



# TRURO AND PENWITH COLLEGE CORPORATION



## Audit Committee

**Minutes** of the Audit Committee held on 22 November 2022 at Truro College

Members: Mrs L Batchelor, Ms D Skinnard, Mrs S Sanderson, Mr R Townsend (Chair) and Mr A Wheeldon

Also Present: Mr J Burnett (Chair of Corporation), Mr S Cryer (Director of Finance), Ms L Langdon (Head of Finance), Mr N Coughlin (Bishop Fleming – left after item 22/35), Mr L Glover (Haines Watts – left after item 22/35), Mr M Tucker (Principal) and Mrs A Winter (Clerk to the Corporation)

Item	Discussion/Decision	Action
22/23	<p><b>Minutes</b></p> <p>The minutes of the meeting held on 7 June 2022 were <b>APPROVED</b> as a correct record.</p>	
22/24	<p><b>Matters Arising</b></p> <p>There were no matters arising from the previous meeting that would not be raised elsewhere on the agenda.</p>	
22/25	<p><b>Draft Final Accounts 2021/22</b></p> <p>The Committee received the draft final accounts for the College for 2021/22 (prepared on a going concern basis) together with the External Auditor’s Report, draft letter of representation and Regularity Self-Assessment Questionnaire.</p> <p>Members noted that the draft accounts had already been considered by the Finance and General Purposes (F&amp;GP) Committee and a number of amendments suggested, including clarification of the accumulated reserves due to the significant change in the Local Government Pension Scheme (LGPS) valuation. The F&amp;GP Committee had agreed to recommend approval by the Corporation, subject to scrutiny by the Audit Committee.</p> <p>Members considered the strategic report, providing an overview of the College’s performance, and the financial results. The College had generated an underlying operating deficit of £2m, before other gains and losses, and a total comprehensive expenditure of £21.5m, due to the LGPS liability revaluation and other accounting adjustments.</p> <p>The Auditor presented the Key Issues Discussion Document summarising the audit process, key audit risks and conclusions. The auditor confirmed there were no concerns and an unmodified audit report would be issued.</p> <p>The completed regularity self-assessment questionnaire was reviewed and governors were satisfied that appropriate systems and controls were in place.</p>	

	<p>The Finance Director reported on the coming 12 months and indicated that the budget position, projected outturn and financial reserves were such that there were no concerns about the College being able to service its commitments during that time. On the basis of the regular management accounts, cashflow forecasts and reporting, the Committee was satisfied that the College remained financially stable as a going concern.</p> <p>The Committee questioned the absence of a Reserves Policy and noted that reserves were not currently earmarked for specific projects which provided flexibility and enabled the College to respond rapidly to opportunities. The benefits of stating future plans and defining the intended use of reserves would be given further thought.</p> <p>Following consideration, the Committee <b>RECOMMENDED</b> approval of the Report and Financial Statements for 2021/22 by the Corporation.</p> <p>The Committee acknowledged this was a positive outcome and recognised the excellent work done by the Finance Team.</p>	<p>Principal to consider</p> <p>Recommendation to Corporation</p> <p>Principal to thank staff</p>
<b>22/26</b>	<p><b>Internal Audit Assurance Reviews</b></p> <p>The Committee considered the outcome of three audit reviews completed in 2021/22 as follows:</p> <ul style="list-style-type: none"> <li>• ICT: Information and Governance – Substantial Assurance</li> <li>• Learner Numbers: Employer Responsive – Limited Assurance</li> <li>• Curriculum Planning – Substantial Assurance</li> </ul> <p>The Committee discussed the recommendations arising from the review of learner numbers and the reasons why learner agreements (necessary for funding claims) had not been completed on time. Governors noted that 54 agreements (from a total of 4994) were missing and were being actioned before the audit took place. A new system had been introduced for 2022/23 to address this problem with closer monitoring of missing agreements and inclusion in the College’s risk register. The intention was to establish an electronic system for completion of learner agreements in 2023/24.</p> <p>Governors were <b>SATISFIED</b> with the management response and actions in response the audit reviews.</p>	
<b>22/27</b>	<p><b>Internal Audit Annual Report</b></p> <p>The Committee received the Internal Audit Annual Report summarising the outcome of the audits undertaken in 2021/22.</p> <p>The Committee <b>NOTED</b> the Auditor’s opinion that the College had reasonable and effective risk management, control and governance processes in place.</p>	
<b>22/28</b>	<p><b>Internal Audit Strategy 2022/23 – 2024/25</b></p> <p>The Auditor presented the findings of the audit needs assessment and explained the proposed audit strategy for the coming 3 years.</p>	

	<p>The Committee considered the priorities for 2022/23 which included a review of cyber security to ensure constant vigilance and effective protections in place.</p> <p>Following discussion, the Committee <b>APPROVED</b> the internal audit strategy and four areas for review during 2022/23: Performance Management, Core Financial Controls, Student Records and ICT Health Check/Cyber Security. If new or additional risks emerged, the plan would be modified accordingly.</p>	
<b>22/29</b>	<p><b>Teachers Pensions Audit for 2021/22</b></p> <p>The Committee received copies of the Teachers' Pension audit return for the year ending 31 March 2022 which had been submitted by the deadline of 30 September.</p> <p>The Committee <b>NOTED</b> that the Auditor had confirmed that no exceptions or errors had been identified.</p>	
<b>22/30</b>	<p><b>ESFA Financial Health Grading 2020/21 and 2021/22</b></p> <p>The Committee was pleased to <b>NOTE</b> that based on the College Financial Forecasting Return (CFFR) the ESFA had confirmed a financial health grading of 'Good' for 2021/22 (based on outturn) and 'Good' was forecast for the current budget year.</p> <p>The ESFA was consulting on revised proposals and the potential implications of the new methodology were outlined. As a deficit budget had been set for 2022/23 and was likely in 2023/24, this could have a detrimental impact on the College's financial health grading. The proposals were being monitored and implications addressed.</p>	
<b>22/31</b>	<p><b>Annual Report of the Audit Committee for 2022</b></p> <p>The Committee reviewed the draft annual report to the Corporation which summarised activity during the 2021/22 financial year and Committee business during 2022. Members noted that the report had been prepared in accordance with the requirements of the Post-16 Audit Code of Practice and would accompany the submission of the Audited Financial Statements.</p> <p>Following consideration, the Committee <b>APPROVED</b> the report for presentation to the Corporation meeting on 14 December 2022.</p>	AW for Corporation
<b>22/32</b>	<p><b>Annual Report on Whistleblowing</b></p> <p>The Committee <b>NOTED</b> that no issues had been raised under the Whistleblowing Policy during the year.</p>	
<b>22/33</b>	<p><b>Cycle of Annual Business for 2023</b></p> <p>The Committee received and <b>APPROVED</b> the planned cycle of business for 2023.</p>	
<b>22/34</b>	<p><b>Date of Next Meeting</b></p> <p>The Committee would meet at 5.00pm on Tuesday 14 February 2023 at Truro College.</p>	ALL to note

22/35	<p><b>Dates of Meetings in 2023/24</b></p> <p>Governors <b>NOTED</b> the proposed dates of meetings:</p> <ul style="list-style-type: none"> <li>• Tuesday 21 November 2023</li> <li>• Tuesday 20 February 2024</li> <li>• Tuesday 4 June 2024</li> </ul>	ALL to note
22/36	<p><b>Review of Annual Appointments of Auditors</b></p> <p><b>36.01 External Auditor</b></p> <p>The Committee received a confidential report on the performance of Bishop Fleming who were re-appointed as external auditors in June 2022 until 31 July 2025 with the option to extend by a further two years, subject to annual review.</p> <p>The Committee noted that the audit process for 2021/22 had gone well, the interim audit in March had been useful and management was satisfied with the performance of the auditors against the agreed performance indicators. The Committee <b>CONFIRMED</b> the ongoing appointment of Bishop Fleming as External Auditors for 2022/23.</p> <p><b>36.02 Internal Audit Service</b></p> <p>The Committee noted the change of the internal audit service during the year. The contract with TIAA Ltd had ended on 31 July 2022 and Haines Watts Controls &amp; Assurance (HWCA) were appointed in June 2022 until 31 July 2025 with the option to extend by a further two years, subject to annual review.</p> <p>The Committee suggested that HWCA were invited to visit the College and attend the February 2023 Committee in person, to meet colleagues and develop a better understanding of the College.</p> <p>During discussion, the Committee also suggested the performance measures were reviewed to ensure the evaluation of performance remained robust and effective.</p>	<p>Head of Finance to take forward</p> <p>Head of Finance to review</p>