

GRANTHAM COLLEGE

Minutes of a joint meeting of the Audit and Finance Committees held on 17 November 2014 at 1800hrs.

Present	Mike Argyle (Audit)	Trudy Brothwell (Audit)	Graham Hayton-Hill (Finance)
	Linda Houtby (Principal) (Finance)	Mos Kalbassi (Finance)	Peter Mulley (Audit)
In Attendance	Amjad Ali (Baker Tilly)	Simon Atkins (Clement Keys)	Paul Deane (DP)
	Ralph Devereux (Clerk)	Mark Smith (Clement Atkins)	Chris Williams (Baker Tilly)
Apologies	Jan Gould-Martin (Audit)	Nick Manoussakis (Finance Chairman)	Wade Rowlett (Finance)

This was the first joint meeting of the Audit and Finance Committees, as agreed in 2014.

01/14 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES

The apologies were accepted. No notice had been received of any member becoming ineligible to hold office, the meeting was quorate and no interests had been declared.

02/14 ELECTION OF CHAIRMAN

It was agreed that Mos Kalbassi would take the Chair for this joint meeting.

Mos Kalbassi would Chair the meeting.

03/14 MINUTES OF THE LAST MEETINGS AND NOTIFICATION OF URGENT BUSINESS

- a. The Audit Committee minutes and the Finance Committee minutes of the meetings held on 16 June were confirmed and signed.
- b. There were no requests for urgent business.

04/14 MATTERS ARISING

There were no matters arising from either Committee meeting.

05/14 FOLLOW UP REGISTER – AUDIT RECOMMENDATIONS

- a. Audit Register. A RAG rated consolidated summary of previously considered points raised in the Audit Committee was considered, there were 5 Red rated entries in the table and explanations for the delays in implementation were contained in the table and accepted. The Committee took comfort from the good progress being made.
- b. Financial Regulations and Treasury Management Policy. Points raised by the IAS had prompted revision of both the Financial Regulations and the Treasury Management Policy. The amendments were explained and the revised documents were recommended to the Corporation for approval
 - a. **The information was received and noted.**
 - b. **The Financial Regulations and Treasury Management Policy were recommended to the Corporation.**

06/14 RM ISSUES

The Risk Management Group had not met since the last Audit Committee meeting, when the latest information had been considered, accordingly they were not attached.

The information was received.

07/14 EXTERNAL AUDIT

Apologies were offered, and accepted, for the unavoidable late circulation of the AFS.

- a. The draft accounts were considered in detail, it was noted that the financial outcome for 2013/14 was a larger than expected surplus and thanks were recorded to all concerned, particularly in the light of the difficult times in the early part of the year. The Committee was content with the accounts contained in the Annual Financial Statements which were recommended to the Corporation.
- b. Audit Committee Input. The Audit Committee's responsibility was to consider the external auditors' report (Audit Completion Document, the Letter of Comment and the Letter of Representation) and to comment and recommend to the Corporation accordingly. The auditors' draft report, to a standardised format similar to that presented last year, which covered both the annual financial and the regularity audit, was discussed; there had been no material qualifications and only minor adjustments had been required to the accounts. The supporting documentation was fully discussed and mitigation of all risks was explained; all were recommended to the Corporation for approval. The Committee took comfort from the positive tone of the Report. Thanks were also recorded to the External Auditors for their professional approach throughout the audit process.

The AFS and the Letter of Representation was recommended to the Corporation.

08/14 ANNUAL INTERNAL AUDIT REPORT 2013/14

- a. Internal Audit Report. Staff Utilisation. (Report 07.13/14). The Executive Summary including the objective and the associated risk for the audit testing was scrutinised and explained. The scope of the review was studied to contextualise the "Green" assessment and concluded that substantial assurance could be taken that controls to manage the risk were suitably designed and consistently applied and effective. Two "Low" category recommendations had been made, which were all discussed individually and both were accepted with responsibilities allocated and implementation dates identified; appropriate management input supplemented the comments in the Report which was received.
- b. The Annual Report for 2013/14 was a standalone document which would inform the SFA on internal audit issues and thus was a digest of previous information presented to the committee. The Report was then considered and discussed; the report had also informed the annual committee report to the Corporation, which would be considered later in the meeting. The overall opinion that "Sufficient internal audit work had been undertaken to allow the drawing of a reasonable conclusion" and that "Adequate and effective Governance and risk management processes to manage the achievement of the objectives" was noted and the slight dip in control process opinion (To Amber) was noted although the IAS stressed that this remained a positive outcome and the Committee should not be disturbed. The opinion was welcomed and the report was recommended to the Corporation. Thanks were recorded to the IAS for their professional standards throughout the year and to the Deputy Principal for his excellent work in the oversight and implementations of the recommendations. The Committee took comfort from the maintenance of the high standards achieved last year and the assurance that the number of recommendations was generally lower than peer organisations of a similar size.

a. The information was received.

b. The IAS Annual Report was recommended to the Corporation.

09/14 ANNUAL COMMITTEE REPORTS

- a. AC Annual Report to the Corporation. The committee annual report to the Corporation, which would inform the Corporation consideration of the AFS, was considered and discussed; the internal audit opinion had been fully considered at 08/14b above. After consideration there were no amendments necessary and the report would be passed to the Corporation for consideration.
- b. RM Annual Report. The comprehensive RM annual report comprising 4 elements, including the updated register for 2013/14 was considered. A regular schedule of meetings for the Risk Management Group had been established and the group was working well. The RM structure was sound, risks were continuously managed and the system was embedded throughout. A digest of changes and substantial risks was included in the register together with an annual trend analysis to indicate performance.

As agreed the complete Register should continue to be included in the Annual report but the severe risks only were required at other Committee meetings. The Report would be passed to the Corporation for consideration, attached to the committee annual report as an annex.

The Committee Annual Reports were recommended to the Corporation.

10/14 ANNUAL INTERNAL AUDIT PLAN 2014/15

The internal audit strategy for 2013-2016, informed by but not limited to, the College strategic objectives and previous work had been jointly considered at length by the IAS and the DP; the areas to be tested during the remaining 2 year life of the plan were tabulated, at Annex B, and after discussion and reference to Appendix A (Issues affecting the College) were felt to be appropriate. The plan was linked to identified key risks. At Appendix C was the detailed programme for the current year, 29 days were allocated for completion; the plan together with the associated fee would be passed to the Corporation for consideration and approval. It was agreed that the Plan covered key risks, priority areas and would provide sufficient assurance to facilitate the risk profile.

a. The information was received.

b. The IAS Annual Plan 2014/15 was recommended to the Corporation.

11/14 FINANCE REPORT

The management accounts accurate to 30 September were then considered and discussed. The present budgetary situation was a favourable variance of c£9.7k against budget although Income was unfavourable by c£12k. Payroll expenditure was well controlled despite an unfavourable variance of £18.8k due to the inclusion of c£40k redundancy payments; non-payroll costs were favourable by c£41k. The balance sheet was positive with 85 cash days, a strong cash balance and the CR stood at 1.5. All FI remained satisfactory and there were no significant aged debtors. It was agreed that the fabric condition fund element could be removed from the "cash days" total to provide a clearer picture of the true position and this would be examined. The information was noted and the Report was received.

The information was received.

12/14 IMPACT ON STUDENTS

The effect on students of implementation of changes to procedures and decisions had been fully considered in determination of each item and it was agreed that there would be considerable and direct benefit to students accruing from the effects of the recovering financial situation.

13/14 URGENT BUSINESS

There had been no urgent business requested.

14/14 DATE OF NEXT MEETINGS

The next meetings would be:

a. at 0900 on 23 March 2015 for the Audit Committee; and

b. at 1800 on 19 January 2015 for the Finance Committee.