

REASEHEATH COLLEGE BOARD
AUDIT COMMITTEE

Minutes of the meeting held on Thursday 2 July 2020 at 10.00am
Via Microsoft Teams

Start Time: 10.15 am for college managers, as the start of the meeting provides an opportunity for the Committee to discuss any matters with the College Auditors without the presence of senior management.

Present: Karol Bailey (independent) KB
Colin Baxter (independent) CB (chair)
Evelyn Davies-Jones (external co-opted) EDJ
Mike Gorton (independent) MG
Fran Johnson (external co-opted) FJ
Peter Green (independent) PG

In attendance: Marcus Clinton, principal MC
Graeme Lavery, vice principal finance and resources GL
David Hoose, Mazars LLP DH (*items 7 – 12 inclusive*)
Judith Bickerton-Hubball, RSM JBH (*items 1 – 12 inclusive*)
Alex Hire, RSM, AH (*items 1- 12 inclusive*)
Louise Tweedie, RSM, LT (*items 1 – 12 inclusive*)
Jackie Schillinger, company secretary JS

PART A unless stated

Item	Content
1.	WELCOME AND APOLOGIES FOR ABSENCE
1.1	There were no apologies for absence. DH had indicated he would need to join the meeting late and the Chair agreed to move item 4 on the agenda to later on in the meeting to accommodate this timing.
1.2	The meeting was declared quorate.
2.	DECLARATIONS OF INTEREST
2.1	There were no interests declared as giving rise to a conflict of interest in relation to the agenda items for the meeting. Auditors left the meeting before item 13.
3.	MINUTES AND MATTERS ARISING
3.1	The minutes of the meeting held on 12 March 2020 were approved as a correct record and the rolling action log reviewed for assurance. The queries and responses dealt with in advance of the meeting were noted as very helpful to deal with any matters arising.

<p>4.</p> <p>4.1</p>	<p>DEVELOPMENT BRIEFING:</p> <p>RSM HE and FE sector update: LT presented a development briefing covering a look into the future at predictions for the economy and the potential impacts on the sector for the next ten years. MC noted the FE White Paper and the College of the Future Commission and the theme of collaboration coming through very strongly. LT noted that RSM is closely involved in this and the indications are that it will not go too much down the road of forcing mergers and is likely to be a balanced approach. LT also presented a risk analysis on higher education risk themes and the internal audit work to see if there are any gaps or areas that perhaps should be looked at more closely. She noted that it may indicate that audit work could usefully look more at recruitment and pipelines for HE student numbers.</p>
<p>5.</p> <p>5.1</p> <p>5.2</p> <p>5.3</p> <p>5.4</p>	<p>INTERNAL AUDIT REPORTS</p> <p>Internal Audit Progress Report: JBH presented the audit progress report. She explained that the Apprenticeships Funding Audit Testing Report is being finalised currently and will be reported in the next meeting. She provided a high level summary of the work undertaken and she gave assurance that there are no significant issues that impact on the overall internal audit opinion for year end. PG requested and received an update from GL on the subcontractor consultation and the ESFA financial reporting model. He also queried whether the college can access the workforce support funding that has been announced and GL noted that the college itself cannot access the funding but should benefit through providing the training that employers can access through this funding.</p> <p>Human Resources Recruitment Controls Report: JBH presented the summary of the audit as providing reasonable assurance and she highlighted the two high priority recommendations on data protection matters. PG wondered if most of these issues were subsidiary company related. JBH noted that the sample covered both the college and the subsidiary. GL agreed this was across both and provided assurance that appropriate data cleansing is now in place, subject to some delays due to lockdown restrictions.</p> <p>Student Progress Framework – Phase Two: JBH summarised this advisory piece of work that aimed to access feedback from users of the systems so that usability can be maximised. She confirmed that views and feedback are positive overall and noted the number of low priority actions to support the further development of this work.</p> <p>Follow Up Internal Audit Report: JBH presented a summary of the report with the actions revisited and she provided assurance that reasonable progress has been made. She noted no high priority actions are outstanding and only one medium priority action is outstanding, but with a number of low priority actions outstanding.</p> <p>-CB queried the delays to the CRM implementation and GL provided an update on this ongoing project. He explained the work that has been done and the progress made so far. He confirmed that the timing is now looking at the build of the system for the early part of the autumn term. CB asked if it should be assessed by a follow up before the end the 2020-21 academic year. GL noted that it is a complex work programme and so for most benefit from the follow up it will need to allow some time next year.</p> <p>-PG asked for an update on progress on department risk registers that had been noted as completed in the audit tracking report. GL confirmed that this is ongoing rather than completed because it has been delayed due to lockdown and Covid-19 issues taking priority of managers’ time this term when it was scheduled to be done. PG asked for an idea of timing for completion and GL confirmed that the executive team will be looking to implement this over the summer subject to leave and into the autumn term. He provided assurance that there are operational health and safety risk assessments in place across departments but this work is looking more at local strategic risk registers to feed into the college</p>

	<p>strategic risk register.</p> <p>-EDJ raised a query on whether the internal audit tracking report is matching the RSM follow up work as when cross-referencing the RSM report with the audit tracking reports management has provided to the audit committee in 2019-20, there is some inconsistency in actions that have been noted as complete by management but which are considered by RSM as ongoing or in one case not completed. She raised this as a concern as the audit committee needs to receive accurate information in order to operate effectively. GL acknowledged the differences and noted that this is why the RSM follow up report is so useful to the college as it tests and challenges college process. He noted the difficulty sometimes of relying on managers to complete the audit responses and also that there can on occasion be valid differences of opinion on whether an action is complete or not. JBH of RSM suggested that the college may wish to consider doing as her other clients do and collect evidence from the managers when they report an action as complete and keep this in a central evidence file. This was seen as a good suggestion to improve the current process and GL agreed to take this away and build into the audit recommendation tracking process in future.</p> <p>-EDJ queried and gained assurance that the RSM follow up report covers all audit recommendations made rather than a sample and so the committee can take assurance that everything is covered in the follow up report.</p> <p>-CB and PG picked up on the cyber security and data protection actions that RSM have reported as ongoing. GL acknowledged that all the work on cybersecurity has not yet been completed but he gave assurance that these 'sign off' actions do not mean that there is not good protection against cybersecurity and he gave his view that the college is very well protected and benchmarks well against others in the sector. He also acknowledged that there is a complex framework of compliance for data protection and that whilst there are still some actions outstanding, there is a huge amount of work that has been done and he gave further detail to provide assurance on this. PG and CB thanked GL for this detail that helped to provide more assurance on these key areas.</p> <p>5.5 Internal Audit Tracking Report: GL presented the updated internal audit tracking report, showing the actions ongoing as confirmed in the RSM follow up report. Members considered that the discussion in the previous item had considered this in depth and received the report for information.</p> <p>5.6 Internal Audit Plan 2020-21 (subject to outcome of audit tender): LT presented the internal audit plan, and she noted the ability to be flexible as needed during the year. She outlined the process and the involvement of audit committee members in the audit planning meeting. PG noted that it would be important to include a sample from the subcontractors for the subsidiary company when undertaking the apprenticeship audit. Following review, members were happy to recommend the plan for approval.</p> <p>5.7 RESOLVED: Subject to the outcome of the internal audit tender, the Internal Audit Plan for 2020-21 is recommended to the Board for approval.</p>
<p>6.</p> <p>6.1</p>	<p>RISK MANAGEMENT</p> <p>Strategic Risk Register Review: MC presented the executive summary of the risk review report and highlighted the key risks associated with the impact of Covid-19. He noted that these were the focus of much of the other committees' discussions and that these committees had taken assurance that Covid-19 risks were being well managed in the areas within their remit. He added that the executive led Covid-19 steering group is developing the delivery and operational plans for September and a specific Covid-19 risk register that will be reported to the audit committee over the next year. PG thanked MC for the detailed commentary to the risk report that provided solid assurance. He asked how the summer period will be dealt with to make sure that Covid-19 risks remain well managed. MC gave assurance that there is executive cover over the summer and this will remain a very busy period this year. MG asked whether the college has modelled different scenarios in relation to possible continued disruption. MC confirmed</p>

	<p>the preferred model of delivery. He noted that, short of full lockdown where the college will need to revert to the current remote delivery model, the college is considering a number of different possibilities and will be led by the developing guidance coming out from government. KB requested and received assurance on the safeguarding/health and safety for apprenticeships and students going out on work placements. The committee thanked MC for the comprehensive report and the way in which the Covid-19 risks are clearly set out.</p>
6.2	<p>Risk Management Annual Report for recommendation to the Board: GL presented the annual report for approval. PG noted the need to progress the department risk registers, as discussed earlier in the meeting, and MC gave assurance that this will be a priority. Members were happy to recommend the report to the Board for approval.</p>
6.3	<p>RESOLVED: The Risk Management Annual Report including the Risk Management Policy is recommended to the Board for approval.</p>
7.	<p>EXTERNAL AUDIT REPORTS</p>
7.1	<p>External Audit Draft Strategy Memorandum: DH presented the memorandum for approval by the committee and noted that the main focus this year will be the impact of the pandemic and the impact on 'going concern' work. He noted that the slight difference in the Office for Students (OfS) and the Education and Skills Funding Agency (ESFA) on regularity and use of funds is still an open issue at this stage. He also noted that the expected ESFA guidance on regularity is still awaited and any matters of note will be flagged to the committee. He highlighted areas of timetable, risks and fees. Following review, members were happy to recommend the external audit draft strategy memorandum to the board for approval.</p>
7.2	<p>RESOLVED: The External Audit Draft Strategy Memorandum is recommended to the Board for approval.</p>
7.3	<p>College Regularity Self-Assessment Report: This report was confirmed as awaiting publication of the audit code of practice and questionnaire from the ESFA.</p>
8.	<p>IRREGULARITIES</p>
8.1	<p>There were no irregularities to report to the committee.</p>
9.	<p>REVIEW OF TERMS OF REFERENCE</p>
9.1	<p>JS confirmed the terms of reference presented for approval are compliant with the latest post 16 audit code of practice, as confirmed by RSM in advance of the meeting and that the minor wording changes were not substantive. LT confirmed the wording changes and the committee was happy to recommend the terms of reference for approval. JS noted that the committee self-assessment questionnaire would be circulated by email.</p>
9.2	<p>RESOLVED: The Audit Committee Terms of Reference for 2020-21 are recommended to the Board for approval.</p>
10.	<p>MATTERS TO REPORT TO THE BOARD</p>
10.1	<p>The committee had no further items to report over and above the Chair's summary report of the meeting.</p>

11.	ANY OTHER BUSINESS
11.1	There was no other business reported to the meeting.
12.	DATE OF NEXT MEETING
12.1	The next meeting was confirmed as Friday 4 December 2020 at 11am.
13.	<i>In the absence of College Auditors</i> PART B – Confidential

The meeting closed at 12.30pm.
Approved as a correct record 04.12.20