

TRURO AND PENWITH COLLEGE CORPORATION



Audit Committee

Minutes of the Audit Committee held on 4 June 2024 at Truro College with some attendees on Teams

Members: Linda Batchelor (Chair of the meeting), Peter Cox, Ken Curtis, Lowenna Ovens,

Sarah Sanderson, Jane Warren

Also Present: Lisa Briscoe (Director of Student Experience), Adele Bull (Director of Curriculum

Development), Jane Cashmore (Director of Operations), Nathan Coughlin (Partner Bishop, Flemming), Lee Glover (Director, Validera), 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), Robert Townsend (Chair of the Board), Wendy Randle (Head of Governance) and

Martin Tucker (Principal)

| Item | Discussion/Decision | Action |
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| 1 | Apologies and Declaration of Interests Apologies were received and accepted from Daphne Skinnard; Linda Batchelor chaired the meeting in DS' absence. | |
| | Peter Cox, Lowenna Ovens and Jane Warren were welcomed to their first Audit Committee meeting. | |
| 2 | Minutes The minutes of the meeting held on 20 February 2024 were approved as an accurate record of the meeting. | |
| 3 | Matters Arising The Committee received the matters arising report and agreed to include cyber security, policy management and H&S on the Audit Committee cycle of business. | |
| 4 | Progress against Strategic Objectives: The Principal updated on progress against Strategic Plan Objective 8 - Establish a clear sustainability strategy to achieve a target of net zero by 2050. It was noted that the objectives and governance in this area will be progressed once the Sustainability Task and Finish group have met; Governors have been identified and Lowenna Ovens has agreed to fulfil the Sustainability Lead Governor role following a request from the Search and Governance Committee. Governors noted the potential impact of a general election on the strategic plan | |
| | objectives and it was noted that the Association of Colleges (AoC) will make their staff pay announcement in September 24. | |
| 5 | Internal Audit Plan 2023/2024 Progress report The Committee received the report and reviewed progress against the Internal Audit plan 2023/24. It was noted that the safeguarding and payroll and expenses audits have commenced and the risk management audit report is contained in the meeting | |

| | pack. The draft report on the student records and apprenticeships is expected w/c 04/06 and Validera await dates to commence the budgetary controls audit. | |
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| | A Governor challenged the progress made against the plan. It was understood that no audits had commenced during the 2023/24 autumn term. Governors were keen to see earlier progress against the 2024/25 Internal Audit plan. | |
| 6 | Internal Audit Reports Risk Management The Committee received the adequate assurance opinion provided by the risk management audit report and noted the amber and green recommendations. The recommendations will be considered under agenda item 10. | |
| 7 | Internal Audit recommendations tracker The Committee received the report and following a Governor suggestion, the SMT will review the tracker, group recommendations by common themes and remove recommendations that the College and Committee have agreed no action is needed i.e. transport policy. It was noted that revised dates for completion of recommendations are reviewed and agreed by SMT. | SMT |
| 8 | Validera Internal Audit follow up Validera had not been in a position to complete this report. Once received, this will be circulated to the Committee and formally received at the November meeting. | Validera |
| | A Governor requested assurance that this work will be completed more effectively for the next academic year. | |
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| 9 | Internal Audit Strategic Plan 2024/25 An outline of the plan, based on 25 days, had been shared. Additional areas (not included in the 3 year cycle) had been included by Validera and in response to a Governor question, Validera had graded the proposals, supported by sector risk knowledge and some conversation with the College. | |
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| | Rag rate green the Counter Fraud Health Check, Health and Safety and Financial controls audits. Further discussion to take place at the November Committee meeting about the remaining IA days, where applicable. A lengthy discussion took place on the Business Continuity Plan (BCP). In response to Governor questions to seek assurance in this area, it was understood that the BCP is a live and rehearsed document reviewed regularly and there is a separate IT BCP which was reviewed within the last two years. | Validera/ CFO WR/CFO |
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| | The following actions were agreed: Further assurance on the effectiveness of the BCP, to include the IT BCP will be presented at the November meeting. Undertake a run through of the operational BCP. A presentation from IT on cyber security to upskill the Committee and provide assurance will be planned for an Audit Committee meeting. Consideration will be given to undertaking an internal audit on the BCP and associated timeline. Consideration will be given to undertaking an internal audit on bursary support. The Head of Governance reported on the planned longer term governance developments to support the development of the internal audit strategy to include the identification of internal audit priorities at Committee i.e via improved risk management discussions and the development of a Board Assurance Framework. | JC JC WR/SMT CFO CFO |
| 10 | Risk Management It was reported that the documents shared for this agenda item have not yet been updated to reflect the proposed changes from the Internal Audit report; changes are planned for the autumn term. The Committee were reminded of their risk management responsibilities as detailed in the Colleges Financial Handbook. A Governor noted the importance of all Committees taking greater ownership of risk management. The College will review risk management and testing of the mitigation controls and plan to incorporate risk appetite into the risk register. Following a lengthy discussion and Governor challenge, the following actions were agreed: Consider the balance of which risks need to be shared with Corporation. Review communication methods in place for cascading key messages. Review the risk grading of housekeeping for IT. Incorporate sector risk trends and the direction of travel for risks. The Committee recommended to Board the approval of the Risk Management Policy and Risk Appetite statement for an interim period until revised versions are presented for review at the November Audit Committee meeting. | CFO SMT SMT SMT SMT |
| 11 | ESFA Financial Health Grading The Committee received the formal letter from the ESFA stating the College received a Good financial health grading; an explanation of how this grading was reached was provided. The College are likely to dip below 1% EBITDA which will result in a requires improvement grading for 2023/24. | |

In response to Governor questions the following points were noted: There is unlikely to be any additional scrutiny from the ESFA/FEC on the decline in grading due to the College remaining solvent with no debt; the challenges remain with the income and expenditure. • The College's staff pay costs are higher than the national benchmark and higher than many other Colleges. The College plans to achieve a Good financial health grading alongside achieving the strategic objective of returning to a surplus budget within three years. 12 **External Interim audit** Bishop Fleming (BF) reported that the outcome of testing has not resulted in any significant changes in their assessment of risks as previously set out in the audit plan. 13 External Audit Plan 2024/24 Bishop Fleming updated on the plan shared with Committee and noted the following highlights: The key risks areas to be addressed during the audit include; the potential for management to override of controls, fraud in income recognition, accounting for other capital projects and capital grant funding and pension assumptions. • Regarding going concern, BF expect to see a significant loss with a strong position on the balance sheet and will review this in more detail due to the size of the loss anticipated and action in this area. The introduction of the Colleges Financial Handbook from 1/08/24 was noted; this incorporates the previously issued bitesize guides and a guide to 'musts' and 'shoulds'. • From 1/08/24, auditors regulatory work is expected to include compliance of the handbook and there could be a broadening of the work of the external auditors. The publication of the College Accounts Direction and the Post 16 Code of Practice were highlighted, as was the potential impact on Annex G returns. 14 **Post 16 Audit Code of Practice** The Committee received the Post 16 Audit Code of Practice published in March 2024. 15 Report on Data breaches, GDPR noncompliance and Fol requests The Director of Operations and Data Protection Officer reported on three data breaches It was noted that two reports have been received from the Information Commissioners Office (ICO). An update was provided on a further incident; a spreadsheet containing student sensitive information was shared and viewed by some parents and two HE students, prior to recall (which only works on College email accounts). The College responded directly to all parent and student concerns, refresher training has been undertaken with staff and the staff member responsible met with their line manager and a member of the SMT. The College are assured this was a one off incident and await the report from the ICO. In response to Governor questions, the College has responded to all of the points raised in the ICO reports and mandatory training for staff is in place, the College online guidance and policies are effective.

Plans for both items had been covered during the meeting.

Future focus areas; Risk Management and Board Assurance Framework

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| 17 | Policy Management The Committee noted their agreement during matters arising to consider Policy Management as part of their remit. This would be added to the cycle of business. The College provided an update on measures being implemented to ensure robust policy management across the College. | |
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| 18 | Any other business Linda Batchelor was thanked for chairing the meeting. | |
| 19 | Confirmation of next meeting Tues 19 November 2024 Tues 11 February 2025 Tues 3 June 2025 All meetings will take place in the Valency building at the Truro campus at 4pm. | |