



**GREENHEAD COLLEGE CORPORATION**  
**Minutes of the Audit and Risk Committee Meeting**  
**Held on Monday 18<sup>th</sup> November 2019 at 5.00pm in G17, Cooksey Building**

**Present:** Pete Woodcock\* (Chair), Ruth Baker\*, Gurveer Birdi\*, Richard King\*

**In attendance:** Finance and Estates Committee Members (Richard Armstrong\* (Chair), Sue Douthwaite\*, Chantal Forrest\*, Craig Shannon\*, Simon Lett\* (Principal), John Blake (Director of Finance and Resources), John Holroyd (prospective Governor) as an observer, Julie Polzin (Minute Clerk), External Audit representative (Mike Benson, Murray Smith), Internal Audit representative (Wayne Brown, AuditOne)  
\* *Governor*

Meeting began: 17:00  
Meeting closed: 19:00  
Quorum: 3 Governors  
Attendance: 57%

## 1. External Audit Report

Murray Smith Partner, Mike Benson, presented the audit findings and summarised the Audit Highlights and Management Letter for the Year ended 31 July 2019 and the Members' annual report and Financial Statements. The following key points were noted:

- Hit caused by increased costs incurred by contributions to Local Authority Pension Scheme (which had affected all colleges) and voluntary redundancies
- Deficit better than budgeted figure
- Net current liabilities on Balance Sheet should improve from now on
- Pages 9 & 11 were missing from the Audit Highlights and Management Letter and would need to be recirculated (Mike Benson gave assurance that there no significant adjustments on page 9 and outlined content of page 11)
- Agreed that the sensitivity analysis would be useful. DFR (JBL) was asked to add updated analysis with figures from new budget.

**Action: Mike Benson (Murray Smith) to resend a complete copy of the Audit Highlights and Management Letter.**

**Action: DFR (JBL) to update sensitivity allowance in line with new budget.**

CSH queried the accuracy of Governors' attendance percentages in the table on page 14 of the Members' Report and Financial Statements.

**Action: Chair (RAR) to check attendance percentages in the absence of the Clerk to the Corporation.**

The previously circulated Members' Annual Report and Financial Statements for 2018-2019 would be circulated with supporting papers for the next Corporation meeting (2/12/19) for Corporation approval and signature, with any amendments made as appropriate (see point above).

## 2. Annual presentation on latest legal, regulatory and sector developments

Mike Benson of Murray Smith gave a verbal presentation covering the latest legal, regulatory and sector developments. Members were invited to approach them for any items of best practice or to improve financial interaction.

**Q:** Could guidance be offered on any areas where improvements could be made?

**A:** Would have recommended that the restructure should have taken place earlier.

### **Opportunity for Governors to meet independently with External and Internal Auditors**

*The Principal (SLE) and Director of Finance and Resources (JBL) withdrew from the meeting.*

Committee members raised the following points to the external and internal audit representatives:

- Raised concern at presentation of financial information to Governors. Would prefer a more simplified version, highlighting reasons for variations.
- Concern that there were insufficient staff in the Finance Team, to support JBL
- Discussion of what the external audit accounts should contain. Mike Benson pointed out that accounts do vary, dictated by Governors, that Sir John Deane's College provides a good example worth looking at, and that Governor-DfE dialogue is important
- Important to look at questions raised which could be included in future narrative
- To investigate if all Governors understand data presented
- Advised that if systems robust, it is acceptable to only have one member of staff responsible for Finance and Estates.

*The Principal (SLE) and Director of Finance and Resources (JBL) rejoined the meeting.*

The auditors reported that there was more pressure on them to report whether companies were an ongoing business concern.

The AoC's Governance Review puts more emphasis on performance and strength of governance. Every board should assess their success.

There was increased pressure to convert to academies – to expect more pressure going forward.

*Finance and Estates Committee members (Sue Douthwaite, Chantal Forrest and Craig Shannon) left the meeting at this point.*

## 3. Apologies for absence

No apologies for absence had been received.

## 4. Declaration of pecuniary/prejudicial

Committee members were invited to declare any direct, indirect, pecuniary, personal or prejudicial interest relating to any item on the agenda for the meeting. No interests were declared.

**5. Identification of urgent items for discussion under any other business**

No additional items were identified for discussion under any other business at agenda item 13 below.

**6. Minutes of previous meeting (04/03/19)**

In the absence of the Clerk to the Corporation, this item was deferred until the next meeting.

**7. Receive Internal Audit Annual Reports (2018/19)**

Wayne Brown, AuditOne representative provided further explanation regarding the following previously circulated documents:

- Compliance Audit of Safeguarding
  - WBR (AuditOne) advised that the Medium risk item on page 9 had now been addressed.
- Follow Up of Previous IT Audit Recommendations
- Draft Annual Internal Audit Plan for 2019/20.

**Q:** Is the impact of Low/Medium risks considered against reputational damage?

**A:** WBR (AuditOne) advised that all risks were risk-based against compliance.

**8. Internal Audit Progress Report**

The following points were made:

- All risks had now been addressed
- Would be useful to identify risks and legal obligations
- Requested that profile be added to give context
- For non-IT areas suggested rather than annual reviews, send email reminders to staff to implement actions and support College
- Would be useful to provide status report to SLT to help with recommendations.

**Q:** Were risks concerning Cloud storage considered?

**A:** WBR (AuditOne) advised that focus was more on cyber-resilience.

**Action:** *To raise, at a forthcoming Governors' meeting, which areas future audits should cover.*

**9. Internal audit recommendation tracking**

Committee members considered the previously circulated document.

**10. Review of Risk Register and noting of changes/additions**

The DFE (JBL) highlighted the changes/additions to risks and explained that a new column had been added to give a narrative.

**Q:** Should item 3 be downgraded from a 7 to a 6 before a formal announcement?

**A:** Convinced that information received was reliable and appropriate to keep at 6 until funding statement received in March.

DFE (JBL) advised that he would consider if anything else needed to be added once the report from the FE Commissioner had been received.

The Audit & Risk Committee Chair (PWO) thanked the DFE (JBL) for his report.

#### **11. Internal Audit Service for 2019/20**

Wayne Brown, AuditOne representative provided further explanation regarding the previously circulated document. The following points were noted:

**Q:** What is the context of Learner Related areas?

**A:** Confirmed that these were more appropriate to an FE college and that controls were in place for educational efficiency.

**Q:** Is the Alps process robust?

**A:** Included in Attendance and Achievement (monitoring and supporting students). If issues arise, could consider assessing the Alps system but more likely to fall within the purview of Quality and Standards rather than Audit.

**Action:** *To revisit this discussion at the next Audit & Risk meeting (02-03-2020) to determine whether Alps and its data should be included in the remit of Audit & Risk or whether to pass to Quality & Standards to consider.*

**Action:** *To accept the working document as presented.*

#### **12. Update on latest legal, regulatory and sector developments**

To defer until the next Audit & Risk meeting (02-03-2020).

#### **13. Any Other Business**

No additional items were identified at agenda item 5 above for discussion under any other business at this point in the agenda

#### **14. Confidentiality**

None of the items discussed were deemed to be confidential.

#### **15. Date of next meeting**

Monday 2<sup>nd</sup> March 2020 at 4:30pm

The Audit & Risk Committee Chair (PWO) thanked Mike Benson and Wayne Brown for their helpful and informative input and John Blake, Simon Lett and Julie Polzin for attending the meeting.

**Signed off by Pete Woodcock, Chair, at Audit & Risk Committee 11/5/20, with amendments to minute 2, bullets 2 & 3 in green**