

**CITY COLLEGE PLYMOUTH
CORPORATION AUDIT COMMITTEE**

**MINUTES OF THE MEETING HELD ON MONDAY 1st JULY 2019
AT 4.30PM IN ROOM KS301**

Prior to the full Audit Committee meeting commencing there was a short session where Governors had an opportunity to discuss matters with the internal and external auditors without College Staff being present.

The meeting started at 4.50pm when the Chief Finance Officer and Head of Finance joined the meeting.

MEMBERS PRESENT: William Woyka, Chair
Andrew Ashley, Governor
Adam Croney, Governor

IN ATTENDANCE: Adam George, RSM
Lorraine Hill, Chief Finance Officer (CFO)
Katie Skea, Francis Clark
Sandra Wilson, Head of Finance

A/19/09 Apologies for absence, Declarations of Interest and Quoracy
Apologies were received from Kristi Dingwall, Governor and Paul Brunt, Specialist Non-Governor.

There were no unregistered declarations of interest raised and the meeting was quorate.

A/19/10 Minutes of the Last Meeting
RESOLVED that the minutes of the meeting of the Committee held on the 4th March 2019 were signed as a correct record.

A/19/11 Action Annex
All matters were included or covered by other items on the agenda.

A/19/12 Confidential Business
RESOLVED that there were no items that should be treated as In Commercial Confidence and that there were no items that should be classified as Part II.

A/19/13 INTERNAL AUDIT

A/19/13/1 Project Report - Human Resources & Payroll
RSM presented the internal audit report on HR and Payroll and the finding that the control framework operated by the College was suitable for the current systems in place, and that the Committee could take reasonable assurance that the controls in place to manage the area were suitably designed and consistently applied. Two medium and four low recommendations were made and accepted by management.

Following questions from Committee members and further discussion it was noted that:

- a) the actions with an implementation date of 30 April 2019 had been completed;
- b) the actions around the Financial Regulations and Scheme of Delegation would be picked up by F&GP Committee at their meeting on 7 July 2019;

- c) management intended to implement a combined payroll and HR system and had seen one demonstration from Moorepay, with three more demonstrations scheduled in: Cornwall Council; SelectPay; and Delt Shared Services. The timeline was for implementation by 1 April 2020;
- d) in terms of the recent fraud in the sector for amending bank details so that salaries are paid into fraudulent accounts, there was assurance provided that bank details could only be changed by individuals through the HR system which then sent an automated ping to Finance. Each employee had their own HR login which was inaccessible by anyone else;
- e) DBS checks were monitored by the HR team under Safer Recruitment procedures, with a three year rolling renewal required by the ESFA funding agreement.

The Committee NOTED the Internal Audit Report on HR and Payroll.

A19/13/2 Internal Audit Progress Report 2018/19

RSM reported that three audit assignments had been reported to the Committee: Achievement Training; Financial Controls - Purchase Ledger; and HR & Payroll. The plan for the year had been revised and agreed by the Committee at its meeting in March 2019. The following assignments had been scheduled to commence in July 2019: Curriculum Planning; and Risk Management.

The scopes for the assignments were tabled and the Committee first considered the scope for the Risk Management review. It was noted that:

- a) the scope included a review of the policy and strategy in place; the content of the corporate risk register, its maintenance and review; the degree of understanding of risk, the risk process, responsibilities, training; and whether a Board assurance framework was in place;
- b) the review would be a longer term process;
- c) the Risk Register was reported to the Audit Committee, the Finance & General Purposes Committee, and the Corporation which was significant duplication without an understanding of which was responsible for what and why;
- d) the Audit Committee should have oversight and ownership of the register, with other Committees monitoring the risks within their remit, with standardised reporting to the Corporation;
- e) the risks reported to the Corporation could be above a threshold of a defined score, or could be the top determined number of risks;
- f) the Audit Committee would have an input into the review;
- g) the danger of the current risk register format was that things could get missed given the volume of information included on it;
- h) the register should be formatted to provide the Corporation with a good understanding of the highest risks, with the Audit Committee looking at the full document to provide assurance to the Corporation;
- i) the Audit Committee could identify areas of risk for the other Committees to review;
- j) RSM had offered to undertake a risk and assurance session with the Corporation.

In terms of the curriculum planning scope and review, after discussion it was noted that:

- k) curriculum plans were in place but were done in isolation and needed to be joined up;

- l) the College was to purchase a system to replace numerous spreadsheets that were currently used in silos. The system would be bought and paid for in the 2018/19 financial year;
- m) timetabling was currently a manual process at the College and the new system would be more efficient and effective.

RSM highlighted the sector briefings contained in the report which included: FE Emerging Issues (Spring 2019); FE risk register analysis; and having up to date information on actual income.

RSM introduced the Internal Audit Strategy for 2015/16 to 2019/20 was considered for ideas for potential areas for audit for 2019/20 including: estates; IT; safeguarding; and financial controls. The Committee was invited to consider the College's key risks, factor in gaps in the Corporation framework assurance and identify where RSM could add most value, .

After questions and discussion by the Committee it was noted that:

- n) estates maintenance was not needed due to the work already done and contained in the interim accommodation strategy and the work of the Accommodation Working Group who would report to Corporation in the Autumn;
- o) an IT audit would be undertaken by specialists at RSM, and the risks around GDPR, and data security and cyber security were identified as a potential area for an internal audit project;
- p) an area missing from the suggestions was a people focussed audit, rather than HR systems, potentially around organisational development or staff engagement, communication, and wellbeing. The College's biggest asset was its staff;
- q) staff utilisation, the increase in student numbers and meeting the needs of students was part of the FEC and ESFA report;
- r) the idea for the internal audit plan developed further into a project on teaching staff utilisation, non-teaching staff utilisation, efficiency review and staff wellbeing;
- s) RSM confirmed that a financial controls audit was not a requirement as there had been no major weaknesses identified over the past few years;
- t) the staff utilisation piece would have a financial aspect to it;
- u) funding was normally audited in relation to the risk around ESFA compliance. The College had not recently been audited externally by the ESFA, but an in-house team had carried out some reviews. An audit could be undertaken on the robustness of internal processes and staff skills in that area;
- v) the Committee had suggested including funding in the internal audit programme and had been put off during past years, and there had not been an Internal Audit by RSM of funding since 2015/16;
- w) Funding audit was identified as a further priority, with IT/GDPR;
- x) management were happy with the principles discussed but needed to review the options and fit with the financial position;
- y) the potential impact of Brexit on enrichment funding, what future plans were and whether an audit could be framed around commercial funding;
- z) the direction to remove Staff Governors from Audit Committees had been withdrawn. The decision needed to be reviewed, and the decision as to why a staff governor should or should not remain on the Audit Committee recorded.

The Committee NOTED the Internal Audit Progress Report for 2018/9.

RESOLVED: To delegate responsibility to the new Committee Chair, Adam Croney, and CFO to agree the highest priorities for the remainder of the 2019/20 Internal Plan.

ACTION: RSM to provide an indication of days for the two identified audits: Funding; and IT/GDPR, at the end of the week.

ACTION: Clerk to include a discussion on Staff Governors as members of the Audit Committee on the next agenda.

A/19/14

External Audit Plan for the year ended 31 July 2019

Francis Clark introduced the external audit plan for the year ended 31 July 2019 and gave a brief overview of the audit approach which was consistent with previous years, was underpinned around the areas of risk to get a real a real understanding of the figures. The review of the College's Financial Statements would focus on the following areas:

- Income streams and recognition
- Pay costs and non pay costs
- Fixed assets
- Accrued and deferred grant income, income clawback
- Deferred capital grants
- Pension fund disclosures

The identified audit risks were: recognition of income an implied audit risk; regularity; Goschen; going concern around the financial situation in year; and the turnover of senior post holders (SPHs). It was noted that there was a new requirement to disclose SPH remuneration in terms of value and benchmarking ratios.

The resulting Audit Completion Report would be brought to the November Audit Committee for scrutiny prior to the Board signing off the Financial Statements in December.

Following questions from the Committee and further discussion it was noted that in terms of Goschen, it would be helpful to Francis Clark to have a document detailing the timeline and decisions taken including the rationale behind the acceptance of the offer below market value, the starting point being the impairment from 2015/16.

ACTION: CFO to draft Goschen rationale and time-line.
The Committee APPROVED the external audit plan for the year ending 31 July 2019.

A/19/15

Risk Register

The CFO noted that she had produced a summary sheet for the Corporation and highlighted two things: firstly the risk of over-achieving learner numbers had reduced after a letter of comfort was received from the ESFA confirming in year grant funding would be received; and in terms of the workforce reforms, the National Careers Service were partnering with the College on the basis of one day per week attendance at College and a monthly review would take place to review impact and effectiveness, and a Tutorial Manager had been appointed. The Committee **NOTED** the report.

A/19/16

Thank You and Goodbye

Andrew Ashley, Governor, on behalf of the Committee thanked William Woyka, for his membership and work on the Committee, particularly in his role as Chair,

and wished him well in his retirement from the Corporation in July 2019, after 12 years.

A/19/17 Date of the Next Meeting

The next meeting of the Audit Committee was scheduled on Monday 23rd September 2019 in Room KS301 commencing at 4.00pm.

There being no other business the meeting closed at 6.15pm.

SIGNED _____ DATE _____