

REASEHEATH COLLEGE BOARD
AUDIT COMMITTEE

Minutes of the meeting held on Wednesday 4 December 2020 at 11.00 am
Via MS Teams

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

In attendance: David Hoose, Mazars LLP DH
Judith Bickerton-Hubball RSM, JBH
Andrea Deegan, RSM (*item 7*)
Malcolm Burns (independent) MB (*joint meeting items 1-7*)
Prof Gary Crowe (independent) GC (*joint meeting items 1-7*)
Elizabeth Harrison (independent, chair FGP) EH (*joint meeting items 1-7*)
Andrew Fletcher (independent) AF (*joint meeting items 1-7*)
Jon Furber (independent) JF (*joint meeting items 1-7*)
David Pearson (independent) DP (*joint meeting items 1-7*)
Angela Potter (independent) AP (*joint meeting items 1-7*)
Marcus Clinton (principal) MC
Graeme Lavery, VP finance and resources GL
Matthew Gower, VP curriculum and quality MG (*joint meeting items 1-7*)
Peter Greenall, AP and dean of higher education PG (*joint meeting items 1-7*)
Louise Woodman, director of people and culture, LW (*joint meeting items 1-7*)
Sharon Yates, AP apprenticeships and business hub, SY (*item 10.2*)
Jackie Schillinger, company secretary, JS

PART A (unless stated)

Item	Content
1.	WELCOME AND APOLOGIES FOR ABSENCE (<i>joint meeting chaired by FGP Chair</i>)
1.1	The Chair welcomed all to the meeting. Apologies were received and accepted from Karol Bailey. The meeting was declared quorate.
2.	DECLARATIONS OF INTEREST
2.1	There were no interests declared as giving rise to a conflict of interest, other than in relation to item 8.1 on the agenda, in which CB took no part.

<p>3.</p> <p>3.1</p> <p>3.2</p>	<p>GROUP AUDIT COMPLETION REPORT (EXTERNAL AUDIT)</p> <p>External auditor, DH of Mazars LLP took the meeting through the audit completion process and headlines in the report. He confirmed strong assurance on a smooth audit process, even taking into account the need for this to be carried out remotely this year. He noted the audit is substantially complete and he anticipates providing a clean bill of health on the year-end financial reporting, with nothing to concern him as the external auditor. He explained the additional work this year required by the regulator for all colleges on going concern and the letter of support from the college to the subsidiary company has been completed. He provided assurance on regularity and propriety and that the ongoing management accounts reporting to governors is sound and reliable. He noted that this is a strong position taking into account the impact of the pandemic.</p> <p>-MG requested and received assurance from GL on the ESFA remittance advice minor issue raised in the report.</p> <p>-FJ requested and received assurance from DH on any going concern issues on levels of reserves.</p> <p>-EH requested and received assurance from DH and GL on continuing internal control housekeeping items.</p> <p>The group audit completion report was received for information and assurance.</p>
<p>4.</p> <p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.4</p> <p>4.5</p>	<p>FINANCIAL MONITORING</p> <p>Year End Financial Reporting: DH and GL presented the year-end group financial reporting, including the Financial Statements and Bridge Report, for review and discussion. GL explained the key impacts on the year end, with the outturn being impacted significantly by the Covid 19 business interruption during the year. He noted that the underlying business and college activity remains strong despite the headline impact on income due to Covid. He also explained the impact of Covid on the pension scheme. JF requested and received assurance from DH on the basis in fact on the reconciliation table on Covid impact. DH explained the presentational impact of the Office for Students requirements for the first time.</p> <p>Confidential Part B item.</p> <p>ESFA Financial Return: GL presented the return and noted that the ESFA Financial Record will be required for the end of January and so this will be completed via the ESFA financial template just released and will be an accounting officer submission rather than a Board approved submission. However, with a meeting at the end of January, this can be provided for assurance.</p> <p>RESOLVED:</p> <ul style="list-style-type: none"> i. To recommend the group financial statements for the year ending 31 July 2020 to the Board for approval. ii. To receive the report for assurance in relation to the financial objectives for the 2019-20 financial year and confirm the financial objectives for the 2020-21 financial year. <p>Period 3 Management accounts: GL presented the executive summary and noted the forecast outturn position on income, pay and non pay costs and cash flow forecast. EDJ requested and received assurance from GL that quality of provision for students is prioritised and is not impacted by the under budget pay costs. EH requested and received assurance from GL on project income timing.</p>

5.	CONFIDENTIAL PART B ITEM
6.	COLLEGE STRATEGIC RISK REGISTER REVIEW
6.1	Strategic Risk Register Review: MC presented the executive summary of the key strategic risks and risk movements following the executive in depth review of the risks in the autumn term. Members received the report for information and assurance.
6.2	Confidential Part B item.
7.	RSM UPDATE ON FRAUD AWARENESS
7.1	The meeting received a fraud awareness development training session from RSM and GL provided assurance on how the college is meeting these requirements and monitoring fraud risk on the strategic risk register. DP commented that the college can never be complacent and needs to remain vigilant. The meeting thanked Andrea of RSM for her session.
8.	APPOINTMENT OF CHAIR AND VICE CHAIR
8.1	RESOLVED: Colin Baxter is appointed as chair of the committee for the 2020-21 academic year.
8.2	RESOLVED: Karol Bailey is appointed as vice chair of the committee for the 2020-21 academic year.
9.	MINUTES AND MATTERS ARISING
9.1	The minutes of the meeting held on 2 July 2020 were approved as a correct record.
9.2	Confidential Part B minutes.
9.3	Under matters arising: PG asked for an update on the department risk register progress and GL confirmed that all departments have a risk assessment for Covid impacts and he confirmed that the strategic business plan department level risk registers will be rolled out this coming academic year in business planning for 2021-22.
10.	INTERNAL AUDIT REPORTS
10.1	Annual Internal Audit Report and Opinion 2019-20: JBH presented the Internal Audit Service Annual Report 2019-20 for assurance. The committee welcomed the clear opinion whilst also noting the challenging year for all colleges and the impact on some of the housekeeping items that will continue to be monitored via the college's audit tracking report and the internal audit follow up audit in 2020-21. The committee received the report and took assurance from it that the college has an adequate and effective framework for risk management, governance and internal control.
10.2	The following internal audit reports were presented by JBH and received for assurance: Internal Audit Progress Report; Apprenticeships: Testing based on selected areas of funding audit approach post 1 May 2017; DART Limited Subcontracting Audit Report; Higher Education – Access and Participation Framework; Higher Education – Governance Framework. Good assurance on the internal audit reporting was received overall. On the Apprenticeships audit report the member of the Executive Team responsible for apprenticeships, SY, attended to provide assurance on the issues raised and the

	<p>implementation of actions on the funding audit, which the committee agreed to monitor closely and will be subject to a follow up audit as usual by RSM internal auditors later in the year. JHB confirmed for assurance that the actions are in line with the findings from their work across the sector, and that it is a very challenging area. PG commented that the best practice elements of the HE governance report would be useful to take forward and JS and GL confirmed that the HE Committee would be looking at these suggestions.</p>
10.3	<p>The Internal Audit Recommendations Tracking Report was presented by GL and received for assurance. It was noted that a number of outstanding actions on the internal audit recommendations tracking report have been impacted by Covid in terms of closing off actions and the committee took assurance from the discussion in the meeting that these are being progressed. They also welcomed the news that the RSM 4Risk software will be presented at the next meeting which should increase the level of assurance that the committee can take from the internal audit tracking report and aid the development of the department risk registers and risk reporting generally.</p>
11.	ANNUAL VALUE FOR MONEY REPORT
11.1	<p>Value for Money Report The committee received the Value for Money Report for information and assurance. In response to a query raised, GL confirmed that a supplier had been removed from the supplier procurement list. GL explained the approach to the student transport provider during lockdown and he noted that the college continue to use Crescent Purchasing Consortium where appropriate and this is a useful tool.</p>
12.	DRAFT AUDIT COMMITTEE ANNUAL REPORT
12.1	<p>The committee received its draft annual report, for consideration and approval. On consideration of the report, the committee approved the report to be signed by the Chair of the committee and presented to the college board on 10 December 2020, before its decision on approval of the financial statements.</p>
12.2	RESOLVED: The Audit Committee Annual Report is approved.
13.	IRREGULARITIES
13.1	<p>There were no irregularities reported to the meeting.</p>
14.	ITEMS FOR INFORMATION
14.1	<p>The Teachers' Pension Scheme Audit Certificate was received for information and assurance.</p>
15.	ITEMS TO ESCALATE TO THE RISK REGISTER/ REPORT
15.1	<p>It was agreed to report the following key points to the Board:</p> <ul style="list-style-type: none"> • The Audit Committee Annual Report for 2019-20 is provided to the Board for assurance before it considers approval of the Group financial statements for 2019-20. • Mazars LLP presented the Reaseheath College Group External Audit Completion Report, reporting a clean audit, providing strong assurance to on the financial statements. A letter of Group support for the wholly owned subsidiary company is made as part of the external audit reporting.

	<ul style="list-style-type: none"> • Good assurance was taken from the strategic risk report that set out Covid-19 impacts and mitigations clearly and reports from other committees confirmed views that Covid risks are being identified and managed well. • Good assurance on the internal audit reporting with the implementation of actions on the apprenticeships funding audit monitored via the follow up audit by RSM internal auditors later in the year. • RSM 4Risk software will be presented at the next meeting, which should increase the level of assurance that the committee can take from the internal audit tracking report and aid the development of the department risk registers.
16.	ANY OTHER BUSINESS
16.1	RESOLVED: Confirmation of written resolution: Regularity Self-Assessment Questionnaire approval for minuting.
17.	DATE OF NEXT MEETING
17.1	The date of the next meeting was agreed as Thursday 18 March 2021 at 10.00am

The meeting closed at 1.30pm

Approved as a correct record 18.03.21.