



**REASEHEATH COLLEGE BOARD
AUDIT COMMITTEE**

**Minutes of the meeting held on Thursday 16 March 2023 at 10.00am
Committee Room Reaseheath Hall**

Present: Gary Crowe (independent, Chair) GC
Peter Green (independent) PG
Karol Bailey (independent) KB
Fran Johnson (external co-opted) FJ

In attendance: Louise Tweedie (RSM) LW
Marcus Clinton (principal) MC
Graeme Lavery (vice principal finance and resources)
Paul Spearritt (vice principal curriculum and quality)
Jackie Schillinger (company secretary)
Ron Hill (external reviewer) stone king llp
Rachel Robson (external reviewer) stone king llp

Part A unless stated

Item	Content
1.	WELCOME, APOLOGIES FOR ABSENCE AND COLLEGE UPDATE
1.1	The Chair welcomed all to the meeting, including Dr Ron Hill and Rachel Robson of Stone King LLP who were observing the meeting via Teams as part of the external review of governance. Apologies were received and accepted from Evelyn Davies-Jones and Mike Gorton.
1.2	The meeting was quorate and remained quorate throughout.
1.3	MC gave an overview of the current college risk environment including increasing wellbeing and mental health needs seen in the student population and associated behavioural challenges and pressure on recruitment with much more uncertainty around student recruitment than in previous years. He added that staffing recruitment and retention pressures continue and into next year there will be increasing non pay pressures from utility price increases. On the plus side he noted that the significant amount of work on preparation for T Levels has really paid off with current T Levels going very well with good student experience and he noted that T levels bring a higher rate of funding though also an increased risk due to in-year funding rather than lagged funding. On staffing recruitment, he gave assurance that it is an improving picture in those grade three areas and that overall, the student experience remains positive. He added that there is good progress on the capital projects and estates to support the college strategy and that whilst there are pressures there are also good opportunities to be taken.
2.	DECLARATIONS OF INTEREST
2.1	There were no declarations made in relation to the agenda items.
3.	MINUTES AND MATTERS ARISING
3.1	The minutes of the meeting held on 1 December 2022 were approved as a correct record.
3.2	The rolling action log was reviewed for assurance. It was noted that the agenda covered a development session on the reclassification of colleges as public sector and value for money impacts. GC provided an update that he had the opportunity to speak to committee members and confirmed that a refreshed skills audit would be carried out to look at the skills balance of the committee and then consider recruitment. He noted that his aim as chair would be that the committee could utilise the expertise of

	its members effectively and operate at the right level of strategy, with the opportunity to draw out particular topics in more detail as needed.
4.	RSM UPDATE ON EMERGING SECTOR ISSUES
4.1	<p>LT led a development session on emerging sector issues, which focused on the reclassification of colleges into the public sector and the likely impacts of the managing public money requirements. GC thanked LT for the development session and summarised the take aways from the session. These were:</p> <ul style="list-style-type: none"> - There will be a need to commission internal audit work on several aspects of the managing public money requirements and whilst it is too early to undertake this currently the committee needed to keep this in mind for future audit planning. -The new public sector regulatory framework restricts the more commercially minded, entrepreneurial ways the sector has been used to with its restrictions on any commercial borrowing. However, there will be funding opportunities the college will need to be responsive to. It will therefore be important to become adept at navigating the new environment as it emerges more clearly so that the organisation can be nimble and responsive with its governance to support strategy. -More in depth understanding of cash management requirements will be important going forwards, and how the committee can receive effective cross committee assurance from the Finance and General Purposes Committee.
5.	RISK MANAGEMENT
5.1	<p>Strategic Risk Review Board Assurance Report: MC presented his executive summary report and members noted the accompanying KPI report and board assurance framework report. Questions and discussions followed:</p> <ul style="list-style-type: none"> - PG requested and received assurance that the forthcoming Board meeting would include a deep dive on the financial risk context for the college going into budgeting for 2023-24. - on staffing GC suggested that HR fill rate in terms of the number of FTEs v target could be a KPI as a lead indicator and GL agreed to take this back to Finance and General Purposes Committee as a recommendation to consider. - GC noted that the key action on staffing risk is the salary modelling point and he would have liked to see a progress update on this action in the reporting. He suggested that further work be done on showing progress and direction of travel on the risk register which could be picked up when looking at the annual risk management report for the summer term. - On quality of provision, PG confirmed as a member of the Quality and Standards Committee that Audit could take strong assurance that those risk areas were fully discussed and align with MC's reporting. He confirmed that early signs of positive direction of travel are evident in these grade three areas. He also gave assurance that the Quality and Standards Committee had undertaken robust discussion on quality KPIs, which with hindsight were overambitious in the sector context. MC added that this can be seen for example as the college is RAG rating its attendance data as Red at 88% because it is usually in the mid-90s but that it remains one of the highest % in the region when compared with others. Highest attendance in the region even though we are rating it as red. - All noted that higher education national student survey results were disappointing, but that positive direction of travel is evident in the latest module surveys and good new staff have been recruited and are settling in well. - On Safeguarding MC explained the amber rating as due to the significant pressures that are not going to get any easier with an increasing number of fitness to study and disciplinaries putting pressure on the teams. However, he assured the committee that he considers that the college continues to manage this risk area well. - On stakeholder engagement PG agreed that there was some very good work going on in relation to the skills measure and meeting employer needs. Following discussion, it was recommended that the Quality and Standards Committee take ownership of this area of risk. GC added that the specific ownership of risk areas by committees would be something that he would like to revisit for the summer term meeting, and he noted that best practice from the Orange book could also be usefully considered

	at this time. <i>ACTION: Risk reporting, ownership by committee and Orange book guidance considered for summer term meeting.</i>
5.2	Managing Public Money: GL provided a briefing on the impact as it is currently known of the Managing Public Money requirements on the college and referred member to several sources of further information. He updated the committee on the regularity assurance document required to cover the period from December March, which only requires accounting officer signature rather than Board approval. the update was received with thanks, and it was agreed to keep Managing Public Money as an agenda item for the committee at its future meetings. <i>ACTION: Impact of MPM agenda item for committee.</i>
5.3	GDPR Compliance Overview: GL presented his report on GDPR compliance and progress towards ISO 27001. LT provided context that the college is ahead of others in progress on ISO27001 and that it is highly likely that the standard will be mandatory at some point in the future. She confirmed that the college is moving in the right direction of travel in this area. KB queried the timeline for ISO27001 becoming mandatory. GL responded that it is not yet clear as the sector is pushing back as it is expensive to bring in. GC summarised that the reporting to the committee gives assurance that the executive team consider the college is compliant with the core requirements of GDPR and is progressing towards ISO27001, which is the right direction of travel. He noted that the committee could consider internal audit options for GDPR in the forthcoming audit planning meeting. <i>ACTION.</i> GC also recommended that the committee consider if it is taking appropriate oversight of the wider IT risk. Following discussion, it was agreed that the committee could receive an annual Data Protection Officer Report, with this action to be considered further by the chair and GL outside the meeting. <i>ACTION: Consider annual DPO report of oversight of wider IT risks.</i>
5.4	RESOLVED: The Whistleblowing Policy is approved.
5.5	Overview of external audit assurance sources: Received for assurance. GC recommended and the committee agreed that this reporting return to the next meeting as it was still developing and thereafter be received annually at the autumn term meeting. <i>ACTION: Agenda for next meeting</i>
6.	INTERNAL AUDIT REPORTS
6.1	Internal Audit Progress Report Internal Audit Progress Report: LT presented the progress report, noting the progress and with no concerns to highlight at this point in relation to the annual opinion this year. She added that all were on track apart from the timing of the Prevent and Safeguarding audit. Members agreed to come back to this on the internal audit planning discussion item later in the meeting.
6.2	Further Education Benchmarking Report: LT presented the benchmarking report for assurance. She reported no concerns and GL gave assurance that internal audit is used in areas that the college wishes to investigate rather than seeking clean audits all the time. It was noted that the complexity of the land-based sector differs from less complex sectors such as sixth form provision and that the college compares well in terms of benchmarking with no concerns to raise from this benchmarking report. In terms of sector themes, it was noted that IT security features because of high impact, as well as finance, student records, safeguarding and procurement. LT gave assurance that the college undertakes an annual student records audit. In terms of safeguarding, GL explained the process and systems in place to ensure all staff complete annual training and he confirmed that 100% of staff have completed the Keeping Children Safe in Education statutory guidance update, as evidenced by the 4Policies dashboard. In response to a question about how mandatory training oversight works, MC confirmed that it is included in the human resources report that comes to the Finance and General Purposes Committee. It was agreed that the executive team review the visibility of reporting at committee and Board level to ensure clear oversight of this area and report back to the committee. <i>ACTION: review visibility of mandatory training oversight via FGP.</i>
6.3	Health and Safety Processes Apprenticeships and Work Placements: LT reported the outcome of this audit as reasonable assurance which she explained was a good outcome in this area. She noted the very important distinction between responsibility and accountability on apprenticeships and work placements. She explained the medium priority recommendation which had been accepted. All agreed this was a good outcome as it had been an area of concern which the Board had specifically asked for

6.4	an audit on. The committee sought and received assurance that the action will be taken up and acted on swiftly and that they will be assigned using 4aciton software. LT confirmed the action will be followed up in its usual cycle of follow up audits.
6.4	Key Financial Controls – Bursary Funding: LT presented the substantial assurance outcome form the audit for assurance. She explained it was a strong outcome and the committee commended the bursary team for the outcome.
6.5	Internal Audit 4Action Tracking Report: GL presented the audit tracking report, indicating good progress on clearing the outstanding audit actions. He explained the few outstanding actions. GC confirmed that what the committee needed from this reporting was assurance that the closed actions were closed on time and of the ones outstanding the detail and the new date for completion that the committee is asked to agree to. GL provided further detail on the actions and the expected completion date, and the committee was content to agree to the amended completion date for the outstanding actions.
6.6	Internal Audit Planning for 2023-24: LT provided for initial discussion information on audit planning contained in the appendix of the Audit Progress Report. Discussion initially focused on the reasons for the deferral of this year’s planned safeguarding and prevent audit. GL explained that it was not simply that there was a change of staffing but that there is currently work going on to put in place a new process and structure and so it makes sense to defer for a short time to audit the new process and structure. GC sought and received assurance from LT that the annual opinion was not reliant on this audit being carried out this academic year. The committee tested and challenged the possibility of splitting the audit, but on conclusion, agreed that a short deferral to the autumn term of the 2023-24 academic year was appropriate. The committee confirmed that this decision was based on assurances received on the current effective reporting systems and completion of all staff annual training on the Keeping Children Safe in Education statutory guidance update. It was agreed to decide outside of the meeting on the appropriate audit focus to replace the time in the cycle for this year with an audit on regularity preferred, possibly on an aspect of safeguarding. GC and another audit committee member would seek to attend the audit planning meeting and report back to the next meeting on the suggested audits for 2023-24 for discussion and agreement at the next meeting. <i>ACTION: Decision on replacement audit taken outside the meeting with audit chair reporting back.</i>
7.	IRREGULARITIES
7.1	There were no irregularities reported to the meeting.
8.	ANY OTHER BUSINESS
8.1	There was no further business reported to the meeting.
9.	ANY ITEMS TO ESCALATE TO RISK REGISTER/BOARD
9.1	<p>The committee agreed to highlight the following points to the Board:</p> <ul style="list-style-type: none"> • A comprehensive review of risk reporting was undertaken, and the risk scores agreed. There is good development in risk reporting but more work to do on risk movement and direction of travel in relation to risk target and risk appetite. The committee intends to look at this in more detail at its summer term meeting when it considers the annual risk management report and policy. • The new public sector regulatory framework restricts the more commercially minded, entrepreneurial ways the sector has been used to with its restrictions on any commercial borrowing. However, there will be funding opportunities the college will need to be responsive to. It will therefore be important to become adept at navigating the new environment as it emerges more clearly so that the organisation can be nimble and responsive with its governance to support strategy. • The financial risk context has been discussed at Finance and General Purposes Committee and at Audit and the committee endorses the recommendation to spend some time on this context at this upcoming Board meeting so that all members are fully sighted on the various factors as we move into budget setting next term.
10.	DATE OF NEXT MEETING

10.1	The date of the next meeting was confirmed as Monday 26 June 2023 at 2pm
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At the end of the meeting, there was an opportunity for the Committee to discuss any matters with College Auditors without the presence of senior managers, which members found useful and from which they gained assurance on continued positive working relationships.

The meeting closed at 12.45pm

Approved as a correct record: 26 June 2023.

Chair: Prof Gary Crowe