



**AUDIT COMMITTEE
MINUTES OF THE SPECIAL MEETING HELD 8 SEPTEMBER 2020**

Present: Mr Stephen Hewes (Chair)
Mr Gerard Weide

In Attendance: Ms Kim Saw - Director of Finance
Mr Chris Whelan - Chief Executive, Reigate LA
Mr Michael Jones - Trust Chair and Trustee
(attending as an observer)
Ms Yvette Robbins - Trustee (Attending as an
observer)

The meeting commenced at 16.00

WELCOME

1. The Chair welcomed participants to the meeting and confirmed that both Michael Jones and Yvette Robbins were attending the meeting as observers. This followed an email that Yvette Robbins sent to all Trustees following the last Trust Board meeting where Trustees were invited to make available any observations they may have relating to the agreed Board Assurance Framework and Risk Register in light of Covid-19 and of the need to ensure Trustees were satisfied with the assurance approach that is in place.

2. It was noted that any changes proposed to the Board Assurance Framework would require being put to the Trust Board for approval.

APOLOGIES & QUORACY

3. Apologies were received from Sagar Patel and Jon Allen. With two Committee members in attendance the meeting was quorate.

DECLARATION OF INTERESTS

4. There were no declared interests against any of the agenda items.

REVIEW OF RISK REGISTER

5. Made available was a report from the Clerk entitled '*Review of Risk Register*'. The report covered the following:

- Full copy of the email that Yvette Robbins sent to all Trustees outlining her observations and suggested revisions to the Risk Register and Board Assurance Framework; and
- The suggested changes to the Risk Register proposed by Yvette Robbins.

6. The Chair opened by welcoming Yvette's input, noting that the BAF and risk register

should be living documents updated on a regular basis. He noted that draft proposed changes to the documents should be presented by the executive to the termly meetings of the Audit Committee for its consideration, prior to submission to the Board. It was further noted that the versions should be numbered and dated.

7. The Chair then informed the meeting that he would like the meeting to use Yvette's version as a checklist to ensure that everything is covered, with the preference being to add COVID impacts as additional factors to each of the existing risks. The Committee needs to ensure the changes to scores are visible to the reader, and capture the nature and impact of planned mitigation actions.

8. The meeting discussed the first risk on the listing, that of 'Failure to meet the minimum target for student recruitment', and agreed the following:

- That the additional risks attributable to COVID should be captured as a separate consideration within the existing risk entry where relevant: in this case, the risk that COVID restrictions on marketing activities affect the ability to recruit students. It was noted that this is a risk already affecting potential 2021/2022 recruitment which would feed into funding in 2022/2023.
- To propose that the RLA's strategic objectives be grouped into a small number of categories, and that these categories be named in the Risk register, rather than simply denoted by a number.
- That the driver for the biting risk Impact scenario be shown (Reputation, Media attitude, Financial loss, etc) – in the case of Risk 1 this would be 'Financial loss'
- That changes in scores be shown - in this case the increase in likelihood score from 2 to 4. The value of the financial loss was discussed, and it was agreed to leave it at level 4 – equating to between £200-500k.
- That the score post mitigation be shown.
- That actions to mitigate the additional COVID risks be shown separately.

9. The meeting then reviewed the other risks on the listing, and agreed to note the following COVID related risks:

- Risk 2 - Failure to meet **quality targets** - Risk from restriction of face to face teaching time, particularly following a local spike in college
- Risk 4 - Failure to **recruit, manage and retain high performing staff** - Risks that remote teaching and additional workload affect staff wellbeing and hence performance, and recruitment challenged by being unable to assess candidates
- Risk 5 - Failure to **operate financial systems and controls** – Risk of additional expenditure, the cost of which is irrecoverable
- Risk 6 - Failure to **protect resources** – Risk that IT equipment lent to students might not be returned
- Risk 9 - Failure to **protect its students and staff** – Risk of increased need for safeguarding due to direct and indirect effects of COVID measures
- Risk 11 - Failure to meet **Health and Safety requirements** – Risk from significantly increased H&S requirements which might not be met, and of a COVID spike within the College
- Risk 16 - Risk of abnormally **high level of mental health issues** – risk of increased frequency and severity due to lack of face to face interaction in and out of class

10. The meeting agreed to add a further risk – Risk 17 that **government guidance changes** occur at short notice and prove challenging to follow resulting in additional costs. Board assurance for this and all other additional COVID risks will be provided by the Chief Executive’s regular updates to the Board on the RLA’s COVID response.

11. The meeting agreed that Risk 8 - Failure to proactively address **equality and diversity** issues already encompasses BAME.

12. After discussion, it was **RESOLVED** to make the changes noted in paragraph 8 above to the presentation of the Risk Register and Risk Management Action Plan for the Trust Board to approve, using Risk 1 as an example. Subject to approval by the Board, the documents will then be updated in a similar manner to reflect the updates noted in paragraphs 9 and 10, with proposed amendments to scoring and mitigation actions for discussion at the November Audit Committee.

13. The Chair then asked that the remaining points raised in Yvette’s July email be carefully considered:

- It was noted that the severity of the risks is clearly marked and there is a benefit from having the ordering of the risks stable over time, and hence it was agreed not to re-sort the Risk Register and Risk Management Action Plan into priority order.
- It was agreed that the Risk Register and Risk Management Action Plan should be provided to the Board each term, with focus on the adequacy and status of mitigation actions, particularly where risks are assessed as having increased.
- It was agreed that the risk review at Committee and Board levels should be carefully documented including where risks are judged to be insignificant, but that insignificant risks should not be added to the register.
- The meeting considered that it is important that Trustees form their own view of risk exposures and the adequacy of assurances provided by Board papers after discussion of the relevant papers. It was felt that Trustees have the necessary experience to recognise the implications of board paper contents on the risk exposures. For this reason, it was agreed that the consideration of risk exposure and the assurance provided should continue to be undertaken at the end of each meeting, and to amend in the proposed Board Assurance & Risk Management Policy 2020-21 to confirm that cover sheets are no longer required.
- The Chair clarified his point made at the July Board meeting, that the advice from the External auditors was that the 2019/2020 statutory accounts should have a specific section detailing the RLA’s exposure to and mitigation of COVID impacts, and implications for the going concern assessment.
- Examples were given of how recent changes to the risk register had resulted in additional assurances being sought and provided to the Audit Committee, notably the assessment of cyber-security risk. Examples were also given of where the Board Assurance Framework has been used to identify where additional papers were required in order that assurance could be provided to the relevant committees and to the Board, including the review of contracts by the Finance Committee and the disaster recovery plan provided to the main Board. It was therefore considered that these aspects of the Framework’s operation are satisfactory.

14. **DATE OF NEXT MEETING**

Tuesday 17 November 2020 @ 17.30

The meeting closed at 17.15.

Signed: _____ Date: _____

MIN REF	ACTION POINT	WHEN
6	The BAF and risk register should be living documents updated on a regular basis. Draft proposed changes to the documents should be presented by the executive to the termly meetings of the Audit Committee for its consideration, prior to submission to the Board. It was further noted that the versions should be numbered and dated.	17/11/2020
8	Additional risks attributable to COVID should be captured as a separate consideration within the existing risk entry where relevant:	17/11/2020
8	RLA's strategic objectives be grouped into a small number of categories, and that these categories be named in the Risk register, rather than simply denoted by a number.	17/11/2020
10	To add a further risk – Risk 17 that government guidance changes occur at short notice and prove challenging to follow resulting in additional costs. Board assurance for this and all other additional COVID risks will be provided by the Chief Executive's regular updates to the Board on the RLA's COVID response.	17/11/2020
12	<p>It was RESOLVED to make the changes noted in paragraph 8 of the minutes to the presentation of the Risk Register and Risk Management Action Plan for the Trust Board to approve, using Risk 1 as an example.</p> <p>Subject to approval by the Board, the documents will then be updated in a similar manner to reflect the updates noted in paragraphs 9 and 10, with proposed amendments to scoring and mitigation actions for discussion at the November Audit Committee.</p>	17/11/2020
13	It was agreed that the consideration of risk exposure and the assurance provided should continue to be undertaken at the end of each meeting, and to amend in the proposed Board Assurance & Risk Management Policy 2020-21 to confirm that cover sheets are no longer required.	17/11/2020
13	The 2019/2020 statutory accounts should have a specific section detailing the RLA's exposure to and mitigation of COVID impacts, and implications for the going concern assessment.	17/11/2020