

**GRANTHAM COLLEGE
AUDIT COMMITTEE MEETING**

**Minutes of the Meeting held on 23 June 2021, 18.30
Via Microsoft Teams**

Present:

Mr I Hyland	General Member
Mr A Joy	General Member
Mr S Welton	General Member (Chair for the meeting)

In Attendance:

Mr P Deane	Principal & Chief Executive
Mrs A Harrison	Director of Finance
Mr N Jones	General Member (observer)
Mr A Ali	RSM
Mrs L Smith	RSM
Mr G Bott	Cooper Parry
Mrs J Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda.

	AC/21/114 - Apologies for absence	
1	Apologies were received from Mike Argyle, Lay Member and Chair of the Committee. It was agreed that Mr S Welton, General Member, would Chair the meeting.	
2	Committee members welcomed Mr A Joy, General Member to his first Audit Committee meeting and Mr I Hyland, General Member to his first formal meeting (he had been involved in the appointment process for the Internal and External Auditors). Nick Jones, General Member was welcomed in attendance as an observer.	
3	Apologies were also received from Dr S Peacock, Vice Principal Higher Education & Institute of Technology.	
	AC/21/115 – Confirmation of eligibility, quorum and declarations of interest	
4	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.	
	AC/21/116– Minutes of the previous meeting on 10 March 2021	
5	Resolved - The minutes of the meeting held on 10 March 2021 were approved as a true and accurate record.	

6	There was no urgent business notified.	
7	AC/21/117 - Matters Arising It was noted that the tender process in relation to the appointment of internal and external auditors had been completed, a report was on the agenda.	
8	There were no further matters arising from the previous meeting.	
9	AC/21/118 Audit Follow Up Register Mrs Harrison presented the Audit Follow Up Register which provided an update on action taken against recommendations received in previous audits.	
10	Mrs Harrison confirmed that the register had been reviewed by the senior leadership team and the Risk Management Group.	
11	Mrs Harrison explained that a lot of progress had been made in relation to the health and safety recommendations and these were now rated as green.	
12	An update was received in relation to the terms of reference for Safeguarding, this action was also now complete and would be rated green in the next report.	
13	It was noted that next time the report was provided to the Committee, the length should be reduced due to the completion of actions.	
14	Committee members noted the progress.	
15	Resolved - The Committee received the Register of Audit follow up points.	
16	AC/21/119 Risk Management Update Mrs Harrison presented the Risk Management Update.	
17	Mrs Harrison provided the minutes of the Risk Management Group meeting held on 9 June 2021, the current risk register and the risk management action plan.	
18	Mrs Harrison explained that the meetings for the Risk Management group had been scheduled to coincide with preparing papers for the Audit Committee. This would ensure feedback from the meetings and minutes could be provided to the Audit Committee.	

19	Mrs Harrison explained that a new risk had been added, this was referenced in the Risk Management Group minutes at 3.1 and related to failure to achieve IoT KPIs to ensure the associated student numbers which may result in clawback. The risk had been raised to significant and therefore added to the action plan.	
20	Mr Deane commented that this was being regularly considered by Dr Peacock and other IoT providers. The risk is theoretical, the DfE could claw back some of the funds for the capital bids. The IoT had asked for a delay in student number targets due to the impact of the pandemic. Mr Deane confirmed that this matter would be monitored closely.	
21	Mrs Harrison explained that the Risk Management Group meeting had been provided with a COVID and Prevent update.	
22	Committee members noted the highlighted changes to the Risk register and reviewed the action plan.	
23	Resolved - The Committee received the Risk Management Report.	
AC/21/120 Relevant Sector Information		
24	Mrs Harrison referred to changes to the Post 16 Audit Code of Practice and the impact on the income review. It was noted that additional information had been provided to Committee members in advance of the meeting.	
25	It was agreed that the proposed additional work by the Internal Auditors (details of which had also been circulated in advance) would be considered as part of agenda item AC/21/122 Internal Audit Plan.	
26	Mrs Harrison provided a brief explanation of the key changes and how this would impact on the work of the External Auditors.	
27	Resolved - The Committee received the Relevant Sector Information.	
AC/21/121 Internal Audit reports		
28	Mr Ali explained that since the last meeting, the payroll audit had been completed. Substantial assurance had been provided.	
29	Two medium and three low priority recommendations had been made. One medium related to the payroll system which was currently being replaced by Cintra. The reliance on the	

	<p>full BACS file and the inability to produce exception reports would be addressed by the new system.</p>	
30	The internal audit had also reviewed supplier bank accounts against the employer list. It had been noted the eight employees were also suppliers. Two instances had been identified where employees had been paid during employment through the supplier list.	
31	There had been no issues identified in terms of the payment however, there could be a potential tax risk and a risk of duplication of payments.	
32	Committee members asked about the risk of potential tax implications. It was noted that the risk was for staff members not the College as it was the self-employed person to make the relevant declarations, returns and tax payments.	
33	Three low priority recommendations were noted within the report.	
34	Mrs Harrison explained that one of the recommendations related to ensuring that there was a cross reference of the employees against the suppliers list.	
35	Committee members noted that this had been discussed as an amendment to the Financial Regulations which had been approved at the earlier Finance and Resources Committee.	
36	Resolved - Committee members received the Internal Audit Report.	
	AC/21/122 Internal Audit plan	
37	Mr Ali confirmed he had met with Mrs Harrison and Mrs L Smith, RSM and discussed the plan against the risk register.	
38	Mr Ali referred to Appendix B of the report and the three-year strategy.	
39	It was noted that the estate management report had been identified as a risk-based review. The key financial controls, risk management and follow up work were standard. The review of funding assurance will be further discussed and scoping work agreed.	
40	A follow up meeting with Mr G Bott, Cooper Parry would be held to look at coverage around funding assurance.	
41	Mrs Smith referred to the changes in the Audit Code of Practice, meaning that external audit are required to undertake additional work to assure themselves that the income is accurate and complies with funding rules. The	

	external auditors cannot now rely on statement from ESFA. It was noted that these changes had been applied later applies to accounts prepared from year end 31 July 2021.	
42	It was noted that apprenticeships were the highest risk across the sector generally, it was planned to review a sample of apprenticeships. A review of learner file and / or the provider DSAT which may provide issues which may not be evident from the file review.	
43	In future years, the Internal audit plan would include an annual review of ESFA and funding information.	
44	Mr A Joy, General Member asked about the Audit Universe for the College and whether this was covered by the three-year strategy. Mrs Smith explained that the strategy is created using an assurance mapping exercise and taking an educated view over what might require internal audit in future years. The plan was flexible and could be amended and updated to respond to new risks or areas which become higher risk.	
45	It was agreed that further information would be provided in relation to the total Audit universe. It was noted that academic quality assurance was provided from Ofsted.	Action: RSM Spring 2022
46	Mrs Smith commented that 25 days internal audit was a little low for a college of the size of Grantham.	
47	Resolved – Committee members approved the additional costs in relation to the additional internal audit which would be undertaken to provide funding assurance.	
48	Resolved – Committee members approved the Internal Audit Plan.	
	AC/21/123 External Audit Plan	
49	Mr Bott provided the external audit plan for the year ending 31 July 2021.	
50	Mr Bott confirmed he had met with Mrs Harrison and reviewed the risk areas. Six key risk areas identified were recorded within the paper and it was noted that the audit plan was against them. It was in relation to income recognition where the funding audit which RSM were conducting would support the audit.	
51	Going concern was another risk area, Mr Bott referred to the updated the guidance on this matter and it was noted that there had been expanded reporting in this area.	

52	Management override referred to ensuring that controls are operating correctly.	
53	Related party transactions should be disclosed in the accounts	
54	Mr Bott explained that retirement benefits were a large liability within the accounts and there was a heavy reliance on assumptions. Benchmarking would be undertaken to ensure that assumptions were accurate.	
55	Financial covenants were also reviewed and two Regularity opinions were completed. The Teachers' pension scheme was in addition but didn't impact on independence.	
56	The timetable had been agreed with Mrs Harrison. Fieldwork would commence in September 2021, draft accounts and audit findings presented to the Committee on 1 December. For recommending to the Board on 14 December.	
56	Resolved - Committee members approved the external audit plan for year ending 31 July 2021.	
58	<i>Internal and Audit External Auditor representatives left the meeting.</i>	
AC/21/124 Internal / External Auditor appointment recommendation		
59	Mrs Harrison provided a paper detailing the process undertaken in relation to the appointment of the internal and external auditors and the tendering process which had taken place in April and May. Audit Committee members had been involved in the process.	
60	It was noted that both RSM and Cooper Parry were current incumbents. However, it was further noted that both firms had made changes in respect of the staff who would be involved in the college audits.	
61	The funding assurance work also supports the note that RSM had knowledge in the sector in particular in relation to education funding streams and would be able to support the review.	
62	Resolved - Committee members received the update in relation to Internal and External Auditors appointments and formally approved the appointment of RSM as Internal Auditors and Cooper Parry as External Auditors.	
63	It was noted that the appointments would be reported to the Board in July. The appointment was made by the Audit	

	Committee and there was no requirement for the Board to approve the appointments.	
64	AC/21/125 Matters for Specific Report to the Corporation It was agreed that the following items would be reported to the Corporation; <ul style="list-style-type: none"> • Change in post 16 Audit code of practice and the requirement for the additional internal audit work in this area. • A tender process had been undertaken in relation to the appointment of Internal / External Auditors, the process had been completed and the appointments had been approved. • Noted that received internal audit report in relation to payroll. • Received usual Risk management report noting the changes made to the risk register and action plan. 	
65	AC/21/126 Urgent Business / Any other Business There being no further business the meeting closed.	

Date of next Meeting:

Joint meeting with Finance & Resources Committee Wednesday 1 December 2021, 18:00 TBC

Signed as a true and accurate record

Chairman

Date

Agenda Item	Description	By whom	By when
AC/21/122 Internal Audit plan	It was agreed that further information would be provided in relation to the total Audit universe	RSM	Spring 2022