



**GREENHEAD COLLEGE CORPORATION**

**Minutes of the Audit & Risk Committee meeting held virtually using Teams  
Monday 10 May 2021, 4.30pm**

**Govs present:** A&R members: Alison Jones (to 5.26pm); Ella Briggs; Mark O'Connor; Michelle Wheatcroft (from 4.38pm); Richard King (Chair) / other Govs: Stuart Irving (to 5.26pm)

**In attendance:** Wayne Brown (internal audit); Ian Harmer (Associate, internal audit) (to 4.52pm); Mike Benson (external audit); John Blake; Simon Lett (Principal); Ian Leedham (Clerk)

**Apologies:** Chris Kneale; Daniel Bellanfante

AGENDA ITEM	DISCUSSION	ACTION
<b>1. Apologies</b>	Apologies & early departure notifications, as above.	
<b>2. Declarations</b>	No declarations of pecuniary/ prejudicial interest.	
<b>3. Minutes 22/2/21</b>	Minutes 22/2/21, previously circulated, agreed by Committee, signed-off by Chair, returned to Clerk for filing. No matters arising not covered on agenda.	Clerk
<b>Note</b>	Internal audit items (mins 5.2-5.6) taken early in meeting, given Ian H's previously advised early departure.	
<b>4. Risk management &amp; mitigation</b>	<p><b>4.1 Risk Register, previously circulated:</b></p> <ol style="list-style-type: none"> <li>John B updates: formatting issue (mins 22/2/21, 4.2.1) sorted; disaster management, business continuity angle included; 'responsibility' column clarified (lead, with assistance from officers in italics); Covid Risk Register to be reviewed Sep 2021</li> <li>contingency element to be added, in respect of what to do if risk still materialises, despite all mitigations implemented, i.e. how to deal with liabilities – John B to review prior to next A&amp;R 20/9/21.</li> </ol> <p><b>4.2 Disaster Management Plan. S.L.T. reviewed &amp; updated last week, final changes to come. Owing to fundamental importance of this, agreed Clerk to email refreshed version to Corporation directly after upcoming meeting 17/5/21 – following amendments, sign-off can then be sought at Corporation 12/7/21.</b></p> <p><b>4.3 New Build Risk Register, previously circulated:</b></p> <ol style="list-style-type: none"> <li>this focuses on risks that College can influence directly or via Galliford Try / DfE</li> </ol>	<p>SLE/JBL, Clerk re agenda</p> <p>JBL, Clerk re agenda</p> <p>Clerk Clerk re agenda</p>

	<ol style="list-style-type: none"> <li>2. discussion of risk levels needing to be higher prior to mitigating actions taking effect (rather than assuming that Galliford Try or John B, for example, will implement their mitigations effectively, no matter how good their reputation or track record)</li> <li>3. MOC &amp; others emphasised that quality of everyday relationship between College and Galliford Try / contractors, reinforcing key standards, will be key to the effective mitigation of risk on a daily &amp; wider basis – linked to this, College has appraised Galliford Try of key College policies &amp; procedures, but now needs to reinforce this – SLE / John B to action</li> <li>4. Wayne &amp; Mike B emphasised need for this to be a live document, with actions having target dates and being ticked off when implemented, perhaps with further column for progress updates</li> <li>5. has not proved possible to access DfE's or Galliford Try's own risk registers</li> <li>6. in above context, agreed SLE / John B to review Register, sharpen it, update residual risk levels, report back to next Corporation or Capital Devt Cttee meeting.</li> </ol>	<p>SLE/JBL</p> <p>SLE/JBL Clerk re agenda</p>
<p><b>5. Audit management</b></p>	<p><b>5.1</b> Internal audit items considered early in meeting while Ian H was present – see minutes 5.2 to 5.6.</p> <p><b>5.2</b> Recruitment Audit report, previously circulated, summarised by Ian H. Committee considered. Main points:</p> <ol style="list-style-type: none"> <li>1. report conclusions: Good level of assurance that risks identified are managed effectively (using scale Substantial, Good, Reasonable, Limited assurance); high level of compliance with control framework; minor remedial action required as set out in 4-point Action Plan</li> <li>2. SLE agrees with analysis/plan and is keen that robust, digitised system be developed rather than relying too heavily on two key officers</li> <li>3. AJO asked about GDPR implications of current paper based system – Ian H pointed to danger of papers going astray lessened by HR &amp; Payroll teams being small &amp; working so closely together</li> <li>4. MOC asked about a recommended digital package – John B already engaging with Finance &amp; HR packages &amp; anticipates new package ready for Sep 2021.</li> </ol> <p><b>5.3</b> Staff Absence audit verbal update. Staff Absence Policy is good but too long: hyperlinks &amp; escalation chart would help. SLE agrees with analysis/suggestions.</p> <p><b>5.4</b> Capital development audit. As suggested by Wayne B &amp; supported by SLE, Committee agreed to replace currently scheduled Fixed Assets &amp; Depreciation Audit with new Capital Devt Project Management Audit, to be undertaken this academic year &amp; subsequently. Ian H pointed out he is Vice-Chair of Single Academy Trust in Doncaster, which is</p>	<p>All: note</p>

	<p>also involved in DfE capital scheme, so could explore potential audit synergies across both institutions.</p> <p><b>5.5</b> ALPS audit/project, linked to previously circulated note of email from Wayne B to SLE 27/3/21, Committee agreed ALPS audit should become part of audit schedule 2021/22, at quoted indicative cost of 3 days at £650 per day plus VAT, plus (capped) expenses; John Maher to undertake the work – Wayne to liaise with College as to dates.</p> <p><b>5.6</b> Recommendations Report spreadsheet dated 12/4/21, previously circulated:</p> <ol style="list-style-type: none"> <li>1. Wayne B explained this is a log of audit recommendations and implementation status of each, with actual implementation validated subsequently through AuditOne fieldwork, September onwards</li> <li>2. RKI argued for a more up to date version for Committee scrutiny – Wayne B agreed to address, going forward.</li> </ol> <p><b>5.7</b> Mike B summarised and Committee considered Murray Smith external audit plan, <i>External Audit Strategy Memorandum for the year ended 31/7/21</i>, previously circulated. This focuses on key areas of risk common to all Colleges and includes how Covid has affected College financial systems &amp; approval processes. Financial Statements and Management Letter to be available for circulation to Committee by 1/11/21.</p> <p><b>5.8</b> Mike B summarised &amp; Committee considered Murray Smith letter dated 29/4/21, previously circulated. This highlighted that, following recent change to ESFA <i>Post-16 Audit Code of Practice 2020 to 2021</i>, external auditors now need to undertake their own audit of Colleges' ESFA income streams (income audit standard in most other fields), at cost of c.£950 plus VAT. Committee endorsed.</p>	<p>All: note</p> <p>Wayne, JBL</p> <p>Wayne</p> <p>Clerk note</p> <p>All: note</p>
<p><b>6. ALPS audit</b></p>	<p>Covered in minute 5.5 above.</p>	
<p><b>7. Policies</b></p>	<p>No policies/procedures to review on this occasion.</p>	
<p><b>8. Legal, regulatory, sector updates</b></p>	<p>Mike B introduced changes introduced by recent (Mar 2021) ESFA <i>Post-16 Audit Code of Practice 2020 to 2021</i>, a key extract from which had been previously circulated. He highlighted the following five changes:</p> <ol style="list-style-type: none"> <li>1. no. 3, clarification of audit committee's role &amp; scope – Clerk to consider the associated guidance hyperlink</li> <li>2. no. 6, include external auditor date of appointment in audit committee annual report following end of financial year – Clerk to check Greenhead-MurraySmith details in this regard</li> </ol>	<p>Clerk</p> <p>Clerk</p>

	<p>3. no. 9, Corporations to regularly re-tender for external auditors, at least every 5 years – this will relate to 5 years from when Murray Smith contract started and will involve a formal re-tender with at least some market testing – Clerk to review</p> <p>4. no. 12, external auditors to present their findings annually to the Board per se (at a meeting) – i.e. this goes beyond the existing joint F&amp;E/A&amp;R meeting in November – this could feed in to Corporation 6/12/21 – Clerk to discuss/action as appropriate</p> <p>5. no. 14, external auditors now needing to undertake their own audit of Colleges' ESFA income streams – minute 5.8 above relates.</p>	<p>Clerk</p> <p>Clerk</p>
<b>9. AoB</b>	<p><b>9.1</b> Reserves Policy discussion, responding to RKI question:</p> <p>1. John B updated on ongoing scenario analysis (as discussed at F&amp;E Committee 26/4/21) related to varying student numbers, capital spend plans, etc</p> <p>2. John B pointed to many sixth form colleges not having hard &amp; fast reserves policies, setting aside say 5% for reserves, but rather taking flexible approach to budgeting each year; this point was endorsed by Mike B</p> <p>3. RKI emphasised importance of building up cash reserve to ensure smooth operations, plus a profit/surplus reserve e.g. a capital pot.</p> <p><b>9.2</b> Mike B confirmed that new build assets will be reflected on College profit &amp; loss balance sheet, in response to RKI question. Will be treated as an asset under construction, using figures to be obtained from DfE in respect of its release of funds to Galliford Try – agreed John B to draft a note on what this will look like. Related discussion of how College will secure legal ownership of / title to the new build assets, which it could use to provide security against future loans etc – JBL to find out &amp; update.</p>	<p>JBL</p> <p>JBL</p>
<b>10. Confidentiality</b>	No confidential minutes or papers identified.	
<b>11. Date next mtg</b>	Next A&R Mon 20/9/21, 4.30pm. (Full 2021/22 Govs' meeting schedule to be agreed at Corporation 12/7/21).	All: note

**Minutes prepared by Ian Leedham (Clerk to the Corporation) on 13/5/21**

**Signed off by Richard King, Chair, at Audit & Risk Committee 20/9/21**