

**CITY COLLEGE PLYMOUTH
CORPORATION AUDIT COMMITTEE**

**MINUTES OF THE MEETING HELD ON
MONDAY 30th SEPTEMBER 2019 AT 4.00PM IN ROOM KS301**

MEMBERS PRESENT: Adam Croney, Chair
Andrew Ashley, Governor
Paul Brunt, Specialist Non-governor

IN ATTENDANCE: Adam George, RSM
Jackie Grubb, Principal & CE
Lorraine Hill, Chief Finance Officer (CFO)
Sandra Wilson, Head of Finance

A/19/18 Apologies for absence, Declarations of Interest and Quoracy

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

The Chair recorded his concern at the small size of the Committee, now only three members.

Andrew Ashley, Corporation Vice Chair, noted that he would be retiring in December 2019 which would leave only two Committee members. He and the Clerk noted that a new Governor recruitment campaign was underway and that it was hoped that new Governors would be appointed in December 2019.

A/19/19 Minutes of the Last Meeting

RESOLVED that the minutes of the meeting of the Committee held on the 1 July 2019 were signed as a correct record.

A/19/20 Action Annex

All matters were included or covered by other items on the agenda.

A/19/21 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/19/22 STRATEGIC RISK REGISTER & STRATEGY REVIEW

The CFO introduced the risk register which had been updated following the discussion at the last Committee meeting and the Internal Audit project report through consultation with the Committee Chair, the Principal, SLT and internal auditors. The register now contained current corporate level risks with the initial risk score, controls and mitigation and a residual risk score. Planned actions were also included to further address the residual score, with due dates that could be ongoing monthly review. There were movement arrows, and the actual scores were RAG rated and linked to the 2015-2020 strategic vision and aims. The RAG ratings were: red for over 20; amber for 16 or over; and green for under 16. The register would cross reference to the new strategic plan once in plan. There were early warning indicators from the regular review of the balanced scorecard.

The Chair on behalf of the Committee recognised the work undertaken and the huge amount of progress made, and thanked colleagues.

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

- a) the register would be used as an early warning system for the College and Corporation and risk would be embedded across the College;
- b) the risk categories would change with the new strategic plan and would need to be triangulated;
- c) the formula would be included on the risk register for clarity;
- d) the inherent risk score was when the risk was first identified in the absence of controls;
- e) future reporting should have a cover paper that included the scoring formula and narrative of the evolution;
- f) the document was quite big and would be distilled down as to what was reported where;
- g) a red RAG rating above 20 was accepted, but that amber should be 10-19, and green 1-10;
- h) the register should be sorted by risk score for the Committee, and not to see risks with a score below 10 but with assurance that the risks were managed;
- i) the Corporation could see all red risks or those with significant movement.

RESOLVED that the Strategic Risk Register and Strategy be recommended to the Corporation for approval.

A/19/23 INTERNAL AUDIT

A/19/23/1 Project Report - Curriculum Planning

RSM presented the internal audit report that had been requested by the Committee to review the process undertaken to review the curriculum. The internal audit opinion provided partial assurance but that action was needed to strengthen the control framework to ensure that the area was effectively managed. The review highlighted an historically disjointed process between budgeting and planning which was more joined up than in previous years, and some of the issues were already in the process of being addressed such as the procurement of a new curriculum planning system. The review found a lack of business plans by curriculum directors and course costings. New courses were costed but were not checked to see if still viable in later years. There was also not process to monitor contribution rates.

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

- a) the Committee had asked for an outside perspective on a challenge that was already recognised;
- b) the College was moving away from being reactive and driven by data to a more joined up curriculum strategy with intent to match the bottom up, top down new approach from Ofsted in the Education Inspection Framework;
- c) the expectation for curriculum directors to marry financials with the strategy had never been set previously;
- d) there was a need to be mindful at an executive level for the need to bring people along in the new way of working.

The Committee **NOTED** the Internal Audit Report on Curriculum Planning.

A/19/23/2

Project Report - Risk Management & Board Assurance

RSM presented the internal audit report that had been requested by the Audit Committee with partial assurance provided. Risk management had previously been short term focussed and now had a strategic focus and included opportunities. Actions were being addressed and there was a significant change in philosophy going forward with progress visible over a few months.

The Committee **NOTED** the Internal Audit Report on Risk Management.

A/19/23/3

Draft Internal Audit Report 2018/19

RSM reported that the opinion for 2018/19 was the third level of opinion in that there were weaknesses in the framework for risk management, governance and internal control such that it could become inadequate and ineffective. The decreased performance and drop from the top level was as a result of a change in focus with greater transparency at executive level. The internal audit service was being used now to focus on areas that needed development.

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

- a) although the opinion was less than adequate and there were a significant number of recommendations the Committee was assured that the internal audit service was being used now in the right way and had been channelled to areas of concern;
- b) it would be helpful for monitoring and assurance for the Committee to have formal tracking of all recommendations;
- c) the Committee's Annual Report showed internal audit trends and results.

RESOLVED: to note the Draft Internal Audit Report for 2018/9.

ACTION: College management to provide a report tracking the internal audit recommendations.

A/19/23/4

Progress on implementing agreed audit actions

The CFO noted that there was one action outstanding from the HR/Payroll audit which was the new system but measures had been put in place in the meantime. There were some ongoing actions in relation to the Risk and Curriculum audits, but some were complete and the College was committed to delivering all actions.

The Committee **NOTED** the report.

A/19/23/5

Internal Audit Strategy 2019/20

RSM introduced the strategy for the current year that that been developed through discussion with CFO, Head of Finance and the Audit Committee, and noted that the draft proposal had been considered by SLT. The Committee was asked whether the plan was in line with its requirements and whether it would provide assurance in the right areas. The proposed reviews for the year were: Funding Assurance; Safeguarding & Prevent; Governance; Cyber Security & GDPR; and follow up.

The strategy for the year aimed to look at areas of concern that had not previously been reviewed for a long term and at the same time keep on top of key risks.

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

- a) the timing of the funding assurance audit was scheduled in March due to normally issues being found from withdrawals, data etc and if the audit was undertaken earlier in the year there would be less things to find error with;
- b) post 1 May 2017 apprenticeships were the area of biggest weakness across the sector due to compliance and interpretation of the funding rules;
- c) alternative funding could be added to the 2020/21 longlist of potential areas for review;
- d) the College had been through huge change with new expectations which would impact on staff morale, but there was nothing in the plan on people.

RESOLVED: to approve the Internal Audit Strategy for 2019/20.

A/19/24

EXTERNAL AUDIT ASSURANCE REPORT: SUBCONTRACTING

The Committee noted the letter of assurance with only one low risk recommendation.

The Committee **NOTED** the report.

A/19/25

AUDIT COMMITTEE TERMS OF REFERENCE REVIEW

The Audit Committee reviewed the proposed amendments to the Terms of Reference.

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

- a) the issue of Committee membership of staff governors was difficult and noted that the Corporation had good engagement with staff governors who were well involved at Board level and had an open platform;
- b) there could be times where staff members could be conflicted for example the risk register and could cause personal concern;
- c) another non-governor specialist with an accounting background who could challenge the external auditors would be useful.

RESOLVED:

1. To recommend the Terms of Reference to the Corporation for approval including the Committee name change to Audit and Risk Committee;
2. To approve the decision not to have staff governor members on the Audit Committee.
3. To defer Committee membership to the Search & Development Committee to make new appointments.

A/19/26

AUDIT COMMITTEE CYCLE OF BUSINESS

The Committee considered a new cycle of business.

There was discussion around the potential for a new Strategy & Planning Committee, which could not be included within the Committee's own terms of reference as it had clear parameters in place. Strategic discussion should

take place at Corporation but needed a suitable agenda structure to enable that to happen, or to have another committee with delegated responsibilities.

ACTION: Principal to discuss strategic committee with Corporation Chair.

The Chair thanked the Clerk for the new Terms of Reference and Cycle of Business.

RESOLVED: To recommend the Cycle of Business to the Corporation for approval

A/19/27

GOSCHEN RATIONALE & TIMELINE

The CFO introduced the document that set out what had been spent on improvement works and the time involved prior to purchase in 1999 all the way through to the asset being written down to £775k in June 2019.

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

- a) the Committee needed to be comfortable that the right decisions were taken in terms of the use of funds;
- b) it would be difficult to get an understanding of why the strategy to sell was taken in 2015/16;
- c) in future everything needed to be joined up;
- d) some members remembered that there were discussions and decisions at Corporation in 2012/13 around ERDF funding.

ACTION: Clerk to research past Corporation Minutes to find more evidence.

ACTION: Head of Finance to find the relevant College Property Strategy.

The Committee **NOTED** the report.

A/19/28

McCLOUD IMPACT ON PENSION LIABILITIES

The Head of Finance took the Committee through the McCloud judgement and what it meant for the College. The External Auditors had agreed an approach with an impact of 0.3% of total liability of £237k on our FRS calculation which was a very minor impact. It would be in the financial statements including the approach the auditors had taken.

The Committee **NOTED** the report.

A/19/29

Date of the Next Meeting

The next meeting of the Audit Committee was scheduled on Monday 18th November 2019 in Room KS301 commencing at 4.00pm.

There being no other business the meeting closed at 6.00pm.

SIGNED _____ DATE _____