>Annual Gift Report</b> The Committee noted the report and that no gifts had been received.</p>	<p>AF</p> <p>AF</p>
7	<p><b>DRAFT AUDIT AND RISK COMMITTEE ANNUAL REPORT FOR THE YEAR TO 31 JULY 2023</b> The Committee reviewed the draft Audit and Risk Committee Annual Report which will be updated with the outcomes from this meeting and agreed to recommend it to the Board for approval.</p>	<p>JM</p>
8	<p><b>CONSIDERATION OF CORNWALL COLLEGE FINANCIAL STATEMENTS FOR 2022/2023</b></p>	

<p>8.1</p>	<p>The Committee welcomed Craig Sullivan from Bishop Fleming to the meeting.</p> <p><b>External audit for the year ended 31 July 2023</b>          BF presented the Key Issues for Discussion Document, reported on an improved and efficient audit with few control points and adjustments which provided assurance in what the governors and relevant committees see during the year.</p> <p>BF also reported on the audit status:</p> <ul style="list-style-type: none"> <li>• The accounts had been reconciled and updated and would be finalised on Monday for sign off.</li> <li>• No risk identified in the Going Concern Review which has been finalised for the auditors' internal processes.</li> <li>• No issues identified in the Regularity Self Assessment which included the new requirements on managing public money following reclassification.</li> <li>• Post balance sheet events such as the RAAC status in the Penhaligon building have been updated.</li> <li>• A copy of the Representation Letter is included in meeting papers.</li> </ul> <p>The Committee discussed the new requirements on managing public money which will come into full year effect for the next audit when policies and procedures can be sense checked.</p> <p>BF confirmed that they anticipate issuing unmodified audit reports on the financial statements of Cornwall College Further Education Corporation, CC Education Services Limited and CCMS (2000) Limited for the year ended 31 July 2023. BF also confirmed that they propose to issue an unmodified regularity assurance report for the period.</p> <p>BF thanked the staff for their cooperation during the audit. In reporting on the audit process BF highlighted that starting a week later had worked well, the accounts received were of a better quality but that a revised version of the TCCG accounts had been shared after the fieldwork had been completed. BF recommend that the accounts workbook provided at the start of the audit includes all adjustments that are in the direct control of management, such as the correction of categories and clearing internal recharges. The DPGO and the Financial Controller reported that they have cut back on the number of internal recharges in this current year.</p> <p>The Committee discussed the accounting of the pension surplus and the assumptions used in making accounting estimates.</p> <p>BF will attend the Board meeting to answer any questions from Board members.</p> <p>The Committee thanked BF for their work and their report.</p>	
<p>8.2</p>	<p><b>Cornwall College Financial Statements including its subsidiary companies: CCMS (2000) Limited and CCES Limited for the year ending 31 July 2023</b>          The Committee reviewed the annual report, financial statements, going concern review and risk management statements for the Corporation and its subsidiaries and agreed to recommend them to the Board for approval.</p> <p>RSM reminded MD that their Company address needed updating.</p> <p>A Committee member noted the challenge of finding governance volunteers who were able to make time for the role and that a number of volunteers had resigned this year due to not being able to make the time commitment.</p>	
<p>8.3</p>		

	<p><b>Regularity Self-Assessment Questionnaire</b>                  The Committee reviewed the Regularity Self-Assessment Questionnaire. BF confirmed that the financial regulations had been updated following reclassification and that they had no issues to report.                  The Committee agreed to recommend the document to the Board for approval.</p>	
<p>9</p>	<p><b>HEALTH AND SAFETY REPORT</b>                  The Committee received the Health and Safety Report and the Deputy Head of Estates attended the meeting and highlighted the following:</p> <ul style="list-style-type: none"> <li>• A review of the organisational structure with the Deputy Head of Estates now taking the strategic lead.</li> <li>• The implementation of a software system to record and collate health and safety information.</li> <li>• More people are reporting and there is better data. However, the number of reportable incidents has remained static.</li> <li>• The system allows the recording of investigations.</li> </ul> <p>A Committee member asked about the difference in number of incident reports between Stoke and Bicton and this was discussed.</p> <p>The Committee noted that Health and Safety policy is currently under review but no major changes are anticipated.</p> <p>Improved procedures for permits for hazardous works have been implemented, the workplace inspections that have taken place have not identified significant areas of risk and there is active encouragement to report near misses.</p> <p>KPIs will be developed. The Chair highlighted the importance of having clear KPIs and visibility of trends. JM and MW will meet to discuss this in the new year.</p>	<p>JM/MW</p>
<p>10</p>	<p><b>POLICY MANAGEMENT UPDATE</b>                  This item was deferred to the next meeting.</p>	
<p>11</p>	<p><b>PRIVATE MEETING OF COMMITTEE WITH AUDITORS</b>                  The DPGO and Financial Controller left the meeting.</p> <p>RSM reported that the 2023/24 internal audit had been slow in getting started but they understand that the external audit has been taking place. They are building an effective relationship with MD. The Chair requested that the emphasis of the internal audit move to strategic items and expressed frustration that opinions were often changed when field work was reviewed.</p> <p>BF reported that it was pleasing to see the progress made with the staff changes, that joint working had been successful and there had been less audit hours. A clear debrief will support further improvements. The front half of the Annual Report could be produced earlier and there were some late adjustments to the financial statements.</p> <p>The auditors and committee members highlighted the short amount of time between this meeting and the Board meeting which in previous years had been 2 weeks.</p> <p>The DPGO and Financial Controller returned to the meeting. The Committee thanked the auditors for their work.</p>	

Approved minutes

<p>12</p>	<p><b>KPIS FOR INTERNAL AND EXTERNAL AUDITORS</b> The Financial Controller will finalise the report and circulate.</p> <p><b>REAPPOINTMENT OF EXTERNAL AUDITORS</b> The Committee noted that BF demonstrated a high level of engagement and a proactive approach with issues such as pensions and RAAC. The Committee recommended the reappointment of BF as External Auditors for the final year of the current agreement.</p> <p>A tender process for will be initiated in the new year for external auditors. The Committee discussed the timeline and agreed that it should start in January 2024. The Financial Controller will map out a timeline and share with the Committee. Committee members asked for the dates for governor involvement as soon as possible.</p> <p>The Committee noted the number of big firms leaving the market and discussed to what extent it was important to have a regional firm with local context.</p> <p>The Committee also agreed to emphasize to RSM the need for a strategic focus and to return to site for some fieldwork.</p>	<p>MD</p> <p>MD</p>
<p>13</p>	<p><b>DATES AND ADDITIONAL DATES OF NEXT MEETINGS</b> 7 March 2024, St Austell/ Teams 26 June 2024, St Austell/ Teams</p>	