

**REASEHEATH COLLEGE BOARD**  
**AUDIT COMMITTEE**

**Minutes of the meeting held on Friday 3 December 2021 at 11.00 am**  
**Via MS Teams**

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

In attendance: Marcus Clinton (principal) MC  
Graeme Lavery (VP finance and resources) GL  
David Hoose (Mazars) DH  
Louise Tweedie (RSM) LT  
Malcolm Burns (independent) MB *(items 1-5 inclusive)*  
Gary Crowe (independent) GC *(items 1-6 inclusive)*  
Andrew Fletcher (independent) AF *(items 1-6 inclusive)*  
Elizabeth Harrison (independent) EH *(items 1-6 inclusive)*  
David Pearson (independent) DP *(Chair of items 1-6 inclusive)*  
Angela Potter (independent) AP *(items 1-6 inclusive)*  
Paul Weston (independent, associate) PW *(items 1-6 inclusive)*  
Jackie Schillinger, company secretary, JS

PART A (unless stated)

Item	Content
<b>1.</b>	<b>WELCOME AND APOLOGIES FOR ABSENCE</b> <i>(joint meeting chaired by FGP Chair)</i>
1.1	The Chair welcomed all to the meeting. The meeting was quorate and remained quorate throughout.
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>
2.1	CB and KB declared an interest in items 7.1 and 7.2 respectively and took no part in the decision
<b>3.</b>	<b>GROUP AUDIT COMPLETION REPORT (EXTERNAL AUDIT)</b>
3.1	DH presented the draft group audit completion report, awaiting ESFA information on the college subsidiary company to be finalised. He was able to provide strong assurance on the audit process and the preparation of the year end accounts by the college. He noted the additional work required this year for all colleges, akin to a funding audit essentially, was very positive with no problems found. He provided assurance that there were no new recommendations this year, and that the relatively small number still in progress from last year were not a concern with a clear timescale for this work agreed. Overall, he was able to present a very strong picture, welcomed by members.
<b>4.</b>	<b>FINANCIAL MONITORING</b>
4.1	Year-end group Financial Statements: GL explained that the financial statements were awaiting finalisation due to the final reconciliation figures still required from ESFA to complete the final group accounts. He noted that the college's ESFA contact is fully aware, and a formal request has been submitted for approval to submit the final year end accounts to ESFA after the 30 December deadline due to this delay, outside of the college's control. The meeting noted that this would be explained and the upcoming Board meeting and that a single agenda item Board meeting on Teams would be needed

4.2	in the New Year to approve the accounts. He also provided an explanation via a bridging report to show the accounting treatment of the closure of the subsidiary company that was dealt with over two financial years due to the timing of this final reconciliation.
4.3	Annual review financial objectives: GL provided his report with assurance that all college financial objectives and KPIs for 2020-21 were met. He presented the proposed objectives and KPIs for 2021-22, with one change recommended. He explained the proposed change to the adjusted current ratio to better align it with the ESFA indicator in relation to this KPI. Members welcomed the positive outturn for 2020-21 and supported the recommended financial objectives and KPIs for 2021-22.
4.3	Confidential Part B item.
<b>5.</b>	<b>COLLEGE STRATEGIC RISK REGISTER REVIEW</b>
5.1	Strategic Risk Register Review: MC presented the risk review and board assurance framework report. Members welcomed the clear reporting and noted the discussion on staffing risk would be considered for the risk rating on this area. GC queried where the college was on using contribution to central reporting and MC and GL confirmed that the conversations have been built into this round of business planning and from period 4 once the funding has been finalised for the year this can start to come through in reporting. Members suggested that a look at the business planning cycle and use of contribution to central would be helpful in the spring term at a development session.
<b>6.</b>	<b>RSM SECTOR UPDATE</b>
6.1	LT of RSM provided a development update on the Office for Students' financial sustainability report covering the financial health of the higher education sector and the new Association of Colleges' Code of Good Governance. She noted the key changes in relation to the Code and the areas the Board would need to consider, including a sustainability strategy. PG noted a link governor in this area would be useful going forwards. Members took assurance that the Search and Governance Committee were already considering aspects of these new governance requirements and a report on compliance with the new Code and actions needed was planned for the spring term. Members also suggested that next year's audit planning meeting consider whether a governance review is needed. JS noted that an external review of governance is being planned in any event. MC noted the government response following the Augar review remains yet unclear as to whether any reduction in fees will be implemented. MG queried the level of risk and impact for UCR. MC confirmed that the actions now being taken by UCR to refresh and update its offer to improve recruitment is key to mitigating against this risk.
<b>7.</b>	<b>APPOINTMENT OF CHAIR AND VICE CHAIR</b>
<b>7.1</b>	<b>RESOLVED: Colin Baxter is appointed chair of the committee for the 2021-22 academic year</b>
<b>7.2</b>	<b>RESOLVED: Karol Bailey is appointed vice chair of the committee for the 2021-22 academic year.</b>
<b>8.</b>	<b>MINUTES AND MATTERS ARISING</b>
8.1	The minutes of the meeting held on 2 July 2020 were approved as a correct record.
<b>9.</b>	<b>INTERNAL AUDIT REPORTS</b>
9.1	Annual Internal Audit Report and Opinion 2020-21: LW presented the report providing internal auditors' annual opinion for 2020-21 confirming that the organisation has an adequate and effective framework for risk management, governance and internal control. She noted that the work over the year had identified further enhancements to the framework to ensure that it remains effective. PG queried how this opinion compares with the sector and LT confirmed that around 82% of the sector fell into this band in the 2019-20 year with only sixth form colleges with their much more straightforward funding regime generally achieving the highest level with no enhancements identified. She confirmed this was a good solid result and in line with the sector. She noted that the RSM benchmarking report would be reported to a future meeting this year to provide an insight into 2020-21 sector reporting. In relation to a question on any areas of priority, she noted that apprenticeship funding is always an area of complexity for all colleges and so this is a key area for the committee to monitor but that the college is not out of line with the sector.
9.2	Internal Audit Progress Report: LT reported good progress on the internal audit plan for the current year.

9.3	Follow Up Report Part 2: LT reported good progress on the follow up actions in the part 2 follow up report. PG queried the wording in the report on completed actions and LT provided assurance that this does mean that they have been confirmed as completed by RSM. GL noted that he had met with RSM recently to discuss how both teams could enhance ways of working in terms of evidence expectations and what success looks like with pre-meetings before each assignment.
9.4	Safeguarding Framework – Harassment and Sexual Misconduct: LT presented the report providing substantial assurance on this key area of focus for the college and the sector. Members welcomed the assurance on this area and noted an assessment on the Office for Students expectations in relation to harassment and sexual misconduct was being reported to the Board meeting on 9 December 2021. EDJ suggested that these areas could really benefit from any best practice that RSM can share from its work in the sector in addition to assurance and this added value is what the committee is looking for. LT confirmed that this piece of work should provide some useful best practice that can be shared in the RSM themed reports, but that this would be for next year. She noted though that the online learning report coming to the next committee meeting will have some practice sharing insights that the committee and college will hopefully find useful. LT agreed that it was important to maximise the visibility of this best practice insight within the assurance reports, wherever possible.
9.5	Assurance on Apprenticeship Report Recommendations: GL provided assurance that he had met with the new Head of Apprenticeships and been through the outstanding points. He confirmed that the points should be cleared by the next meeting. He agreed to bring an assurance report on the matter to include Funding Information Service (FIS) and Digital Apprenticeship Service (DAS) data so that the committee could close off this matter at the next meeting.
9.6	Internal Audit Recommendations Tracking Report: GL presented the 4Action report for assurance. CB queried whether there were any issues with some areas of ongoing delays in clearing the actions. GL provided some context and the impact that the pressures of Covid management this year have had on clearing some housekeeping items. PG noted that progress updates in the report would be helpful to provide context and GL agreed to work on the presentation of the report with RSM to ensure progress updates are visible.
<b>10.</b>	<b>ANNUAL VALUE FOR MONEY REPORT</b>
10.1	Value for Money Report: The report was received for information and assurance.
<b>10.2</b>	<b>RESOLVED: The Value for Money Statement was approved.</b>
<b>10.3</b>	<b>RESOLVED: The Procurement Strategy was approved.</b>
<b>11.</b>	<b>DRAFT AUDIT COMMITTEE ANNUAL REPORT</b>
11.1	JS confirmed that this would be provided to the committee by email once the external audit completion report is finalised and the accounts finalised in the early New year and before the Board meeting to approve the accounts.
<b>12.</b>	<b>IRREGULARITIES</b>
12.1	There were no irregularities reported to the meeting.
<b>13.</b>	<b>ITEMS FOR INFORMATION</b>
13.1	The Teachers' Pension Scheme Audit Certificate was received for assurance.
13.2	The Subsidiary Company Subcontracting Audit Certificate was received for assurance.
13.3	The Cyber Essentials Certification was received for assurance.
<b>14.</b>	<b>ANY OTHER BUSINESS</b>
14.1	MC reported an item for assurance that had been raised with a link governor for the Academy of Land and Environment (ALE) and thereafter brought to the attention of the Chair and executive team to ensure that the matter was being addressed appropriately. He explained that the matter related to the strategic risk already on the risk register as 'implementation of ALE' and development of the culture, working relationships and quality across ALE and the Farm, with the intention that this should be a flagship area for the college. MG provided his input as link governor for this area. Members noted potential impacts on the student experience and reputation if the risk area was not proactively managed and took assurance from the details provided by MC and MG on actions taken and planned, including

14.2	an externally facilitated project covering the Farm and ALE together on vision and objectives in the New Year. Members noted that the risk area would continue to be monitored via the risk register. EDJ sought and received assurance from GL on the managed closure of the subsidiary company with no legacy issues and good assurance on steps taken to transfer learners and manage the staffing impacts, with assurance provided also from PG from his experience, on a well-managed exit.
<b>15.</b>	<b>ITEMS TO ESCALATE TO THE RISK REGISTER/ REPORT</b>
15.1	It was agreed to highlight: <ul style="list-style-type: none"> <li>• The increased staff recruitment and retention risk</li> <li>• The need to monitor the strategic risk on the implementation of ALE and the Farm as a flagship provision and environment</li> <li>• The requirement to request a delay to filing accounts with ESFA due to ESFA data awaited on the subsidiary company</li> <li>• The request to consider business planning and use of contribution to central this year in a development session for the Board</li> <li>• Assurance received on a well-managed exit for the subsidiary company</li> </ul>
<b>16.</b>	<b>DATE OF NEXT MEETING</b>
16.1	The date of the next meeting was confirmed as Thursday 17 March 2022 at 10.00am

The meeting closed at 1.45pm

Approved as a correct record: 17 March 2022.