



**MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD
17 NOVEMBER 2020**

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

The meeting commenced at 1730.

WELCOME, APOLOGIES & DECLARATIONS OF INTEREST

1 The Chair welcomed everyone to the meeting. There were no apologies. There were no declared interests against any of the agenda items.

MINUTES

2. It was **RESOLVED** to note the minutes of the Audit & Risk Committee meeting held 23 June 2020.

3. It was **RESOLVED** to note the minutes of the Audit & Risk Committee meeting held 08 September 2020.

SUMMARY ACTION LIST & MATTERS ARISING

4. The 'Summary Action List' was received and reported on the following action points from the previous meeting:

MIN DATE & REF	ACTION POINT	UPDATE MADE AVAILABLE TO THE MEETING
23/6/20: 6	The Annual Health & Safety Report that was scheduled for consideration at the July Trust Board meeting as part of the Board Assurance Framework has been deferred to the first Trust Board meeting in 2020-21.	This was considered at the Trust Board meeting held 13/10/20
23/6/20: 17	Once MIS has fully implemented all of the recommendations relating to the funding audit made by the internal auditors, confirmation of the full implementation is required to be made available to the	It was confirmed full implementation of all action points arising from the

	Committee.	audit.
23/6/20: 24	To receive Internal Audit Plan 2020-21 for review and approval	Agenda item
23/6/20: 29 & July Trust Board meeting	From the July Trust Board meeting: Agreed there will be the need to have a disclosure in the Annual Report (Financial Statements) on any financial impacts of Covid-19 and any financial risks arising. There is also a need to disclose the operational impact of Covid-19, outlining how the College has responded, the arrangements that have been put in place to ensure students can continue their learning, the arrangements being put in place from September, and how the College can best respond should there be a re-occurrence of the virus.	Added to the commentary in the 2019/20 Financial Statements - an agenda item
23/6/20: 31	Disaster Recovery Plan & IT Disaster Recovery Policy - both policies will be subject to further review to take into account lessons learnt from the current pandemic and the outcomes of the review will be made available at the spring 2021 Audit Committee meeting.	Spring meeting - 09/03/2020
23/6/20: 32	The Committee sought clarification on the date of the last IT test was and the CEO agreed to ask this question of the IT Manager and to report back to the Committee.	It was reported a partial test of the IT system including data recovery has been undertaken with a full test to be undertaken when the new server is installed. This is scheduled to take place in the February 2021 half term break.
23/6/20: 43	The Committee AGREED to revert to the use of KPIs to conduct the annual review of auditors. Instead of using a numbering assessment as proposed, it was AGREED to use a RAG assessment approach, and to delete section 5 'effectiveness of liaison between auditors'. It was further AGREED to add to the framework confirmation of when the last tender was conducted and how many years the Principal Auditor has served.	Annual review to be conducted at the summer term meeting
23/6/20: 46	Members of the Trust at the Members meeting on 9 July 2020 to approve the appointment of RSM to be the College's external audit service and MacIntyre Hudson to be the College's internal audit service for the academic year 2020-21.	Appointment confirmed by Members
8/9/20: 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.	Requirement added to the Risk Management Policy 2020-21 - an agenda item
8/9/20: 8	Additional risks attributable to COVID should be captured as a separate consideration within the existing risk entry	Incorporated in the revised Risk

	where relevant:	Register - an agenda item
8/9/20: 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.	Closure of this action is dependent on the re-formatting of the RLA' strategic objectives
8/9/20: 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.	Incorporated in the revised Risk Register - an agenda item
8/9/20: 12	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. 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.	Requirement added to the Risk Management Policy 2020-21 - an agenda item
8/9/20: 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.	Requirement added to the Risk Management Policy 2020-21 - an agenda item
8/9/20: 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.	Added to the commentary in the 2019/20 Financial Statements - an agenda item

5. There were no other matters arising.

AUDIT PROGRESS CHECK

6. The report '*Audit Progress Check*' on previous internal audit action points was received. The report provided an update on the implementation of agreed management responses. As updates on these action points are made available in the '*Internal Annual Audit Report 2019/20*', a later agenda item, it was agreed to note the '*Audit Progress Report*'.

INTERNAL AUDIT

7. Two reports were received from MacIntyre Hudson, the College's internal auditors, and these were introduced by Chris Rising:

- (i) The '*Internal Annual Report 2019/20*' that was a summary of the two audit reports considered at the June meeting of the Committee.
- (ii) The '*Draft Strategic Internal Audit Service and Operational Plan 2020-21*'.

8. The '*Internal Audit Annual Report 2019/20*' confirmed the following Head of Internal Audit Opinion for 2019/20:

Based upon the work undertaken, in our opinion Reigate Sixth Form College has adequate and effective management, control and governance processes in the areas examined by us which should enable the Reigate Sixth Form College to manage the achievement of its objectives.

Our work however, has identified some enhancements to the design and / or operation of the system of internal control, risk management and governance to make it more effective in the future.

9. The Committee welcomed the level of assurance confirmed in the Annual Report.

10. It was noted the internal audit action point on the need to match purchase orders against invoices was delayed due to the College closure, as the task required staff to be physically present in the College to conduct the task. The revised completion date is 31 December 2020.

11. The action point to put in place an automated data feed between the registers and the ILR data, and the action point to implement an automated solution to ensure that start dates are continuously updated to account for any changes to learning aim start dates, have both been delayed. The delay was because the design of the automation process has been more complicated than anticipated. The revised target date for completion is now 31 August 2021.

12. The Committee accepted the reasons given for the delays in the full implementation of the two outstanding action points, and confirmed there were no issues of concern arising. An update on progress in implementing these outstanding audit action points will be provided in the '*Audit Progress Report*' that will be made available at the spring meeting.

13. It was noted the following amendments are required to be made to the annual report before it is made available to the Trust Board:

- Paragraph 1.7 - To confirm it's the CEO who is the Chief Accounting Officer
- Paragraph 2.1 - To change the date to 31 August 2020
- Paragraph 2.2 - The reference within the opinion paragraph should read to paragraph 4.3, not 3.3 as stated.

14. As initially discussed at the June meeting of the Committee, the following areas were proposed and **APPROVED** by the Committee for audit during 2020/21:

- Pandemic Planning & Learning

- Risk Management and Board Assurance

15. In terms of the pandemic audit, the Committee requested the following areas to be included in the scope of the audit:

- To review if there are any additional risks from staff working from home and how effectively controls are working remotely. For example, are there any risks arising on health & safety arrangements when staff are working from home when undertaking College business?
- Is the College still maintaining necessary approval and signature requirements for financial decisions?

16. The audit strategy referred to possible areas of audit coverage post 2020-21. It was **AGREED** to review this in more detail at the June meeting of the Committee, when discussions are scheduled to take place on the internal audit plan for 2021-22.

17. Appendix B in the 'Draft Strategic Internal Audit Service and Operational Plan 2020-21' provided the Committee with the Internal Audit Charter. The introduction to the Charter confirmed the following:

The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee. The charter establishes the purpose, authority and responsibilities for the internal audit service for the College.

18. It was **AGREED** to review at the June 2021 meeting the Internal Audit Charter.

19. The Chair thanked Mr Chris Rising who left the meeting at the conclusion of this agenda item.

FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2020 REIGATE LEARNING ALLIANCE

20. As required by the Joint Audit Code of Practice, a copy of the Trust's draft 'Financial Statement and Annual Report 2019/20' was made available along with the 'Audit Findings Report Year ended 31 August 2019' issued by RSM, the College's financial auditors. Ms Zoe Longstaff-Tyrrel from RSM was in attendance to present the audit report for this agenda item.

21. 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 financial commentary in the year-end accounts and, once reviewed, to inform the Audit & Risk Committee of the outcomes of their review. The Audit & Risk 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.

22. It was confirmed that the Finance & Resources Committee carried out a review of the commentary and financial information at its meeting, held on 10 November 2020, and no issues of concern were to be brought to the attention of the Audit Committee.

23. 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.

24. The financial statement auditor confirmed they will issue an unqualified opinion on the 2019/20 accounts. The auditors also confirmed the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Companies Act 2006; and
- Have been prepared in accordance with the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

25. The report confirmed an unqualified regularity audit opinion for 2019/20.

26. During the review of the Financial Statements it was **AGREED**:

- To make various edit changes (not material) to the text that were brought to the attention of the Director of Finance;
- That the risks noted in the Trustee's report should in future be drawn from the Risk Register
- For the financial auditor to clarify the requirement to disclose a figure for reserves excluding Pension Reserve and advise the Director of Finance accordingly.

27. The '*Audit Findings Report*' raised one internal control issue with reference to the procurement policy. The finance team have a list of expenditure which is not required to follow the procurement policy due to the nature of the purchases, but this is held separately from the policy. The recommendation is for the exemptions to be incorporated into the policy to enable the policy to reflect current practice. It was confirmed Management has agreed to the recommendation.

28. The Financial Statement Auditor explained that RSM now include in their report only any deviations from their standard wording of the Letter of Representation, which they request be signed by the Chair of the Board and the Accounting Officer. The Committee agreed the wording of the additional paragraph in the 2020 letter which concerns the impact of Covid-19 on going concern considerations.

29. It was **RESOLVED** to recommend that the Trust Board, at its meeting on 01 December 2020, approves the '*Financial Statements Year Ended 31 August 2020*'.

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

BOARD ASSURANCE FRAMEWORK, RISK REGISTER, AND RISK MANAGEMENT ACTION PLAN 2020/21

31. The Clerk and Risk Champion introduced the report that proposed the '*Board Assurance Framework, Risk Register, and Risk Management Plan for 2020-21*' for the Trust Board to approve at its December meeting.

32. It was confirmed all the action points agreed at the last meeting have been incorporated into the revised policy, including a re-write and new presentation of the Risk Register. Proposed changes were tracked in the policy.

33. During the review, several amendments were proposed to the text with additional text to be added to the document. In particular the following points were noted:

- Owing to cancellation of certain committee meetings due to Covid-19, the risk management timetable outlined had not been strictly followed, and this will be noted in the Committee's report to the Board
- The format of the Annual Review of Risk Management report was discussed. The Chief Executive advised that it is common practise for this report to be drafted as an element within the Audit & Risk Committee's annual report, as RLA has done.

34. The Committee discussed the mitigation actions noted in the Risk Management Action Plan and considered the risk ratings, with particular emphasis on the ratings after mitigation actions, with amendments agreed to risks 12, 16 and 17.

35. Following review, it was **AGREED** to recommend that the Trust Board at its meeting on 1 December 2020 be asked to approve the 'Board Assurance Framework, Risk Register, and Risk Management Plan for 2020-21'

36. The Chair placed on record thanks to the Clerk, Risk Champion and the Executive on the work undertaken to draft the various Board Assurance Framework and Risk Management papers received at the meeting.

BOARD ASSURANCE FRAMEWORK - ASSESSMENTS CONDUCTED BY COMMITTEES (AUTUMN TERM MEETINGS)

37. Under the Board Assurance Framework (BAF), each Committee is asked to conduct at the end of their meeting an assessment on their level of assurance agreed against each report received (including briefings and verbal updates), and for the assessment to be reported to the Audit Committee and Trust Board (The assessments being: 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).

38. The following Board Assurance assessments were noted:

(I) Local Governing Body Meeting Held 13 October 2020

Agenda Item	Paper	Subject	RAG rating	Any Committee Recommendation(s)
6	Paper 3	Admissions/ Numbers on Roll Report/ Marketing Strategies	GREEN	No concerns/no recommendations
7	Paper 4	Outcomes 2019/20	GREEN	No concerns/no recommendations
8	Paper 5	SAR Development Plan	GREEN	No concerns/no recommendations

(II) Finance Committee Meeting Held 10 November 2020

Agenda Item	Paper	Subject	RAG rating	Any Committee Recommendation(s)
7	4	Management Accounts	GREEN	No concerns/ The recommendation to have a separate Covid-19 expenditure line in the budget was agreed.
8	5	Financial Statement Year Ended 31 August 2020	GREEN	No concerns/no recommendations other than to inform the Audit & Risk Committee that there were no issues of concern to report to the Audit & Risk Committee on the financial figures contained in the Financial Statement
8	6	Reconciliation Statement	GREEN	No concerns/no recommendations
8	7	Financial Statement Auditor's 'Audit Findings Report'	GREEN	No concerns/no recommendations
9	8	Review of Contracts	GREEN	No concerns/no recommendations

BOARD ASSURANCE FRAMEWORK - ASSURANCE ASSESSMENT CONDUCTED BY THE AUDIT & RISK COMMITTEE 17 NOVEMBER 2020

39. The following assessments were **AGREED** on reports considered at this meeting:

Agenda item number	Paper	Subject	RAG Rating	Any Committee Recommendation(s)
6	4	Audit Progress Update	GREEN	No issues of concern - The three outstanding internal audit actions points are in hand, with progress updates to be made available at the spring meeting.
7(i)	5a	Internal Audit Annual Report 2019-20	GREEN	No concerns and the Committee welcomed the level of assurance received from the internal auditor.
7(ii)	5b	Scope of internal audit for 2019-20	GREEN	No issues of concern - it was agreed to increase the scope of the audit on pandemic planning
8(i)	6	Financial Statements for the year ended 31 August 2020	GREEN	No issues of concern and the Committee welcomed the level of assurances received from the financial auditor
8(ii)	7	Audit Findings Report issued by RSM	GREEN	No issue of concern and the Committee welcomed the level of assurances received from the financial auditor
9(i)	8	Risk Management & Board Assurance Framework Policy 2020-21	GREEN	No issues of concern - All previous recommendations to enhance the policy and Risk Register were incorporated into the policy.
9(ii)	9	BAF Assessments	GREEN	No issues of concern.

		conducted by Committees		
10	10	Audit Committee Annual Report	GREEN	No issues of concern - Minor amendments were made to the Annual Report with the recommendation for the Trust Board and Chief Accounting Officer to receive the report.

AUDIT & RISK COMMITTEE'S ANNUAL REPORT 2019/20

40. The draft 'Annual Report 2019/20 from the Audit & Risk Committee' was received.

41. There is a requirement for an annual report of the Audit & Risk Committee to be issued to both the Board and the Chief Executive Officer 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.

42. During the review, several amendments were proposed to the text with additional text to be added to the report.

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

The Audit & Risk 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 & Risk Committee formally records, through the annual opinion of the Committee, appreciation of the hard work and professionalism shown by the Executive, Managers and all staff in ensuring that all risks relating to the Covid-19 pandemic were addressed to enable students to continue with their learning during the lockdown and resulting restrictions.

The Audit & Risk Committee recommends the Trust Board approves the Annual Report and Financial Statements for the period ended 31 August 2020 for Reigate Learning Alliance and to authorise the Chief Accounting officer/Chief Executive Officer and the Chair of the Trust Board to sign the Financial Statements.

44. It was **RESOLVED** to approve the annual report and to submit the report to the Trust Board at its meeting on 1 December 2020.

ANY OTHER BUSINESS

45. There was no other business.

DATE OF NEXT MEETING

Tuesday 9 March 2021 @ 17.30.

The meeting closed at 19.00

Signed: _____ Date: _____
(Chair)

MIN REF	ACTION POINT	WHEN
23/6/20: 31	Disaster Recovery Plan & IT Disaster Recovery Policy - both policies will be subject to further review to take into account lessons learnt from the current pandemic and the outcomes of the review and IT testing will be made available at the spring 2021 Audit Committee meeting.	Spring meeting - 9/3/21
23/6/20: 32	The Committee sought clarification on the date of the last IT test was and the CEO agreed to ask this question of the IT Manager and to report back to the Committee. At the last meeting, it was confirmed a partial test has been undertaken with a full test scheduled next February when the new server is installed.	Spring meeting - 9/3/21
23/6/20: 43	The Committee AGREED to revert to the use of KPIs to conduct the annual review of auditors. Instead of using a numbering assessment as proposed, it was AGREED to use a RAG assessment approach, and to delete section 5 'effectiveness of liaison between auditors'. It was further AGREED to add to the framework confirmation of when the last tender was conducted and how many years the Principal Auditor has served.	Summer meeting
17/11/20: 12	Progress in the implementing the 3 outstanding internal audit action points will be provided in the 'Audit Progress Report' to be made available at the spring meeting.	Spring meeting - 9/3/2021
17/11/20: 13	The following amendments are required to be made to the annual report before it is made available to the Trust Board: <ul style="list-style-type: none">• Paragraph 1.7 - To confirm it's the CEO who is the Chief Accounting Officer• Paragraph 2.1 - To change the date to 31 August 2020• Paragraph 2.2 - The reference should read to paragraph 4.3, not 3.3 as stated.	Completed - amended report issued 18/11/20
17/11/20: 15	In terms of the pandemic audit, the Committee requested the following areas to be included in the scope of the Internal audit:	Spring meeting - 9/3/2021

	<ul style="list-style-type: none"> • To review if there are any additional risks from staff working from home and how controls are working. For example, are there any risks arising on health & safety arrangements when staff are working from home when undertaking College business. • Is the College still maintaining necessary approval and signing requirements for financial decisions. 	
17/11/20: 16	The audit strategy referred to possible areas of audit coverage in post 2020-21. It was agreed to review this in more detail at the June meeting of the Committee, when discussions take place on the internal audit plan for 2021-22.	Summer meeting
17/11/20: 18	To review at the June meeting the Internal Audit Charter referred to in the report.	Summer meeting