



TRURO AND PENWITH COLLEGE CORPORATION



Audit Committee

Minutes of the Audit Committee held on Tuesday 27 February 2018 at Truro College.

Members: Mr W Elliott, Mr S Gainey, Ms D Skinnard and Mr K Wilson (Chair)

Also Present: Mr M Arnold (Director of Quality), Ms J Cashmore (Director of Operations), Mrs S Dickinson (Director of Finance), Mr D Haughton (Finance Officer), Mrs C Mewton (Director of Studies), Mrs A Oliver (Bishop Fleming, External Auditor), Mr V Shutler (TIAA, Internal Auditor), Mr A Stittle (Director of Teaching and Learning), Mr D Walrond (Principal), Mr A Wheeldon (observer) and Mrs A Winter (Clerk to the Corporation)

Apologies: Mrs L Batchelor and Mrs S Sanderson
Also, Mr M Tucker (Director of Penwith College) and Mr M Wardle (Director of Curriculum).

Item	Decision	Action
18/01	<p>Welcome and Introductions</p> <p>The Chair welcomed Adam Wheeldon (Deputy Finance Director, Royal Cornwall Hospitals Trust) to the meeting and introduced those present. Adam would be joining the Committee as a non-Corporation member.</p>	
18/02	<p>Minutes</p> <p>The Minutes of the meeting held on 28 November 2017 were APPROVED and signed as a correct record.</p>	
18/03	<p>Matters Arising</p> <p>03.01 Cornwall SCITT (Minute 17/20)</p> <p>The Director of Finance indicated that the National College for Teaching and Leadership (NCTL), the government body responsible for the SCITT programme, was being subsumed into the Department for Education. Clarification about the presentation of SCITT accounts would be sought once the re-structuring had taken place.</p>	
18/04	<p>Internal Audit Report: Visit 1</p> <p>The Committee received the report of the two internal audit reviews completed in December 2017. The Internal Auditor summarised the scope of each review, explained the issues arising from the review and the assessment outcome, as follows:</p>	

	<ul style="list-style-type: none"> • General Data Protection Regulation The College had been following guidance from the Information Commissioner’s Office (ICO) and a wide range of measures had been put in place for the implementation of new General Data Protection Regulations (GDPR) in May 2018. Training for 35 team leaders had been delivered in February explaining the new legislation, raising awareness of responsibilities and actions needed. Training would be extended to other staff in March. The Committee NOTED that appropriate action was being taken in preparation for the new GDPR and there were no recommendations arising from the audit. The review carried out was an ‘Appraisal’ review which did not attract a grading. • Governance: Conflicts of Interest The review assessed the governance relationship between Truro and Penwith College and Callywith College and considered potential conflicts of interest. Callywith College had been established as a free school, governed by a separate charitable trust with its own Members and Trustees. The Committee NOTED that no issues or concerns had been identified during the review and there were no recommendations arising from the audit. Assurance for this area was assessed as ‘Substantial’. 	
18/05	<p>Internal Audit Report: Visit 2</p> <p>The Committee received the report of the four audit reviews completed in January 2018. The Internal Auditor summarised the scope of each review, explained the issues arising from the review and the assessment outcome, as follows:</p> <ul style="list-style-type: none"> • Risk Management: Reputational Risk The review focused on the management of potential reputational risks to Truro and Penwith College (TPC), Truro and Penwith Academy Trust (TPAT) and Callywith College, particularly risks arising from adverse press and social media. The report noted that Governors/Trustees and senior management in each organisation had appropriate skills and experience to fulfil their roles and to manage and mitigate risks. The TPC Marketing and Communications team had built up good relations with the local media and was proactive in order to offset negative publicity. The Committee NOTED that there were no recommendations arising from the audit. Assurance for this area was assessed as ‘Substantial’. <p>In response to questions, the Committee acknowledged that local negativity about Callywith College had largely dissipated once the College opened and successfully recruited the first cohort. The potential reputational risks had therefore reduced.</p>	

	<ul style="list-style-type: none"> • ICT Security: Management Controls The measures to avoid breaches by viruses, malware or misuse were reviewed, along with IT procurement procedures and IT licences. Governors noted that a specialist IT firm had recently been commissioned to check the resilience of IT systems and a report on its findings was awaited. The Committee NOTED that in a number of cases, invoices for equipment purchases over £2,000 had not been accompanied by three quotes. The audit resulted in two recommendations to ensure quotes were obtained (or an explanation provided if this had not happened) and submitted with invoices. Assurance for this area was assessed as 'Reasonable'. • Key Financial Controls A wide ranging review of financial controls and sample checking of payments, debtors, asset purchases, bank reconciliation, cash income and payroll found that processes and records were in order. The Committee NOTED that the audit had not revealed any specific concerns and no recommendations had been made. Assurance for this area was assessed as 'Substantial.' When asked about controls for electronic payments, the Finance Officer explained that the system would not permit more than one payment against an invoice number and payments needed to be matched to order numbers. The arrangements for emptying cashless catering credit machines and dealing with the cash were also clarified. • Trading Activities The review encompassed Catering (at Truro and Penwith) and Nursery provision (at Truro). For each area, the sample checks of orders, cash receipts and payment of invoices were found to be in order. The Committee NOTED there were no recommendations arising from the audit. Assurance for this area was assessed as 'Substantial.' Nursery fees were currently under review. 	Finance Officer to address recommendations
18/06	EU Revenue Projects Audit The Committee received a report summarising the live co-financed Convergence projects which were due to end in July 2018 or July 2020 and had been audited during the past 12 months by the relevant funding body. In each case the College was working in partnership with another institution which was the lead organisation. Members were pleased to NOTE that no issues had been identified and a clean audit had been issued in relation to the College's role.	

18/07	<p>External Audit Plan for Year Ending July 2018</p> <p>The Committee received an Audit Plan providing an overview of the nature, scope and timetable for the 2017/18 external audit work. The Plan had been drawn up in consultation with management to aid communication and clarify arrangements. For the first time this year an interim, mid-year audit would take place.</p> <p>Governors and SMT welcomed the Audit Plan which provided useful information and would help to ensure a smooth audit process.</p>	
18/08	<p>SFA Financial Health Grading</p> <p>The Committee was pleased to note that confirmation had been received from the Skills Funding Agency that following a review of the financial plan for 2016/17 to 2018/19 the College's financial health had been graded 'Outstanding'.</p> <p>The benchmarking data was discussed and members noted a reduction in the number of colleges in the FE sector (as a result of mergers) which impacted on year to year comparisons. It was also noted that the assessment was based on financial plans rather than actual outcomes.</p>	
18/09	<p>ESFA Funding Audit</p> <p>The Committee received the action plan and recommendations arising from the College's Individualised Learner Record (ILR) funding claim for 2016/17 together with the management response.</p> <p>Governors noted this had been a very rigorous review and the process had been particularly difficult due to the transition to a new management information system and need to rely on the old system to produce the necessary reports and data.</p> <p>The Committee considered and discussed the findings and the management responses to recommendations were explained. Overall the financial impact of the audit had been insignificant (an adjustment of around £1,000 in relation to a total claim of over £22m) and all recommendations were being implemented.</p> <p>Compliance with the complex funding regulations could be checked again by the ESFA when the next funding claim was submitted in autumn 2018. An audit of randomly selected institutions could take place anytime within the coming three years. The Internal Auditor would be monitoring follow up action as part of the programme of reviews during 2018.</p> <p>All those involved with the audit were congratulated on this positive outcome.</p>	
18/10	<p>Date of Next Meeting</p> <p>The Committee would meet at 5.00 pm on Tuesday 12 June 2018 at Truro College.</p>	ALL to note