



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

**Wednesday 26 June at 10am  
at the St Austell campus and on Teams**

#### **Committee members present**

Jonathan Mashen	JM	Committee Chair
Perry Baker	PB	
Glayne Price	GP	

#### **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)
Charlie Martin	CM	Bishop Fleming (External Auditors)
Steve Cant	SC	Head of IT Services for item 7
Bob Harris	BH	Head of Estates for item 6
Mark Wright	MR	Deputy Head of Estates for item 6

		Action
1	<b>WELCOME, APOLOGIES AND DECLARATION OF INTERESTS</b> Apologies were received from Michael Hambly, Ellen Winsor, John Evans and Louise Tweedie (RSM).  There were no additional declarations of interest.	
2 3.1  2.2	<b>MINUTES AND MATTERS ARISING</b> <b>Minutes</b> The minutes of the meeting held on 7 March 2024 were agreed to be an accurate reflection of the meeting and were approved by the Committee.  <b>Matters arising</b> The Committee reviewed the matters arising paper distributed prior to the meeting and noted the updates. Most actions were completed, in progress or on the agenda.  The Group Deputy Principal Group Operations reported that KPIs for marketing are in development. The Chair reported that an additional Committee meeting would be scheduled in October 2024 to focus on risk and in particular discuss risk appetite and risk exposure.	TB
3 3.1	<b>INTERNAL AUDIT</b> <b>Internal Audit Programme Progress report 2023/2024</b> RSM presented the Internal Audit Progress Report. All audit fieldwork has been completed. The audit into student bursaries was a late replacement and swapped with the IT strategy audit which will now be completed in 2024/25. The internal audit report on student bursaries will be circulated to committee members when ready.  A governor asked about the purpose of the audit into the IT strategy. It will review if the strategy is fit for purpose and how the College plans to deliver the strategy. The strategy is currently being finalised and KPIs are being developed and for this reason it was postponed. The	MD/TB

3.2	<p>Committee discussed and recommended pushing the audit until the end of next year in order to check the governance framework, the delivery plan and gain a sense of implementation as well as if anything has been missed.</p> <p>RSM sector updates and briefing papers had been included in the information pack (item 12).</p> <p><b>Internal Audit reports</b></p> <ul style="list-style-type: none"> <li>▪ Budget Management &amp; Monitoring Arrangements</li> </ul> <p>RSM reviewed the framework for managing and monitoring the budget. The audit provided substantial assurance with a one medium action to document meetings monitoring variances and action plans.</p> <p>The Financial Controller reported that a timeline has been put in place for budget meetings and a standard agenda created. Data from the HR and finance systems will be put into PowerBi to monitor drivers and improve reporting through a monthly snapshot. A governor asked a question about the PowerBi software. A committee member suggested an internal audit into data management and data governance that given the College’s data driven approach.</p> <ul style="list-style-type: none"> <li>▪ Learner Number Systems</li> </ul> <p>RSM reviewed compliance with the Funding Rules that form part of the terms and conditions of the funding agreement between the Education and Skills Funding Agency (ESFA) and the Institution. The Chair raised the challenge in understanding the perspective of this audit. The Committee discussed the context and in particular the complexities of apprenticeship funding which are difficult to manage with rolling starts and regular rule changes which are often announced late. RSM reported reasonable assurance. The DPGO highlighted that this is a snapshot of samples at a point in time and reported and that the Vice Principal Data, Funding and Compliance will follow up the actions. A committee member asked what would be the impact if issues were not resolved. RSM reported that ESFA could take back some funding but it was unlikely to stop funding and that the actions raised were simple to fix.</p> <ul style="list-style-type: none"> <li>▪ Follow Up</li> </ul> <p>RSM reported that all actions had been implemented and reported as closed. A committee member requested further information on the actions relating to Cyber Security Controls.</p> <ul style="list-style-type: none"> <li>▪ Follow Up procurement</li> </ul> <p>RSM reported that follow up to the procurement audit had been separated out to provide assurance and that three out of the four actions had been completed or superseded and the fourth action was in progress. The Committee discussed the ongoing search for the right procurement system and that procurement regulations were due to change.</p>	
3.3	<p><b>Draft Internal Audit plan 2024/2025</b></p> <p>The Chair reminded committee members that the proposed plan for 2024/25 has been drafted supported by discussion in this committee, with the Chairs of other committees and the Board and proposed to the Executive Leadership Team. The risk register and sector guidance had informed discussions. He asked the Committee if the plan provides the assurances needed and reminded them that once approved it remains flexible if the risk profile changes or other matters arise.</p> <p>The committee discussed potential topics for a fifth audit including data management, student voice, careers guidance, golf provision and health and safety. It was agreed that golf provision was working as expected and with more visibility and student voice is undergoing some changes and development and it may be too early for an audit. The Committee discussed that an audit of the effectiveness of new health and safety systems and culture would also be more useful in 2025/26 and discussed contractor responsibility for health and safety in the capital building</p>	

	projects. It was agreed that data management should be added as the fifth audit topic.	
4 4.1	<p><b>EXTERNAL AUDIT</b></p> <p>External Audit Plan 2023/2024</p> <p>The Chair congratulated CM on achieving responsible individual status, it has been agreed that he will lead the College's external audit this year. Craig Sullivan will remain involved as the Relationship Partner and involved with monitoring the audit.</p> <p>The Committee received the External Audit Plan for 2023/2024 and Bishop Fleming highlighted the annual strategy, audit risks and context changes in the Plan. The Committee discussed accounting for the sale of Penhaligon for £1 and reimbursement from the DfE for impairment from RAAC and pension assumptions and that the College Accounts Direction now refers more strongly to recognising pensions as an asset.</p> <p>Bishop Fleming also reported on a wider sector update including the release of the Financial Handbook which will come into effect in the next financial year and updates to the College Accounts Direction.</p> <p>The Committee confirmed no issues of fraud.</p> <p>Bishop Fleming proposed timeframes for the audit including planning for a gap in audit field work and having journals completed for the start of the process and highlighted the fee proposal in the plan.</p> <p>The Committee accepted the plan.</p>	
5 5.1	<p><b>STANDING AGENDA ITEMS</b></p> <p><b>Rolling review of high and medium Audit recommendations from previous Audits</b></p> <p>The Financial Controller reported that actions from the new reports will be added following the meeting. Five actions have been completed and 2 superseded since the last meeting and the trend continues to complete and sign off actions.</p> <p>A committee member asked if any interim/ in house IT training had been completed with high risk personnel whilst additional high-level training is being sought. Regular training and JISC training continues as does attendance at South West IT meetings and information is cascaded. The spreadsheet will be updated to communicate this.</p> <p>The Chair asked about a change of emphasis in procurement. The Procurement Manager is closely managing activities, there have been some minor changes to limits but no fundamental changes.</p>	MD
5.2	<p><b>Board Assurance Framework</b></p> <p>The Financial Controller reported that the Framework had been updated since the last meeting and highlighted the following:</p> <ul style="list-style-type: none"> <li>▪ Marketing strategy – the College is experiencing growth beyond demographics and in market share. Live data is being monitored</li> <li>▪ Communications - the customer services team will now be line managed by Head of Communications to ensure it is consistent and streamlined.</li> <li>▪ Camborne redevelopment – the discovery of RAAC and a MEP design fault have caused delays at Camborne but grant money will have been spent in time and the situation is being monitored.</li> <li>▪ Residential – a good rating was received in the Ofsted inspection, investment is needed on sites.</li> <li>▪ Quality – the College is the top performing college in Cornwall for FE and outperformed</li> </ul>	

5.3	<p>its competitor.</p> <ul style="list-style-type: none"> <li>▪ Subcontracting – the formal assessment report has been received from ESFA which confirmed that the next audit will not be due until July 2026.</li> <li>▪ Staff – staff survey results have been published.</li> <li>▪ Staff pay – the draft budget includes a minimal pay award for next year.</li> <li>▪ Cash flow and grants are being managed effectively.</li> <li>▪ Dry rot at Bicton is being treated with ventilation and a specialist consultant is investigating the whole building.</li> <li>▪ Land sales have been completed at Camborne and Newquay.</li> <li>▪ HE accommodation – a working group has been formed to work on ensuring sufficient accommodation and new Landlords have been identified.</li> <li>▪ IT – an IT investment strategy has been presented to the Finance and Resources Committee, significant investment is needed.</li> <li>▪ Budget &amp; forecasting – substantial assurance was confirmed by the internal audit.</li> </ul> <p>The Chair welcomed the positive direction of the framework.</p> <p><b>Risk Register</b></p> <p>The Group Deputy Principal Group Operations presented the risk register and confirmed that the register and the Board Assurance Framework are aligned. The format of the register was summarised for new members. As previously discussed the Committee will meet to discuss risk appetite at an additional meeting in October 2024.</p> <p>The Committee reviewed the following risks:</p> <ul style="list-style-type: none"> <li>▪ Safeguarding will always remain on the register as a contingent risk.</li> <li>▪ High needs attainment: an action plan has been put in place following a review by a consultant. A new Director has been appointed to implement the plan.</li> <li>▪ Qualification reform: there are no options to replace some exiting courses in current reform plans. Labour have indicated that they will pause reform. The Committee discussed the implications.</li> <li>▪ International recruitment has been paused due to a lack of readiness in processes and lack of learner interest. A committee member asked which courses are being targeted for recruitment.</li> <li>▪ Staff retention: turnover is at the sector average supported by this year’s pay award and market premiums as needed.</li> <li>▪ Residential accommodation: further work on HE accommodation has concluded that students are not looking for a ‘halls of residence’ experience and accommodation in small hotels is sufficient. Plans are developing for September 2025 where learners will be able to book accommodation coordinated by the College alongside their course via the website and all beds will be taken in a number of small hotels.</li> <li>▪ Cash flow challenges are easing.</li> <li>▪ Devolution of the adult education budget: the College is working as closely as possible with the Council on this issue.</li> <li>▪ Plans for the redevelopment of St Austell are progressing.</li> <li>▪ A new risk has been added regarding retaining Foundation Degree Awarding Powers (FDAP) and seeking Degree Awarding Powers. A new Director of HE has been appointed. The current FDAP has been extended to 2026.</li> </ul> <p>The Chair thanked the Group Deputy for the now comprehensive format of the risk register.</p>	
5.4	<p><b>Whistleblowing update</b></p> <p>The Clerk reported no incidences of whistleblowing.</p>	

<p>6</p> <p>6.1</p> <p>6.2</p> <p>6.3</p>	<p><b>HEALTH AND SAFETY</b></p> <p>The Chair welcomed the Head and Deputy Head of Estates to the meeting.</p> <p><b>Update on action plan and KPIs</b></p> <p>A new health and safety induction has been implemented, well attended and will support a change in culture. A governor asked if induction was site specific. It is a global induction delivered via Teams. EvolveVisits has been selected and installed to support trips and visits and will integrate with Pro Solution from September 2024.</p> <p>Health and safety meetings have been reinvigorated with more regular meetings, active reviews of campus actions and site walk arounds. Termly workplace inspections are in place. Better data is being captured through hazard reporting but more staff uptake is needed and a campaign and QR codes have been launched to achieve this. Actions are created when hazards are reported.</p> <p>The Deputy Head of Estates demonstrated the data analysis report that will come to future meetings. The committee welcomed the diagram and Chair asked that in future the data analysis is shared in advance of the meeting to frame the discussion and for reporting by exception.</p> <p><b>Update on Transport actions</b></p> <p>All actions from the internal transport audit have been completed. Software has been purchased, a Fleet Manager has been recruited and the audit of vehicles completed. Policy and procedures are in progress and will be completed by the end of July. Implementation of the management system and procedures will go live from September. A system for manual mileage and vehicle checks will be in place. Options for vehicle tracking have been evaluated and the selected company will be sent to the Executive Leadership Team (ELT) for approval.</p> <p><b>Health &amp; Safety Policy</b></p> <p>The Committee approved the Health and Safety Policy. The Deputy Head of Estates reported that the policy will be kept under review in light of ongoing actions.</p> <p>The Chair thanked the Deputy Head of Estates for all of the work on health and safety and the direction travelled. He welcomed the positive progress made on transport and trips and activities.</p>	<p>MWr</p>
<p>7</p>	<p><b>IT</b></p> <p>The Committee received a presentation from the Head of IT Services which included an update on the development of an IT strategy, an investment plan which was presented to the Finance and Resources Committee and an update on cyber security.</p> <p>Nineteen minor cyber security incidents have been reported this year. Measures implemented to ensure cyber security have included:</p> <ul style="list-style-type: none"> <li>▪ The introduction of authentication to reduce phishing incidents</li> <li>▪ Attending the JISC quarterly report webinar to understand the external landscape</li> <li>▪ Tools provided by the College’s insurers including a leaked credentials report</li> <li>▪ Campaigns, guidance and training which inform staff on phishing risks</li> <li>▪ Testing the Business Continuity Plan policy and procedure</li> </ul> <p>During the summer the IT team will be upgrading IT licences and the security plan, starting the process of building Windows 11 and introducing hardware tokens for the IT Team.</p> <p>The Committee discussed Microsoft A5 licenses, data protection, cyber incidence response,</p>	

	<p>cyber insurance and the changing environment.</p> <p>The Committee were reassured by the presentation and agreed that shorter, more focused updates would be sufficient going forward.</p>	AF
8	<b>FRAUD</b>	
8.1	The Financial Controller confirmed that there were no incidents of fraud to report.	
9	<b>POLICY MANAGEMENT</b>	
9.1	The Committee noted that a timetable for regular review of the risk register had been added to the Risk Management Policy. The policy was approved.	
9.2	The Committee noted that an Eversheds Sutherland template had been used to rewrite the Whistleblowing Policy. The policy was approved.	
10	<p><b>PRIVATE MEETING OF COMMITTEE WITH AUDITORS</b></p> <p>The executive left the meeting.</p> <p>Bishop Fleming reported a better overall direction of travel in working with the finance team and no issues. RSM reported that they were onsite last week, a positive and open relationship with the team and that responses were understandably slower during busy periods.</p> <p>The Chair thanked the auditors for their contributions and they left the meeting.</p>	
11	<p><b>COMMITTEE REVIEW OF MEETING (WITHOUT AUDITORS)</b></p> <p>The Executive returned to the meeting.</p> <p>In reviewing the KPIs for the internal auditors the Committee discussed and agreed the format for the KPIs; requested more support with bench marking, best practice advice and innovation and acknowledged an improvement following concerns expressed in meetings at the end of 2023 about the level of field work and changes made in management review.</p> <p>A Committee member asked for more context on the Learner Numbers audit. This can be provided by the Vice Principal for Data, Funding and Compliance. It was also suggested that a management comment is added to internal audit reports before they are presented to the Committee. This was agreed. The Committee discussed the impact of internal audit reports and recommendations. It was agreed that an impact statement will be added to future reports. The KPIs will be discussed with every future report to give immediate conjuncture.</p>	AF MD MD
12	<p><b>INFORMATION SECTION</b></p> <p>The Committee noted the papers distributed for information:</p> <p>12.1 College Financial Handbook and ESFA planning, assurance and accountability requirements</p> <ul style="list-style-type: none"> <li>▪ College Financial Handbook – published March 2024 effective from August 2024</li> <li>▪ Financial Planning Handbook –updates from May 2024</li> <li>▪ Post 16 Audit Code of Practice - updates from March 2024</li> </ul> <p>12.2 Updates from RSM</p> <ul style="list-style-type: none"> <li>▪ Global Internal Audit Standards</li> <li>▪ Further Education Emerging Issues</li> <li>▪ HE data in FE Colleges</li> </ul>	
13	<p><b>ITEMS TO BE SHARED WITH COMMITTEES/ BOARD</b></p> <p>Risk Register</p> <p>Board Assurance Framework</p>	

Unapproved minutes – agreed for circulation

	Policies for approval Summary of internal audit reports Internal and external audit plans	
14	<b>DATE OF NEXT MEETING</b> Meeting to discuss risk TBC October 24 25 November 24 5 March 25 18 June 25  Apologies were received from Glayne Price for the next meeting on 25 November 2024.	