

## GRANTHAM COLLEGE AUDIT COMMITTEE MEETING

### Minutes of the Meeting held on 20 June 2018, 18.30 Corporation Meeting Room, Grantham College

#### Present:

Mr M Argyle	Audit Committee Chairman / Lay Member
Mr G Brewis	General Member
Mr B Slater	General Member
Mr S Welton	General Member

#### In Attendance:

Mr P Deane	Principal
Mrs A Harrison	Finance Manager
Mr A Ali	Senior Manager, RSM
Mrs J Taylor-Holmes	Clerk

*Agenda: There were no changes to the agenda.*

	<b>AC/18/111 - Apologies for absence</b>	
1	Apologies were received from; Mrs T Hood, Lay Member	
	<b>AC/18/112 – Confirmation of eligibility, quorum and declarations of interest</b>	
2	No notice had been received of any member becoming ineligible to hold office. The meeting was quorate and there were no declarations of interest in agenda items.	
	<b>AC/18/113 – Minutes of the previous meeting on 21 March 2018</b>	
3	<b>The minutes of the previous Audit Committee meeting held on 21 March 2018 were approved as a true and accurate record.</b>	
4	There was no urgent business notified.	
	<b>AC/18/114 - Matters Arising</b>	
5	All matters arising from the previous meeting scheduled for completion at a future date.	
	<b>AC/18/115 Audit Follow Up Register</b>	
6	Mr P Deane, Principal presented the Audit Follow Up Register which provided an update on action taken against recommendations received in previous audits.	

7	Mr Deane explained that actions which had been reported to previous meetings as complete had been removed.	
8	Committee members noted the colour coding applied to the report.	
9	Mr Deane explained that the follow up points are reviewed by the Risk Management Group and the Senior Leadership Team.	
10	Mr Deane confirmed that the strategic objectives were now referenced correctly in the risk register. All actions referenced in relation to the Key Financial Controls – Income and Debtors report had now been implemented. The Report provided details of the action taken.	
11	In relation to the failure to collect all income due to the College, Mr Deane explained that the central record had now been introduced and was being maintained.	
12	In relation to the HR actions, these had been moved to be completed by the end of the academic year.	
13	Committee members commented on the positive response to completion of follow up.	
14	<b>The Committee received the Register of Audit follow up points.</b>	
<b>AFC/18/116 Risk Management Update</b>		
15	Mr Deane presented the Risk Management Update.	
16	Mr Deane provided the minutes of the Risk Management Group meeting held on 8 May 2018, the current risk register and the risk management action plan.	
17	Mr Deane explained that at the Risk Management Group was due to hold an additional meeting to consider in detail the College response to a terrorist attack or incident such as shooting or knife attack. Mr Deane explained that this was in response to a number of national hoax threats and a recent more local threat when Police advice had been to 'lock down' the College.	
18	The session would consider how the College would implement a 'lock down' and the IT Manager, Health and Safety Manager and Estates Manager would all be present.	
19	Mr Deane explained that the likelihood has been reduced in relation to the risk and it had therefore been readdressed as 'housekeeping'.	

20	Mr G Brewis, General Member asked about the incidents of such attacks in Colleges. Mr Deane explained that generally knife crime is on the increase however, there had been no specific alerts regarding an increase in such attacks.
21	In addition to the safety elements, Committee members noted the potential for damage to reputation due to such an attack.
22	Mr Deane referred to an app; 'alert us' which was being considered. Mr B Slater, General Member commented on the need to consider the security of such an app, the ease of use and the ability to 'hack' an app to cause panic.
23	In respect of Policy to assess this area, Mr Deane explained that this was currently referenced in relation to business continuity however, this did not address issues such as how a threat would be communicated (and un-communicated) and what preventative steps, if any, could be taken in relation to the Estate. Consideration would be given to how a response / lock down would be practically implemented.
24	Mr M Argyle, Audit Committee Chair and Lay Member asked whether there was risk connected to apprenticeships. Mr Deane explained that following the significant changes to the operation and funding of apprenticeships, this had been identified as an area for Internal Audit support. This would be discussed further in relation to the Internal Audit plan.
25	The risk in relation to the pension scheme was out of the College control and the contingency in payroll was noted.
26	Mr Deane referred to the general feeling in the sector that there must be some increase in funding seen in the coming years, funding rates had remained static for eight years.
27	Mr Argyle asked about the financial position of the sector nationally. Mr Deane confirmed that approximately 45% of Colleges were rated as satisfactory or below.
28	Mr Argyle asked for further information regarding the implementation of the General Data Protection Regulation (GDPR). Mr Deane confirmed that the Internal Audit report that had been commissioned does not provide a level of assurance but does explain that the College is strong as compared to other organisations in this area and the action plan in place is appropriate to support the journey regarding implementation.
29	Mr Deane explained the work being undertaken to support recruitment of engineering staff. Mr Deane explained that ex-armed force staff had been approached.

30	Mr Slater asked whether there were any voluntary or secondment opportunities. Mr Deane explained that this was an area for further consideration. There had been some examples of external master classes being provided through the specialist educator programme.	
31	<b>The Committee received the Risk Management Report.</b>	
	<b>AC/18/117 Internal Audit Reports</b>	
32	Mr A Ali, Senior Manager RSM explained that there were four Internal Audit Reports completed since the last meeting, of those one final report was provided to the Committee; Follow Up.	
33	Mr Ali explained that the GDPR and Learner Numbers reports were in draft with Management for response and the Apprenticeship audit remained in progress. All final reports would be presented to the next Audit Committee meeting.	
34	In relation to the Follow Up report, reasonable progress in implementing agreed management action had been concluded.	
35	Mr Ali explained that of the 19 actions raised, 12 had been fully implemented, two actions were ongoing, four had not been implemented and one had been superseded.	
36	Committee members were referred to page 5 of the report and noted the updated management response.	
37	Mr S Welton, General Member commented on the challenges of succession planning. Mr Ali referred to the response to internal known changes such as retirement.	
38	<b>Committee members received the Internal Audit report.</b>	
	<b>AC/18/118 Internal Audit progress</b>	
39	As above paragraph 30.	
	<b>AC/18/119 Internal Audit Plan 2018/19</b>	
40	Mr Ali presented the Internal Audit Plan 2018/19.	
41	Mr Ali explained that the Plan had been created following a review of the risk register and in response to risks facing the sector generally.	

42	Committee members were referred to page three and four of the report which provided the details of those risks and objectives which may warrant an internal audit.	<b>Action: RSM November 2018</b>
43	Appendix A provided details of the proposed planned audits including the objective of the review, the fee and the proposed timing of the audit.	
44	It was noted that the plan was flexible and could be changed through Audit Committee approval to respond to new, emerging risks or those which have an increased rating.	
45	It was further noted that once the Plan was approved, the scope of the audit would be considered and agreed.	
46	Mr Ali referred Committee members to Appendix C, the Internal Audit Charter and Appendix D, client care standards.	
47	Committee members discussed the fact that although there was no legal requirement to engage Internal Audit services, the internal audits provide valuable external assurance to governors that areas of risk within the College are being appropriately managed.	
48	The results of the Internal Audits were also useful to staff and management to support risk improvement or to assess action in place and mitigation as appropriate.	
49	The internal audit review of accommodation would support the College to comply with new minimum standards for under 18 accommodation.	
50	Appendix B provided the proposed internal audit strategy for 2018/19 to 2020/21.	
51	Mr Welton asked for further information about the description of work to be undertaken in relation to an internal audit of the Quality Framework. It was agreed that further information would be provided to the next meeting.	
52	Committee members noted that the fees were applicable to last year with a small increase applied.	
53	<b>Committee members approved the Internal Audit Plan 2018/19.</b>	
	<b>AC/18/120 External Audit Planning year ending 31 July 2018</b>	
54	Mr Deane presented the External Audit Plan for year ending 31 July 2018 prepared by PKF Cooper Parry.	

55	Committee members noted the approach to be taken, the timetable and the key audit risks.	
56	Committee members noted that the fees were applicable to last year with a small increase applied.	
57	The audit work was planned to ensure that the financial statements would be considered by the Joint Audit and Finance Committee meeting on 28 November 2018 for recommendation to the Corporation meeting in December.	
58	<b>Committee members received the external audit plan for year ending 31 July 2018.</b>	
	<b>AC/18/121 Audit Committee Terms of Reference</b>	
59	Mrs J Taylor-Holmes, Clerk to the Corporation explained that proposed changes to the Audit Committee Terms of Reference in response to the Post 16 Audit Code of Practice 2017/18.	
60	The changes appeared as track changes in the document. The outstanding issue regarding who would replace the Principal as support for the Committee when the Chief Executive and Principal role is combined from August would be confirmed at the July Corporation meeting.	
61	It was agreed that it would be useful for Mr Deane to continue to attend Audit Committee meetings following the change in his role.	
62	<b>Committee members recommended the amended Audit Committee Terms of Reference for approval by the Corporation.</b>	<b>Action: Mrs J Taylor-Holmes July 2018</b>
	<b>AC/18/122 Matters for Specific Report to the Corporation</b>	
63	It was agreed that the following items would be reported to the Corporation;	
64	<ol style="list-style-type: none"> <li>1. That the Committee had noted the outcome of the Follow Up Audit.</li> <li>2. The Committee had approved the Internal Audit Plan</li> <li>3. The Committee had received the External Audit plan for year end 31 July 2018.</li> <li>4. That the Committee recommended for approval the updated Audit Committee Terms of Reference.</li> </ol>	
	<b>AC/108/123 Impact on Students of Items Discussed / Agreed</b>	

65	The discussion held around the safety of students in response to a terrorist or significant attack was noted along with the Internal Audit to provide external assurance around the preparedness of the College in respect of changes to the minimum standard for under 18 accommodation have an impact on students.	
66	<b>AC/18/124 Urgent Business / Any other Business</b> There being no further business the meeting closed.	

**Date of next Meeting:**

Wednesday 28 November 2018 (Joint with Finance Committee), 17.00 in the Conference Room

Signed as a true and accurate record

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Chairman

Date

Agenda Item	Description	By whom	By when
<b>AC/18/105 Audit Follow Up Register</b>	It was agreed that induction training would be provided to lay members.	Mrs Taylor-Holmes	September 2018
<b>AC/18/119 Internal Audit Plan 2018/19</b>	Mr Welton asked for further information about the description of work to be undertaken in relation to an internal audit of the Quality Framework. It was agreed that further information would be provided to the next meeting.	RSM	November 2018
<b>AC/18/121 Audit Committee Terms of Reference</b>	Committee members recommended the amended Audit Committee Terms of Reference for approval by the Corporation.	Mrs Taylor-Holmes	July 2018