

REASEHEATH COLLEGE BOARD
AUDIT COMMITTEE

Minutes of the meeting held on Thursday 8 July 2021 at 10.00am
Via Microsoft Teams

- Present: Colin Baxter (independent, chair) CB
Evelyn Davies-Jones (external co-opted) EDJ
Fran Johnson (external co-opted) FJ
Peter Green (independent) PG
Mike Gorton (independent) MG (*item 4.1 onwards*)
- In attendance: Alex Hire, RSM AH
David Hoose Mazars DH
Marucs Clinton, principal MC
Graeme Lavery, VP finance and resources GL
Jackie Schillinger, company secretary, JS

At the start of the meeting there was the opportunity for the Committee to discuss any matters with the College Auditors without the presence of senior management.

Part A unless stated.

	Content
1.	WELCOME AND APOLOGIES FOR ABSENCE
1.1	The Chair welcomed all to the meeting. Apologies from Karol Bailey were received and accepted.
1.2	The meeting was 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.
3.	MINUTES AND MATTERS ARISING
3.1	The minutes of the meeting held on 18 March 2021 were received and approved as a correct record and the rolling action log reviewed for assurance.
3.2	PG welcomed the link to the terms of reference against each agenda item and JS confirmed this would be rolled out to other committees going forwards.
4.	EXTERNAL AUDIT REPORTS
4.1	External Audit Draft Strategy Memorandum: DH presented the memorandum for approval by the committee and noted that the significant change this year is the requirement for external audit to validate ESFA funding income. Discussion followed on the approach to be taken and how the internal and external audit will co-ordinate to cover this requirement. PG queried whether there were any particular risks that the committee needed to be aware of going into next year. DH confirmed that there was nothing in particular to bring to the committee's attention and the risks covered in the memorandum were sector wide risks. He noted that the VAT legal case will need keeping an eye on and the pension aspect is always an issue to be aware of, in terms of risk of contribution increasing over the medium to longer term. Following review, members were happy to recommend the external audit draft strategy memorandum to the board for approval.

4.2	RESOLVED: The External Audit Draft Strategy Memorandum and Engagement Letter is recommended to the Board for approval.
4.3	Requirement for auditors to validate ESFA funding income: Further to the discussion on the memorandum, GL updated the committee on the change required by the ESFA and the implications for the external audit scope and process.
4.3	College Regularity Self-Assessment Report: GL presented the College Regularity Self-Assessment Report for recommendation for approval at the forthcoming board meeting and the meeting was content to recommend the report to the board for approval and signature by the Principal and Chair.
4.5	RESOLVED: To approve the Regularity Self-Assessment Report for recommendation to the board for approval and signing by the Chair and Principal.
5.	DEVELOPMENT BRIEFING:
5.1	RSM provided their sector update, which covered the Post 16 Audit Code of Practice and the changes the committee needed to be aware of. The committee thanked AH for the very helpful update.
6.	INTERNAL AUDIT REPORTS
6.1	Internal Audit Progress Report: AH presented the Internal Audit Progress report and requested any questions or comments. Members thanked AH for the report showing good progress on the audit plan for the year.
6.2	16-18 Funding Compliance Arrangements: AH presented the report, providing substantial assurance. The committee welcomed the excellent report and asked that their thanks be passed to the MIS team and all staff involved. AH confirmed it was substantial assurance as benchmarked with the sector and she noted that working with the MIS the team on the audit had gone very well with very comprehensive and swift responses to everything. GL noted that the adult and apprenticeship funding areas are more complex and the MIS team is continuing to develop work in these areas to increase confidence and assurance.
6.3	Post 1 May 2017 Apprenticeship Compliance: AH presented the report, explaining that the report recommends two high priority and eight medium priority actions, as well as some low priority actions, and so there is some work to do to follow up these recommendations and ensure they are implemented in a timely way. She noted that the key areas were off the job training and consistency of the records. GL accepted that the college has struggled with this on its main records system but gave assurance that now the PICs system has been rolled out, progress is being made much more quickly. He agreed to bring forward a follow up report on implementation of the recommendations to the next committee meeting and the executive member responsible for this area will attend to present this.
6.4	Curriculum Development and Management Arrangements. AH presented the report, providing substantial assurance. Members welcomed the assurance provided and PG noted that it will be important to keep track of these actions as the lead executive member leaves the college in the autumn. GL provided assurance that these will be picked up in the college audit recommendations action tracker and allocated to the assistant principal.
6.5	Internal Audit Tracking Report. Members welcomed the new format and that less actions were now showing as outstanding. However, the meeting challenged on the time it is taking for some of the actions to be closed down. GL acknowledged the challenge and noted that the pandemic had impacted on clearing some of these more housekeeping actions. He agreed that a push on these is now needed to speed things up. He emphasised that the new RSM system will support this, and he agreed to further develop the reporting for the next meeting, including expanded commentary in the report.
6.6	Internal Audit Plan 2021/22: AH presented the internal audit plan for approval. GL noted that the planning meeting was held with representation from the committee in this meeting. EDJ conformed this and noted that the meeting evidenced a very thorough view across all areas with good discussion and comprehensive review and so the committee can take good assurance on the internal audit planning process. She noted that there was a very strong emphasis from management that it is the outcome of the audit process in terms of lessons learnt going forwards that is most useful rather than seeking clean audits. She also added that the governance and risk management aspect was not going to be completed as a stand-alone audit but weaved throughout the other audits and she recommended that the Chair of

6.7	<p>Governors also have a look to see if there any areas of governance across this scope that he would like to focus on during the year as the audit plan progresses. She highlighted that the committee would benefit from a schedule of other sources of assurance, for example with cyber-crime, to be presented at the next meeting so that the committee has a full overview of assurance sources before approving its annual report to the Board, which also goes to the ESFA. MG sought and received assurance that recovery from Covid and associated risks are covered within the college business planning process and supported by the budget for 2021-22 and this is a focus of the upcoming board meeting.</p> <p>RESOLVED: To approve for recommendation to the Board the internal audit strategy and internal audit plan for 2021-22.</p>
7.	<p>RISK MANAGEMENT</p> <p>7.1 Overview of business planning process: GL provided an overview of the college business planning process for information and assurance. The meeting received assurance that managers had found the balanced scorecard approach helpful and valued the process. The meeting welcomed the aim to bring this process earlier in the year next year, especially with the implantation planning for T levels. They noted that the departmental risk registers are still planned as part of this process, now under the new RSM system, to be rolled out this autumn. The meeting acknowledged that this had been pushed back due to the pressures of the pandemic.</p> <p>7.2 Strategic Risk Board Assurance Report: Members received the strategic risk review report from the Principal and took good assurance that covid-19 risks continue to be well managed and the financial, quality and other key strategic risks have been very well managed over the year. PG requested and received an update on the managed closure process for the college subsidiary company and the meeting took good assurance from this update that this particular risk area also continues to be very well managed.</p> <p>7.3 Risk Management annual report for recommendation to the Board: The committee received the Risk Management annual report for recommendation to the Board.</p> <p>7.4 RESOLVED: To approve the Risk Management Policy for 2021-22 and the Annual Risk Management Report for 2020-21 and to recommend the same for approval to the Board.</p>
8.	<p>IRREGULARITIES</p> <p>8.1 There were no irregularities reported to the meeting.</p>
9.	<p>REVIEW OF TERMS OF REFERENCE</p> <p>9.1 The Terms of Reference were reviewed, with the changes required by the post 16 Audit Code of Practice highlighted for members to see. Members noted the changes.</p> <p>9.2 RESOLVED: The Terms of Reference, amended in line with the post-16 Audit Code of Practice are recommended to the Board for approval.</p>
10.	<p>MATTERS TO REPORT TO THE BOARD</p> <p>10.1</p> <ul style="list-style-type: none"> • Good assurance was taken from the strategic risk report that risk continues to be identified and managed well. The annual risk management report was considered in the meeting and the report and policy are recommended for approval. • Good assurance on the internal audit reporting was received, with strong reports and the actions in relation to the internal audit report on compliance with apprenticeship funding will be followed up in the next meeting to provide assurance that these have been closed off. • Internal audit planning for next year was considered and is recommend for approval. • External audit memorandum was considered in the meeting and is recommended for approval. • Performance of internal and external audit services were considered in the meeting and annual re-appointment of auditors is recommended for approval. • Committee Terms of Reference were reviewed and are recommended for approval.
11.	<p>ANY OTHER BUSINESS</p> <p>11.1 GL explained that the subsidiary company subcontracting audit report would need to follow the meeting and would be provided by email once available. Members were content with this approach.</p>

12.	DATE OF NEXT MEETING
12.1	The date of the next meeting was confirmed as Friday 3 December 2021 at 11am.
13.	<i>In the absence of College Auditors</i> COLLEGE AUDITORS – ANNUAL RE-APPOINTMENT
13.1	The committee the performance of the auditors, with reference to the following key performance indicators; Compliance with professional standards (incl. independence); value for money; quality and relevance of the audit plan; appropriateness of the skills, knowledge and experience of the audit team; timeliness and appropriateness of the audit reports and recommendations; and attendance at audit committee meetings. They also noted that assurance from both auditors on compliance with professional standards including independence is received within its regular audit reporting. Members took the opportunity to discuss management’s view of auditor performance and took good assurance from this. They noted that the emphasis on added value outcomes and best practice remains a key focus for the management team. Following discussion, the committee was content to recommend re-appointment of internal and external auditors.
13.2	RESOLVED: To recommend the annual re-appointment of external auditors, Mazars and internal auditors, RSM.

The meeting closed at 12.30pm

Approved as a correct record: 3 December 2021