



TRURO AND PENWITH COLLEGE CORPORATION



Audit Committee

Minutes of the Audit Committee held on 19 November 2024 at Truro College

Members: Linda Batchelor, Peter Cox, Ken Curtis, Lowenna Ovens, Daphne Skinnard (Committee Chair) and Jane Warren

Also Present: Lisa Briscoe (Director of Student Experience), Adele Bull (Director of Curriculum Development), Jane Cashmore (Director of Operations), Lee Glover Connor (Validera), Nathan Coughlin (Bishop Fleming) Lucy Langdon (Chief Finance Officer, CFO), Lucy Maggs (Director of Quality and Penwith Campus), Hayley McKinstry (Director of Business Partnerships and Apprenticeships), Vicky Pearson (Director of Teaching and Learning), Wendy Randle (Head of Governance), Robert Townsend (Chair of the Corporation) and Martin Tucker (Principal)

| Item | Discussion/Decision | Action |
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| 1 | Apologies and Declaration of Interests The full committee were present, there were no further declarations of interest to those previously disclosed. All Governors had been invited to attend a session on risk management delivered prior to the meeting, by the internal auditors. | |
| 2 | Minutes The minutes of the meeting held on 04 June 2024 were approved as an accurate record of the meeting. | |
| 3 | Matters Arising The Committee reviewed the report and noted that, where items had not been completed, these would be completed under agenda items. | |
| 4 | Progress against Strategic Objectives <u>Objective 8</u> - Establish a clear sustainability strategy to achieve a target of net zero by 2050. It was reported that the Governors' Environmental Sustainability task and finish group have reviewed the Sustainability Policy, considered KPIs to monitor objective 8 and plan to share proposals at the next Audit Committee meeting. In response to a Governor question, there are no statutory requirements in this area at present; the College continue to follow the AoC FE Climate Road Map. A Governor suggested the use of rag rating to update Governors on progress made against the strategic plan. | LL/MT |

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| 5 | <p>Draft Final Accounts for 2023/24 The Committee invited Nathan Coughlin of Bishop Fleming to present on the below agenda items.</p> | |
| 5.1 | <p>Report of the Members of the Corporation and Financial Statements 2023/24 The Committee received the draft final accounts for 2023/24, prepared on a going concern basis. It was noted that the draft accounts had been reviewed by the Finance and General Purposes Committee and recommended for approval by Corporation subject to review by the Audit Committee.</p> <p>The Committee recognised that the new Head of Finance had previously been employed by Bishop Fleming; the steps taken to ensure no conflicts of interest were shared.</p> <p>Key points highlighted were as follows:</p> <ul style="list-style-type: none"> ▪ The pension assumptions are broadly consistent year on year, with positive returns on the investment; not recognised as an asset in line with sector practice. ▪ No issues to report regarding managing public money. ▪ The EBITDA position reflects a deterioration year on year and is not a sustainable position, as recognised by the College. | |
| 5.2 | <p>External Auditors Key Issues Discussion Document (KIDD) The (KIDD) summarised the external audit process, risks and conclusion. It was noted that the report indicates two amber rag ratings, likely due to resource within the team and they did not present a concern; historically the College have always scored in green in all areas.</p> | |
| 5.3 & 5.4 | <p>Letter of Representation and Management Letter from the Auditor Regulatory Self Assessment Questionnaire The Committee received and reviewed these documents.</p> <p>In summary, the Committee received the reports, and unless otherwise indicated by BF in the finalisation of reports, concluded that the College remained financially stable as a going concern and recommended to Board the approval of the Annual Report and Financial Statements for 2023/24, letter of representation and regulatory self assessment questionnaire.</p> | DS |
| 6 | <p>Internal Audit Plan 2023/24 The Committee invited Lee Glover of Validera to provide an update on the internal audit plan for 2023/24 and internal audit reports shared with Committee</p> | |
| 6.1 | <p>Progress against the plan. The Internal Audit Plan for 2023/24 had been completed.</p> | |
| 6.2 6.2i | <p>Internal Audits Budgetary Controls The Committee received the report which concluded substantial assurance. Following a lengthy discussion on the scope, impact of the new finance system and the anticipated changes to the 2024/25 budget, the Governors challenged the assurance provided by this report. It was agreed that the budgetary control</p> | WR |

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| | paper shared with the Finance and General Purposes Committee be shared with the Committee and LG and CFO were asked to prepare a response to the challenge for Corporation. | LL |
| 6.2ii | Payroll & Expenses The Committee received the report which concluded substantial assurance. It was confirmed that all actions have been accepted and responded to. A member of the SMT will review an individual's mileage; it was noted that the College have 3 pool cars with 30 staff who travel daily. | HM |
| 6.2iii | Safeguarding, to include Governor on the Ground form. The Committee received the report which concluded adequate assurance. It was noted that one of the recommendations had not been accepted by management; the College maintain a single central record for staff and governors, at present it is not feasible for this to be held in one document, if needed, this can be completed for ad hoc inspections. A follow up of the actions from the SCR audit has been undertaken by the College with the Safeguarding Lead Governor; the Committee received the Governors on the Ground report. In response to a Governor's question, the College are compliant yet technical points with the systems were the issues. The Committee were assured with the progress being made against actions. | |
| 6.2iv | Student Records – Apprenticeships The Committee received the report which concluded substantial assurance and that the College are in a very good position with minor points identified. | |
| 6.2v | Follow up The Committee received the report concluding substantial assurance. | |
| 6.3 | Recommendations tracker The Committee requested a clearer layout of the tracker to include a timeline to enable the identification of trends and improve monitoring of progress by Committee. | LL |
| 6.4 | Annual Report 2023/24 The Committee received the annual report and noted Validera's opinion; based upon the reviews performed during the year the College has adequate and effective risk management, governance and control processes. | |
| 7 | ESFA Financial Health Grade 2023/24 A summary of the process used to determine the health grade was shared by the CFO. Historically there has been a decline from outstanding to good, and more recently, to requires improvement for 2023/24, with a prediction of Good for 2024/25; all gradings in line with College predictions. In response to a Governor question, the FEC would likely undertake further scrutiny of colleges with adequate rather than RI judgements, yet it was noted that the College have invited the FEC to the College and plan to share the action plan to return to a surplus budget, and will consider the engagement of the FEC services for ongoing support. | |

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| | In response to a Governor question, the College hold an operational deficit and therefore are not making any cash to achieve future capital investment. | |
| 8 | Audit Committee Annual Report 2023/24 The Committee received the report and recommend approval of the report to Corporation. | DS |
| 9 | Internal Audit Plan 2024/24, progress update and finalise The Committee reflected on the revised plan, noting that two of the internal audits have commenced and challenging whether the proposals remain relevant for the College's current priorities. It was agreed that the Environmental Sustainability task and finish group determine a timeline for an internal audit against the FE Climate road map. | WR |
| 10 | Risk Management Plan 2024/25 Risk Register Risk Management Policy Risk Appetite statement The CFO updated on progress made against the recommendations from the risk management internal audit report. Following review with a Governor, the updated risk register includes a new scoring system, easier referencing to Committees and rag rating, resulting in a clearer format. In response to a Governor question, the focus on risk management has been a learning process for the College, resulting in a changed perception of risk and improved oversight by both Committees and the SMT. In response to a Governor request, the CFO will highlight areas for discussion in future reporting, including trend analysis and direction of travel. The Committee agreed to recommend to Board the approval of the risk management plan and supporting documents. | LL DS |
| 11 | Cyber Essentials update Details contained in the confidential minutes. | |
| 12 | Business Continuity Plan The Committee received the IT Business Continuity Plan and Emergency response and operation recovery plan. Following an explanation of the documents it was understood that scenario testing was planned for January. Governors noted the risk of cyber attack, suggesting this could be an area for scenario planning and the scope to combine the two documents. A Governor will share further comments on the IT Business Continuity Plan with the College. It was noted the Head of IT will join the February meeting to update on Cyber Security. | JC JW WR |

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| 13 | Committee Governance The Committee received the paper. | DS |
| 13.1 | Committee Chair Role It was noted that the Committee Chair role is being fulfilled by an interim Chair and that a succession plan is being considered. | |
| 13.2 | Terms of Reference The Committee noted the changes and recommended to Board approval of the TOR. | |
| 13.3 | Cycle of business The Committee approved the Cycle of Business. | |
| 14 | Post 16 Code of Practice – updated August 2024 The Committee received the updated guidance. | |
| 15 | Auditors left the meeting | |
| 16 | Annual appointment of the auditors Detail contained in the confidential minutes. | |
| 17 | Dates of next meeting Tues 11 February 2025 Tues 3 June 2025 All meetings in Valency, Truro campus at 4pm Peter Cox was thanked for his time on the Committee. PC has stepped down from the Committee due to taking on the Chair of the F&GP Committee. | |