



MINUTES OF THE AUDIT COMMITTEE MEETING HELD 20 NOVEMBER 2018

Present:	Mr Stephen Hewes (Chair)	
	Mr Gerard Weide	
In Attendance:	Ms Kim Saw	- Director of Finance
	Mr Jon Allen	- Clerk
	Ms Zoe Longstaff-Tyrrel	- RSM (Financial Auditor) – part of meeting
	Mr Sagar Patel	- Risk Champion
	Mr Chris Whelan	- Chief Executive, Reigate LA

The meeting commenced at 1800.

WELCOME, APOLOGIES & DECLARATIONS OF INTEREST

1 The Chair welcomed everyone to the meeting and, in particular, Mr Gerard Weide, who was attending his first meeting following his recent appointment to the Trust Board. There were no apologies. There were no declared interests against any of the agenda items.

MINUTES

2. Subject to adding to the minutes that it was agreed to adopt the Board Assurance Framework made available from the previous Risk Champion, it was **RESOLVED** to note the minutes of the Audit Committee meeting held 18 June 2018.

MATTERS ARISING

3. There were no matters arising.

FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2018 REIGATE LEARNING ALLIANCE

4. As required by the Joint Audit Code of Practice, a copy of the Trust's draft '*Financial Statement and Annual Report 2017/18*' was made available along with the '*Audit Findings Report Year ended 31 August 2018*' and the '*Letter of Representation*'.

5. Ms Zoe Longstaff-Tyrrel from RSM was in attendance to present the audit report for this agenda item.

6. The agreed process for reviewing and approving the Financial Statements requires the Finance & Resources Committee, in the first instance, to review the financial information and commentary in the year-end accounts and, once reviewed,

to inform the Audit Committee of the outcomes of their review. The Audit Committee will then consider the outcomes of the review conducted by the Finance & Resources Committee, and to consider all audit and assurance opinions received, on the adequacy of the operation of financial and other controls before making any final approval recommendations to the Trust Board regarding the accounts.

7. The Clerk confirmed that the Finance & Resources Committee carried out a review of the commentary and financial information at its meeting, held on 13 November 2018, and no issues of concern were to be brought to the attention of the Audit Committee.

8. The Financial Statement Auditor is required to issue two audit opinions, either 'unqualified' (good); or 'qualified' (not good)

- An opinion on the financial statements
- An opinion on the regularity of financial transactions.

9. The financial statement auditor indicated they will issue an unqualified opinion on the 2017/18 accounts.

10. The report confirmed an unqualified regularity audit opinion for 2017/18.

11. The '*Audit Findings Report*' raised no internal control issues regarding the financial statements, and no issues on the regularity of financial transactions.

12. In terms of the assurance assessment, it was agreed to give a 'Green' assessment on the assurances provided by the financial statement and regularity audit service¹ (see footnote below for an explanation on assurance levels). It was **RESOLVED** to recommend that the Corporation, at its meeting on 04 December 2018, approves the '*Financial Statements Year Ended 31 August 2018*'; and approves both the '*Audit Findings Report Year ended 31 August 2018*' and the '*Letters of Representation*' issued by the Financial Statement Auditor.

13. The Chair thanked Ms Zoe Longstaff-Tyrrel who left the meeting at the conclusion of this agenda item.

REIGATE INTERNAL AUDIT ANNUAL REPORT 2017-18

14. The '*Internal Audit Annual Report 2017-18*' was received. It was confirmed the report was the same report presented to the June 2018 Audit Committee meeting and was being presented as the annual report from the internal audit service for 2017-18.

¹ **Levels of Assurance – guidance.** Having reviewed the papers or reports and taken into consideration any management comments or actions, Trustees are asked to agree their level of assurance:

- Green = high assurance - no additional actions or monitoring are recommended at this point
- Amber = medium assurance – a further report is likely to be required at the next meeting
- Red = low assurance - additional actions are likely to be required and reported at the next meeting

15. The additional element to the report was the annual opinion for 2017-18 provided by the internal audit service. The annual opinion was confirmed as follows based on the scope of their audits undertaken in 2017-18 on success rates and support funded learners:

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of those processes. In our opinion Reigate College has adequate and effective management, control and governance processes in the areas examined by us which should enable the College to manage the achievement of its objectives.

16. In terms of the assurance assessment, it was agreed to give a 'Green' assessment on the assurances provided by the internal audit service. It was **RESOLVED** to note the '*Internal Audit Report 2017-18.*'

FOLLOW UP RECOMMENDATIONS

17. The report '*Follow Up Recommendations*' on previous audit action points was received. The report provided an update on the implementation of agreed management responses.

18. During the review, it was agreed to 'close-off' the action points on

- Fixed Assets as the Fixed Asset module within the upgraded SAGE 200 accounting system was not deemed appropriate for the purpose after testing and based on experience shared by other sixth form colleges who have trialled the same software
- Success rates as Quality Improvement Plans are in place and are subject to continuous review from the SLT and Local Governing Body. The exception detected in testing had been a timing issue.

19. It was noted that the high priority issue reported in 2018 in respect of Support Funded Learners is currently being resolved, with closure expected shortly.

20. It was noted that a number of 'deferred' items related to the introduction of the Board Assurance Framework, a latter agenda item.

21. In terms of the assurance assessment, it was agreed to give a 'Green' assessment on the assurances provided by the report. It was **RESOLVED** to note the '*Follow Up Recommendations Report*'.

SCOPE OF THE INTERNAL AUDIT WORK 2018/19 REIGATE LEARNING ALLIANCE

22. Following a thorough review of the possible areas to be subject to internal audit, it was **AGREED** for the scope for 2018-19 to cover ILR audit, funding and student data, as these are critical business areas that require a high level of assurance.

23. Another area identified for seeking assurance was on physical assets, cyber security, and GDPR compliance. It was **AGREED** in the first instance to ask the internal audit service to provide a scope for such an audit with confirmation that they have appropriate expertise from their audit team to conduct the assurance review.

24. The meeting discussed possible approaches for the review of student success rates that are quoted at Trust Board meetings. This item was covered by the Internal Audit service in the prior year, however, it was suggested that an independent review by staff from another college, possibly on a reciprocal basis, would be of merit. It was **AGREED** that this possibility would be explored further.

AUDIT COMMITTEE'S ANNUAL REPORT 2017-18

25. The 'Annual Report 2017-18 from the Audit Committee' was received. There is a requirement for an annual report of the Audit Committee to be issued to both the Board and the Chief Executive as the accounting officer of the Trust. The annual report should be used as a summary document explaining the work of the Committee during the course of the year.

26. During the review, several amendments were proposed to the text with additional text to be added to the section on the Board Assurance Framework

27. The Annual Report must offer an opinion from the Audit Committee to both the Board and Chief Executive. The Audit Committee agreed the following opinion:

The Audit Committee, through review of auditors' reports and discussion with auditors and college managers, has arrived at the opinion that Reigate Learning Alliance had adequate and effective assurance frameworks, framework of governance, risk management and control processes for the effective use of resources, solvency of the institution and the safeguarding of its assets.

The Audit Committee recommends the Trust Board approves the Annual Report and Financial Statements for the period ended 31 August 2018 for Reigate Learning Alliance and to authorise the Chief Accounting officer/Chief Executive and the Chair of the Trust Board to sign the Financial Statements.

28. In terms of the assurance assessment, it was agreed to give a 'Green' assessment on the assurances provided by the Annual Report 2017-18 from the Audit Committee, and it was **RESOLVED** to recommend that the Trust Board, at its meeting on 04 December 2018, approves the 'Annual Report from the Audit Committee 2017-18 on Reigate Learning Alliance', subject to the inclusion of the agreed amendments to the report proposed during the meeting.

BOARD ASSURANCE FRAMEWORK, RISK REGISTER, AND RISK MANAGEMENT ACTION PLAN 2018-2019

29. The Risk Champion introduced the report that proposed the Board Assurance Framework, Risk Register, and Risk Management Plan for 2018-19.

30. During a thorough review of the document, the following was **AGREED**:

- (i) To add to the Board Assurance Framework the process for informing the Trust Board on the assurance assessments conducted by the Trust's sub-committees, and
- (ii) To add to the Risk Register a risk on physical assets, cyber security and GDPR compliance

31. As further work is required on embedding the evidencing of governance oversight, it was **AGREED** to give a 'Amber' assessment on the assurances provided by the Board Assurance Framework, Risk Register, and Risk Management Plan 2018-19. It was however further **AGREED** that there were no matters known to be a cause for concern, and that a report would be provided to the Audit Committee at its next meeting in line with the timetable.

ANY OTHER BUSINESS

32. A request was made to move forward the June meeting date to Monday 10th June 2019, and to accommodate this, to move the scheduled Finance Committee meeting back a week to Monday 17th June 2019. The Clerk **AGREED** to seek the agreement of the Chair of the Finance Committee and Director of Finance for the change in dates.

DATE OF NEXT MEETING

33. Tuesday 19 March 2019 @ 1800.

The meeting closed at 19.40

Signed: _____ Date: _____
(Chair)

SUMMARY ACTION LIST

MIN	DETAILS	REVIEW
23	Another area identified for seeking assurance was on physical assets, cyber security, and GDPR compliance. It was AGREED in the first instance to ask the internal audit service to provide a scope for such an audit with confirmation that they have appropriate expertise from their audit team to conduct the assurance review.	19/3/19
24	The meeting discussed possible approaches for the review of student success rates that are quoted at Trust Board meetings. This item was covered by the Internal Audit service in the prior year, however, it was suggested that an independent review by staff from another college, possibly on a reciprocal basis, would be of merit. It was AGREED that this possibility would be explored further.	19/3/19
30	Board Assurance Framework, Risk Register, and Risk Management Action Plan 2018/2019: During a thorough review of the document, the following was AGREED :	19/3/19

	<p>(i) To add to the Board Assurance Framework the process for informing the Trust Board on the assurance assessments conducted by the Trust's sub-committees; and</p> <p>(ii) To add to the Risk Register a risk on physical assets, cyber security and GDPR compliance</p>	
32	A request was made to move forward the June meeting date to Monday 10 th June 2019, with the scheduled Finance Committee meeting moving back a week to Monday 17 th June 2019. The Clerk agreed to seek the agreement of the Chair of the Finance Committee and Director of Finance for the change in dates.	19/3/19