



REASEHEATH COLLEGE BOARD

AUDIT COMMITTEE

**Minutes of the meeting held on Thursday 1 December 2022 at 11.00am
Committee Room Reaseheath Hall**

- Present: Peter Green (independent) PG
Karol Bailey (independent) KB (*meeting chair*)
Evelyn Davies-Jones (independent) EDJ
Fran Johnson (external co-opted) FJ
- In attendance: Malcolm Burns (independent) MB (*items 1-5 inclusive*)
Marcus Clinton (principal) MC
Gary Crowe (independent) GC
Elizabeth Harrison (independent) EH (*items 1-5 inclusive*)
David Pearson (independent) DP (*items 1-5 inclusive*)
Liz Watts (staff) LW (*items 1-5 inclusive*)
Paul Weston (independent) PW (*items 1-5 inclusive*)
Graeme Lavery (VP finance and resources) GL
Louise Woodman (director of people and culture) (*item 8*)
David Hoose (Mazars) DH
Alex Hire (RSM) AH
Jackie Schillinger, company secretary, JS

PART A (unless stated)

Item	Content
1.	WELCOME AND APOLOGIES FOR ABSENCE (<i>joint meeting section items 1-5 chaired by FGP Chair</i>)
1.1	The Chair welcomed all to the meeting. Apologies were received and accepted from Colin Baxter. KB as Vice Chair chaired the meeting. The meeting was quorate and remained quorate throughout.
2.	DECLARATIONS OF INTEREST
2.1	There were no declarations made to the meeting.
3.	GROUP AUDIT COMPLETION REPORT (EXTERNAL AUDIT)
3.1	External Auditor DH presented the Audit Completion Report and provided assurance that the report indicated a clean audit and strong assurance on the financial statements. DH explained the note on the ONS reclassification and potential impacts on the regulatory reporting going forwards. In response to a question on Local Government Pension Scheme risk, GL provided assurance on coverage. Members took substantial assurance from the Audit Completion Report, the quality of the finance team and the good working relationship with the auditors that resulted in an effective and independent process.
4.	FINANCIAL MONITORING
4.1	Year-end group Financial Statements: GL presented the Group Financial Statements. EH thanked GL for presentation of the financial reporting. FJ suggested on a presentation point that the notes on reserves could perhaps be clearer on the fact that there are plans for the re-investment of these reserves. Members considered that strong assurance had been provided to the meeting by the external audit report, including the regularity report.

4.2	The meeting received the Bridge report for information and assurance, showing the reconciliation of management accounts to statutory accounts at year end and management accounts for period 3 of the current financial year.
4.3	Annual review financial objectives: GL presented for assurance the financial performance for the 2021-22 year against financial objectives. He then presented the proposed financial objectives for the 2022-23 year, which would be presented to the forthcoming board meeting for approval.
4.4	Part B item.
4.5	Accessing ESFA Financial Dashboard online: JS explained how to access the dashboard but confirmed that papers for meetings will still provide a downloaded version for ease of reference.
5.	COLLEGE STRATEGIC RISK REGISTER REVIEW
5.1	Strategic Risk Review: MC presented the risk review and board assurance framework report. Members welcomed the clear reporting and GC commented that the risk reporting had developed very positively. He noted that the next stage could be to develop further cognisance of risk appetite and risk profile and the direction of travel in a more sophisticated way. MC noted that on the importance of strategic planning and horizon scanning, the executive team recently had a day prioritising strategic objectives and will look at the strategic planning process in the spring term with governors. It was agreed that for assurance the risk report front sheet could state whether the risks had been considered at committee level. <i>ACTION: Risk report to full board/audit committee to explicitly state if risk had been considered at committee level.</i>
5.2	External Assurance Sources Summary: GL provided an assurance report on 3 rd party assurance sources to strengthen understanding of assurances. GC noted there may now be some additional requirements emerging following the ONS reclassification and the work on building the 3 rd party assurance source report will be helpful in this respect.
6.	APPOINTMENTS
6.1	KB gave thanks on behalf of the committee to Colin Baxter, stepping down in December from his role as chair of Audit and as a board member. JS put forward the recommendation that was supported that Gary Crowe move across from Finance and General Purposes Committee to chair Audit from 1 January 2023 for the remainder of the year. KB confirmed that she would be able to continue in the Vice Chair committee role.
6.2	RESOLVED: Gary Crowe is appointed as a member of the Committee from 1 January 2023 and Chair of the Committee from that date.
7.	MINUTES AND MATTERS ARISING
7.1	The minutes of the meeting held on 7 July 2022 were confirmed as a correct record and the rolling action log reviewed for assurance. It was noted that an update report on GDPR compliance would be made to the next meeting in the spring term and that the value for money reports were made to this meeting but that this would also be an area of continued focus for the committee, especially in the light of the reclassification into the public sector.
8.	INTERNAL AUDIT REPORTS
8.1	Annual Internal Audit Report and Opinion 2021-22: AH presented the report providing internal auditors' annual opinion for 2021-22 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, but that it provides good assurance and is in line with the sector.
8.2	Internal Audit Progress Report: AH presented the internal audit progress report with no issues to raise showing progress on track.
8.3	HR Control Framework – Staff Recruitment and Retention Report: AH presented the internal audit report for assurance. She reported that the committee could take assurance in the positive opinion of substantial assurance on HR recruitment and retention processes compliance. In terms of the element of wellbeing covered in the audit she reported that the report provides good practice points that auditors are seeing across the sector to support the college as it develops its processes further in this

8.4	<p>area. She explained the two low priority actions and one medium priority action, which was on an overarching health and wellbeing strategy/policy. EDJ queried the expectation in the report around training, and AH confirmed that the evidence for implementation of the recommendation would be that the college had considered this, so evidence of a discussion or a report to/minutes of a meeting paper would be acceptable and the decision on what to do is left to the college. GL and LW commented that the input on this audit was very helpful to the college with best practice shared and the opportunity to discuss with subject experts, and felt it was an example of a value-added service from the audit. Members received the report for assurance and expressed thanks to LW and her team for the strong assurance outcome in this key area of college operations. They noted that progress on the recommended actions would be reported in the next action tracking report to the next meeting.</p> <p>Internal Audit Recommendations Tracking Report: GL presented the audit tracking report, indicating good progress on clearing the outstanding audit actions. He explained that five actions remain outstanding within the due date and two actions are outstanding and overdue. He provided the detail of these actions. EDJ made suggestions on presentation of the report to aid understanding. CG suggested that the committee would expect to see outstanding overdue items and any items that the college proposed to take off the tracker and not progress, so that the committee could understand the context and reasons and agree to a new implementation date or to removal of the action. All agreed that this approach and level of reporting would be appropriate and the executive summary to the 4Risk tracking report should make this clear. GC asked AH if the auditors check that every action, even low priority ones, and AH confirmed that they focus on the high and medium actions as a priority in terms of time available. <i>Action: Executive summary to 4Action report to set out overdue outstanding actions only or any proposed to be removed and provide context.</i></p>
9.	<p>ANNUAL VALUE FOR MONEY REPORT</p> <p>9.1 Value for Money Report: The report was received for information and assurance. FJ noted that the clean regularity audit report could be added as a strong source of external assurance in the report in future. GL confirmed that the reporting would need to be reviewed this coming year as the Managing Public Money impacts on the sector become clear. GC noted that it would be helpful if RSM could share some best practice on value for money reporting that the committee could take forwards in developing its reporting next year. AH agreed to take this back. GL also noted that next year the committee could consider the cycle of business to include more opportunity to consider value for money issues rather than in one annual report. <i>Action: Value for Money reporting developed, ONS impacts, RSM best practice and cycle of business considered</i></p> <p>9.2 RESOLVED: The Value for Money Statement was approved.</p> <p>9.3 RESOLVED: The Procurement Strategy was approved.</p>
10.	<p>AUDIT COMMITTEE ANNUAL REPORT</p> <p>10.1 Audit Committee Training Feedback: Governor feedback from attendance at the AoC Audit Committee Autumn Masterclass seminar was shared with the Committee.</p> <p>10.2 Draft Annual Report: JS presented the draft Audit Committee Annual report for approval for presentation at the forthcoming Board meeting. GC commented that one aspect he would like to look at in the new year would be skills and gaps to look to develop the committee further and he noted that he would seek to speak to each member about their thoughts on skills development. Members considered and were happy to approve the annual report. <i>Action: Review of committee skills and development.</i></p> <p>10.3 RESOLVED: The Audit Committee Annual Report is approved for presentation to the Board at its meeting on 9 December 2022.</p>
11.	<p>ITEMS FOR APPROVAL</p> <p>11.1 RESOLVED: Subject to some minor wording amendment, the Anti-Fraud and Corruption Policy is recommended for approval.</p>
12.	<p>IRREGULARITIES</p> <p>12.1 There were no irregularities reported to the meeting.</p>

13.	ITEMS FOR INFORMATION
13.1	The Teachers' Pension Scheme Audit Certificate was received for assurance.
14.	ANY OTHER BUSINESS
14.1	There was no further business reported to the meeting.
15.	ITEMS TO ESCALATE TO THE RISK REGISTER/ REPORT
	It was agreed to highlight: <ul style="list-style-type: none"> • Strong assurance on HR recruitment and retention processes and the development of an overarching health and wellbeing strategy • Strong assurance on external auditors and internal auditors annual opinions and reporting • Change in status ONS finance and restrictions on borrowing. • Risk to HE income and financial risk for next year with the priority being a robust budget for next year. • Increasing staff turnover and challenges in recruitment and retention remaining • Strategic review and risk into next year and moving forward, risk appetite and prioritisation of resource allocation.
16.	DATE OF NEXT MEETING
	The date of the next meeting was confirmed as Thursday 16 March 2023 at 10.00am

The meeting closed at 2.00pm.

Approved as a correct record 16 March 2023.

Chair: Karol Bailey