

**GRANTHAM COLLEGE  
AUDIT COMMITTEE MEETING**

**Minutes of the Meeting held on 22 June 2022, 18.30  
Via Microsoft Teams**

**Present:**

Mr M Argyle	Audit Committee Chairman / Lay Member
Mrs C Brocklebank	General Member
Mrs N McCoy-Brown	General Member

**In Attendance:**

Mr P Deane	Principal & Chief Executive
Mrs A Harrison	Director of Finance
Ms L Smith	RSM
Mr A Macdonald	RSM
Mr G Miller	Price Bailey
Ms S Goldsmith	Price Bailey
Mrs J Taylor-Holmes	Clerk

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

	<b>AC/22/112- Apologies for absence</b>	
1	No Apologies were received. All members were present.	
2	The Committee welcomed Mrs N McCoy-Brown to her first Audit Committee meeting. Mrs L Smith, RSM was welcomed to her first meeting. Committee members also welcomed, Ms S Goldsmith and Mr G Miller from Price Bailey.	
	<b>AC/22/113 – Confirmation of eligibility, quorum and declarations of interest</b>	
3	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/22/114– Minutes of the previous meeting held on 9 March 2022</b>	
4	<b>Resolved</b> – The minutes of the previous meeting held on 9 March 2022 were approved as a true and accurate record.	
5	There was no urgent business notified.	
	<b>AC/22/115 - Matters Arising</b>	
6	It was noted that Mrs A Harrison, Director of Finance and Mrs J Taylor-Holmes, Clerk to the Corporation had met and	

	considered the Committee Terms of Reference against the workplan.	
7	The workplan had been updated and would be presented to the Committee as part of the annual Committee Self-Assessment review in November 2022. Following the review, the Risk Management Policy had been added to the agenda for the meeting and would be considered annually by the Committee.	
8	The other matter arising was on the agenda for consideration.	
	<b>AC/22/116 Audit Follow Up Register</b>	
9	Mrs Harrison presented the Audit Follow Up Register which provided an update on action taken against recommendations received in previous audits.	
10	It was noted that there were very few actions outstanding and for those that were outstanding, progression was good and action was due to be completed in the coming month.	
11	Mrs Harrison explained that a check on assets would take place at the end of the academic year.	
12	<b>Resolved</b> - The Committee received the Register of Audit follow up points.	
	<b>AC/22/117 Risk Management Update</b>	
13	Mrs Harrison presented the Risk Management Update.	
14	Mrs Harrison provided the minutes of the Risk Management Group meeting, the current risk register and the risk management action plan. Mrs Harrison explained that future meeting dates of the Risk Management Group were timed to link to the Audit Committee meetings. The Risk Management Policy was provided.	
15	Committee members reviewed changes to the risk register, and agreed that there were no areas of concern.	
16	Mrs Harrison highlighted that the COVID element on the risk register had been replaced to refer to the mental health and wellbeing of staff, this would be monitored through the Risk Management Group as well as through Health and Safety.	
17	<b>Resolved</b> - The Committee received the Risk Management Report.	
	<b>AC/22/118 Relevant Sector Information</b>	

18	Mr P Deane, Principal and Chief Executive commented that the ONS had implemented a review following recent legislative changes in the sector to review the classification of colleges as public sector. Mr Deane described the challenges and opportunities that this may present.	<b>Action: Mr Deane / Mrs Harrison Autumn 2022</b>
19	Mr Deane confirmed that the College had been asked to sign a letter to allow the DfE to speak to the College bankers to allow discussion with them around the financial position and any loans.	
20	An outcome of the review was due in the Autumn term.	
21	It was agreed that consideration would be given as to whether this was a risk to the College, and if so, this would be added to the risk register.	
22	<b>Resolved</b> - The Committee received the Relevant Sector Information.	
<b>AC/22/119 Internal Audit Reports</b>		
23	Mr A Macdonald, RSM presented the Internal Audit Reports. It was noted that there had been two reports finalised; Income and Debtors which received substantial assurance and follow up which had reported good progress.	
24	One final report on funding assurance was yet to be concluded.	
25	In relation to the Income and Debtors audit, the audit had considered, amongst other things, whether the College was raising debts and responding appropriately. No management actions had been identified and it was confirmed that controls were working effectively.	
26	In relation to the follow up review, Mr Macdonald explained that there had been a review of 26 actions. There was only one remaining outstanding in relation to the fixed asset register which, as reported at agenda item AC/22/116 would be reviewed at the end of the academic year. In relation to the remaining 25 actions, it was noted 24 had been fully implemented and one had superseded in relation to COVID and homeworking as the position had changed since the action was recommended.	
27	Committee members commented on the positive review.	
28	<b>Resolved</b> - Committee members received the Internal Audit Reports and update.	
<b>AC/22/120 Internal Audit Plan 2022/23</b>		

29	Mrs L Smith, RSM described the process which had been undertaken to develop the annual plan. Mrs Smith explained that initial discussions had taken place and there had been a review of the risk register and key risks in the sector.	
30	The plan was presented to Committee members who noted that this was flexible and could be changed to respond to changing or emerging risks to the sector.	
31	Committee members discussed the staff recruitment challenges in the sector noting that the proposed review would consider recruitment and on boarding of staff to ensure that qualified staff are recruited and retained. The review would consider policies and processes and the on boarding process along with actions during the probationary period.	
32	It was noted that this was an area of high risk in the sector.	
33	It was agreed that funding assurance was a key internal audit to review the processes in place and support the external auditors. The funding stream to be reviewed had not yet been decided however, it was noted that the most recent review (which was nearing completion) was in relation to apprenticeships. In providing early feedback to the Committee, Mrs Smith explained that some issues had been identified which could result in a clawback and that the issues identified were common in the sector.	
34	Key financial controls around expenditure would be reviewed to consider the appropriateness of the procurement/ tender processes in place and value for money.	
35	A review of compliance against the new updated Association of Colleges (AoC) Code of Good Governance had been suggested.	
36	Mrs Smith explained that a follow up review would also be undertaken.	
37	The possible reviews to be undertaken from 2023/24 onwards were also presented for consideration.	
38	Committee members asked about definition around value for money, and whether this took into account the benefit to the local economy or sustainability issues. Mrs Smith confirmed that the assessment is made against the College definition of value for money and this would be assessed during scoping.	
39	It was agreed that the scope for the governance review would be considered due to the further imminent review of the Code of Governance. It was agreed that one area for	

	consideration may be induction, recruitment, roles and responsibilities and ongoing training and support provided to of Governors.	
40	Mrs Smith agreed to review the scope for the governance review with Mrs Taylor-Holmes and Mrs Harrison taking into account the scope of the governance review undertaken in 2018/19.	<b>Action: Mrs Smith, Mrs Taylor-Holmes &amp; Mrs Harrison Summer 2022</b>
41	A question was raised around cashflow and whether this was considered an area for content or potential review. It was agreed that this was not an area for concern at the College.	
43	<b>Resolved</b> - Subject to the amendment of the scope of the governance review, Committee members approved the Internal Audit Annual Plan.	
	<b>AC/22/121 – Recruitment of External Auditors and External Audit Plan</b>	
44	<b>External Audit Plan</b>	
45	Mrs Harrison introduced the External Audit Plan and the representatives from Price Bailey and introductions were made. Ms S Goldsmith, Price Bailey provided the External Audit Plan.	
46	Committee members reviewed the engagement objectives as a result of appointment and Ms Goldsmith shared the process to describe the process undertaken in the preparation of the financial statements.	
47	Ms Goldsmith described the work which would be undertaken on the Teachers Pension Scheme to provide assurance around that submission.	
48	The audit approach and strategy were provided. Ms Goldsmith explained that work had already started and there had been a meeting with Mrs Harrison to discuss the current position which had assisted in the development of the plan.	
49	Ms Goldsmith commented that regularity assurance would be undertaken in line with the ESFA framework, and work which could be done to support the regularity review had been identified.	
50	It was noted that interim work would commence on 18 <sup>th</sup> July particularly with the Teachers Pension Scheme where the report was due at the end of September.	
51	The report highlighted the key risks to be identified as part of the work and noted the audit approach to be followed. It was noted that related party disclosures would be reviewed.	

52	Committee members reviewed the approach taken in relation to materiality; 1% of recurring income. Ms Goldsmith explained that the final management letter would report against any trivial misstatements found and the level of £1000 would be applied.
53	Ms Goldsmith described the work to be undertaken regarding going concern and commented that the statement in this area was to confirm that the College could for 12 months from the date of signing the accounts.
54	As part of the Audit work, procedures would be designed to consider fraud and tests would be undertaken such as management override and a review of journals, the Audit team would also be reviewing Audit Committee minutes and risk management processes in order to form an opinion on whether the College had been compliant with legislation and the approach to risk.
55	It was noted that a management letter would be provided to Governors after the audit and would outline findings and a schedule of potential adjustments.
56	Details of the audit team and information on related parties were noted.
57	Committee members noted the independence of the audit team.
58	Committee members received the timetable noting that this had been agreed with Mrs Harrison.
59	Mr G Miller, Prince Bailey commented that the early completion of the narrative at the front of the audit report would be appreciated.
60	Committee members asked for further information in relation as to how the auditors would review cash handling and high value expenditure and sign off levels?
61	Ms Goldsmith commented that the starting point for the audit was to review the Financial Regulations and gain an understanding of policies and systems in place. Should any areas of weakness be identified this would be raised as a recommendation. As part of the substantive testing, income and expenditure from the ledger would be chosen on a random sample basis and source documentation would be verified. Steps would be made to understand the terms of the expenditure, such as energy / fuel costs and how this was built into the budget processes.

62	Committee members noted the approach taken to understand the College and where there were risks.	
63	<b>Resolved</b> - Committee members approved the Audit Plan.	
64	<b>Recruitment of External Auditors</b>	
65	The process in relation to the appointment of the External Auditors was recorded including the involvement of the Audit Committee members.	
66	<b>Resolved</b> - Committee members received the update in relation to External Auditors appointment and formally approved the appointment of Price Bailey as External Auditors.	
67	<b>AC/22/122 Matters for Specific Report to the Corporation</b>  It was agreed that the following items would be reported to the Corporation; <ul style="list-style-type: none"> <li>• The Audit Follow up report had been received and it was pleasing to see progress.</li> <li>• The Committee had received the risk management report.</li> <li>• Relevant Sector Information had been received and the discussion around the reclassification of the College as public sector and how this may be included on the risk register.</li> <li>• Committee members had received substantial assurance in relation to the income and debtors internal audit report. Noting that there were no management actions identified. There had been good progress identified as part of the follow up review.</li> <li>• Approved the Internal Audit Plan 22/23 subject to amendment to the scope of the governance review.</li> <li>• Approved the External Audit Plan</li> <li>• Formally approved the Appointment of Price Bailey as External Auditors.</li> </ul>	
68	<b>AC/22/123 Urgent Business / Any other Business</b>  There being no further business the meeting closed.	

**Date of next Meeting:**

Joint Audit and Finance & Resources Committee meeting – Tuesday 29 November 2022, 18:00 - Conference Room / remote via MS Teams

Signed as a true and accurate record

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Chairman

## Date

Agenda Item	Description	By whom	By when
AC/22/118 Relevant Sector Information	Re: Reclassification of Colleges as public sector. It was agreed that consideration would be given as to whether this was a risk to the College, and if so, this would be added to the risk register.	Mr Deane, Mrs Harrison	<b>June 2022</b>
AC/22/120 Internal Audit Plan 2022/23	Mrs Smith agreed to review the scope for the governance review with Mrs Taylor-Holmes and Mrs Harrison taking into account the scope of the governance review undertaken in 2018/19.	Mrs Smith Mrs Taylor-Holmes & Mrs Harrison	<b>Autumn 2022</b>