



**MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD
15 NOVEMBER 2022**

Present: Mr Stephen Hewes (Chair)
Mr Gerard Weide
Ms Kate Fulker

In Attendance: Ms Kim Saw - Director of Finance
Mr Jon Allen - Clerk
Ms Zoe Longstaff-Tyrrel - RSM (Financial & Regulatory Auditor)
Mr Stuart Wilcox - Risk Champion
Mr Chris Whelan - Chief Executive, Reigate LA
Ms Pat Frankland - Chair of the Trust, as an Observer

The meeting commenced at 1730.

CONFIDENTIAL SESSION

1. Before considering the annual report from the Audit & Risk Committee, a later agenda item, the Committee held a confidential session without College management being present in accordance with its terms of reference.

WELCOME, APOLOGIES & DECLARATIONS OF INTEREST

2. The Chair welcomed everyone to the meeting, including the Trust Chair as an observer. There were no apologies. There were no declared interests against any of the agenda items.

MINUTES

3. It was **RESOLVED** to note the minutes of the Audit & Risk Committee meeting held 21 June 2022 (Paper 1).

4. It was **RESOLVED** to note the minutes of the Audit & Risk Committee meeting held 06 September 2022 (Paper 2)

SUMMARY ACTION LIST & MATTERS ARISING

5. The ‘*Summary Action List*’ was received (Paper 3) and reported on the following action points from the previous meeting:

MIN REF	ACTION POINT	UPDATE
	21 June 2022 Meeting	
6	Framework for Risk Tolerance:	Definition of Risk Tolerance confirmed in the Risk Management Policy 2022-23

	Director of Finance to circulate to Committee members a draft for their review and comment, with the Chair of the Audit Committee providing an update at the July Trust Board meeting.	approved by the Trust Board at its meeting on 20/9/22.
7	Committee Terms of Reference: (i) To make changes to Clause 6.12 to be aligned with Clause 1 that defines the purpose of the Audit Committee. (ii) Audit Committee's Annual Report to report against each of the key points in clause 6.12	Changes made to the Committee's Terms of Reference.
11	SLT to change the College's IT Staff Policy to prohibit the use of memory sticks to hold data, but to allow for USB ports to remain available.	It was agreed for the policy to refer to permission being required for the use of any removable media (not just USBs), as some artwork has to be made available on removeable media for external moderation and assessment purposes. This requirement to be stated in the policy.
12	Cyber security queries	Confirmation was received that each of the queries raised at the last meeting are addressed through College procedures and processes. The Committee asked for confirmation to be received that spot checks are done to ensure those staff who are no longer employed have no access to the College IT system.
18	Trust Board at its meeting on 12 July 2022 to be asked to approve the Financial Audit Plan for the year-ended 31 August 2022.	Approved by the Trust Board.
21	The Internal Audit Service to undertake a further audit on Learning Agreements, with a sample size of 2%. The audit to be undertaken after Christmas.	Scheduled for the Spring term – action point to be carried forward.
31	To further discuss the recommendation from the internal auditors on authorisation limits at the July trust Board meeting	Discussed and agreed at the July Trust Board meeting.
43	To circulate the updated Risk Register to Committee members for review and comment.	Actioned.
45	To amend the BAF - 'Preparation for Ofsted (Action Plan)' to read 'Preparation for Ofsted follow-up Visit (Action Plan)'.	Completed.

52	Ask the Members of the Trust to approve the appointment of Buzzacott to be the College's external audit service for the financial year 2022/23.	Members' approval obtained.
	08 September 2022 Meeting:	
9	The CEO and Risk Champion to review the Risk Register and to incorporate within the review the changes proposed and agreed at this meeting and, to make available at the November meeting of the Audit & Risk Committee, the updated Risk Register.	Agenda item at this meeting.

6. There were no other matters arising.

FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2022 REIGATE LEARNING ALLIANCE

7. A copy of the Trust's draft '*Financial Statement and Annual Report 2021/22*' was made available (Paper 5) along with the '*Audit Findings Report Year ended 31 August 2021*' issued by RSM, the College's Financial and Regularity Auditor (Paper 6a). Also made available were three Letters of Representation issued by RSM (Papers 6b, 6c & 6d). Ms Zoe Longstaff-Tyrrel from RSM was in attendance to present the audit report for this agenda item.

8. 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.

9. It was confirmed that the Finance & Resources Committee at its meeting held on 08 November 2022 carried out a review of the commentary and financial information and, other than the matter relating to the valuation of the Local Government Pension Scheme (LGPS), there were no issues of concern to report to the Audit & Risk Committee.

10. The Financial & Regularity Auditor's '*Audit Findings Report*' outlined the liability that is required to be recognised under FRS 102 in respect of the Academy Trust's share of the Local Government Pension Scheme (LGPS). The liability is derived from calculations undertaken by an actuary based on Academy Trust data and a number of key actuarial assumptions.

11. In common with many other colleges and academies, there has been a significant change in the position of the scheme, with a £2k asset at the balance sheet date compared to a deficit of £5,413k at 31 August 2021. At 31 August 2022, the net discount rate (discount rate net of inflation) has significantly increased compared to 31 August 2021. The effect of the significant increase in the discount rate assumption when valuing the fund liability, coupled with a similar CPI assumption to last year, has resulted in a large gain on the balance sheet.

12. The Finance & Resources Committee noted the following comment made by RSM in

their 'Audit Findings Report':

We have reviewed the assumptions applied in calculating the current year end position. We are waiting for a greater sample of LGPS Actuary Reports to be provided in order to complete this work and our commentary of the assumptions used. The Academy Trust should also review the assumptions included in the actuarial report.

13. The Finance & Resources Committee confirmed at their meeting they were comfortable with the assurances made in the actuarial report and made the request for RSM to make a statement in the final draft of their 'Audit Findings Report' to confirm that they were also comfortable with the assumptions.

14. The auditor in attendance reported that following the review undertaken by RSM of a sample of LGPS Actuary Reports, RSM is now able to confirm they are comfortable with the assurances included in the actuarial report. The auditor informed the Committee this would be confirmed in the final version of their *Audit Findings Report* to be made available to the College and Trust Board.

15. RSM 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.

16. RSM confirmed they will issue an unqualified opinion on the 2021/22 accounts. The auditor also confirmed the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 2021 to 2022 issued by the Education and Skills Funding Agency.

17. The report confirmed an unqualified regularity audit opinion for 2021/22.

18. The Chair asked if the '*Financial Statement and Annual Report 2021/22*' should refer to the appointment of the new Financial and Regularity Auditor. As the appointment is from 2022/23, it was agreed reference will need to be made on the new appointment in the Trust's report for the financial year 2022/23.

19. It was agreed to add to the '*Financial Statement and Annual Report 2021/22*' a statement confirming the College was subject to an Ofsted inspection during the financial year 2021/22.

20. As the report refers to the work of the internal audit service and of the internal audit reports received, it was agreed against each audit report listed, to confirm if any or no significant control issues were identified.

21. The '*Audit Findings Report*' made two internal controls recommendations. The first recommendation related to the Investment Policy and of the need for the policy to be

subject to review in line with the requirements of the Academy Trust Handbook and updated in the financial regulations for the Academy Trust. The second recommendation was for the current policy for fixed asset disposals to be updated to confirm the procedure for the disposal of all assets and the authorisation levels held by the Director of Estates.

22. The three Letters of Representation relating to the '*Audit on Financial Statements*', the '*Regularity Assurance*' and the '*Report on Accounts Return 2021/22*' were reviewed.

23. In the Letter or Representation on the financial statements the following statement is made:

There have been no communications with the Charity Commission or the Secretary of State for Education as the Principal Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any administrative duty.

24. The Chair asked if the adverse Ofsted finding relating to EHCPs falls into this category? It was agreed to add to the statement additional wording relating to the Ofsted inspection.

25. It was **RESOLVED** to recommend that the Trust Board, at its meeting on 06 December 2022 approves:

- (i) The '*Financial Statements Year Ended 31 August 2022*' and to authorise the Chair and Accounting Officer to sign the accounts on behalf of the trust Board;
- (ii) The three Letters of Representation relating to the '*Audit on Financial Statements*', the '*Regularity Assurance*', and the '*Report on Accounts Return 2021/22*' and to authorise the Chair to sign the letters on behalf of the Trust Board.

26. As this was the last meeting for the engagement of RSM, the Chair, on behalf of the Committee and Trust Board, thanked Ms Zoe Longstaff-Tyrrel for the services provided by RSM over the last twelve years.

(Ms Zoe Longstaff-Tyrrel left the meeting at this point)

AUDIT PROGRESS CHECK

27. The '*Audit Progress Report*' was received (Paper 4a). The report provided the Committee with a progress update on the internal audit recommendations from the four internal audit reports presented to the June meeting that remained 'open' after the June meeting of the Committee.

28. There were no issues of concern arising from the review of the paper.

29. The Committee asked for an executive summary to be made available confirming headline information covering the number of recommendations, those that have been completed, or remain work in progress, or have yet to be started and how many of the recommendations made were either a 'high', 'medium'; or 'low' recommendation.

30. Also made available was an executive summary from the IT Penetration Report (Paper 4b) following testing undertaken by JISC last July. The testing was conducted from the point of view of both an external (internet-based) and internal (on-campus) attacker and included a review of Active Directory settings using standard domain user credentials

(staff and student). The aim of the exercise and testing was to identify any areas for improvement, by highlighting vulnerabilities.

31. The Committee noted the various recommendations made arising from the testing. The Committee asked that, for the next meeting, management responses be added against each recommendation made. This would enable the Committee to monitor progress on the implementation of the recommendations made.

32. The Executive confirmed the testing was a useful exercise and would be undertaken on an annual basis.

RISK MANAGEMENT POLICY 2022/23 & RISK REGISTER 2022/23

33. The Committee received for information purposes the '*Risk Management Policy 2022/23*' approved by the Trust Board at its meeting held on 20 September 2022 (Paper 8).

34. The Committee received for review the '*Risk Register 2022/23*' that incorporated the changes agreed at the last meeting of the Audit & Risk Committee (Paper 9).

35. The main changes made to the Risk Register were summarised in Paper 7, and the changes made were noted as follows:

- Added to the Risk Register a 'Risk Management Data Dashboard' to compare risk scores quantified with reference to a new assessment of risk appetite or tolerance, to identify any specific risks requiring urgent attention and reporting on at Board meetings. The key reporting method to be via the CEO's termly report to the Trust Board with the report providing the Board with progress updates against those risks identified to be outside the acceptable levels.
- The Risk Register and risk mitigation action plan documentation merged to support better maintenance of a suitable dashboard and risk register.
- Introduced a 'very high' level to the risk scoring matrix to better differentiate the highest risks. Review frequency will no longer be driven by risk scores – instead all risks and mitigation actions are to be reviewed termly at Board meetings through presenting the Risk Register as a fixed agenda item as the first substantial agenda item, with the CEO then reporting in the CEO's report on any high or very high risks.
- New format for the Risk Register. Against each risk, the Risk Register to summarise the cause, effect, mitigation actions, level of tolerance, and governance of the risk. Gross scores and scores post mitigation to be included with confirmation if the risk is inside or outside the acceptable level. Introduce to the Risk Register tracking of the post mitigation score compared to the previous post mitigation score.
- Risks in the Risk Register linked against the new strategic aims listed in the Strategic Plan 2022.

36. Three risks were outside the agreed tolerance parameters. The first related to the recruitment of teaching staff, another related to the drafting of the strategic plan that is still work in progress with work progressing on KPIs and a SWOT analysis. Finally, the EHCP reviews issue is outside of appetite until it is retested by Ofsted. It was confirmed the CEO would report in more detail on these three risks in his report to the Trust Board at the December Trust Board meeting.

37. It was **RESOLVED** to note the 'Risk Register 2022/23'.

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

38. 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.

39. The following Board Assurance assessments were noted:

(I) Local Governing Body meeting 18 October 2022

Agenda Item	Subject	RAG rating	Any Committee Recommendation(s)
7	Admissions & Numbers	GREEN	No concerns/no recommendations
8	Draft Outcome Data	GREEN	No concerns/no recommendations
9	SENDCO Progress Update	AMBER	Ofsted monitoring visit, when it takes place, will confirm if areas of concern identified at the inspection have been addressed to the satisfaction of Ofsted.
10	SAR & Development Plan	AMBER	Still work in progress – final version to be approved at the December Trust Board meeting
11	Student Voice	GREEN	No concerns/no recommendations
12	Staff Voice	GREEN	No concerns/no recommendations

(II) Finance & Resources Committee meeting 08 November 2022

Agenda Item	Subject	RAG rating	Any Committee Recommendation(s)
7	Management Accounts	GREEN	No concerns/no recommendations
8	Financial Statement Year Ended 31 August 2022	GREEN	No concerns/no recommendations
8	Reconciliation Statement	GREEN	No concerns/no recommendations
8	Financial Statement Auditor's 'Audit Findings Report'	AMBER	Need for RSM to confirm in their final report that they have a level of comfort on the assumptions made in the Actuarial Report on the College liability in the Surrey Local Government pension scheme.
9	Review of Contracts	GREEN	No concerns/no recommendations

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

Agenda item number	Subject	RAG Rating	Any Committee Recommendation(s)
6	Audit Progress Update	GREEN	No concerns
7(i)	Financial Statements for the year ended 31 August 2022	GREEN	No issues of concern and the Committee welcomed the level of assurances received from the financial auditor
7(ii)	Audit Findings Report issued by RSM	GREEN	No issue of concern and the Committee welcomed the level of assurances received from the financial auditor
7(iii)	Letters of Representation	N/a	Letters are for benefit of external auditor
8	Risk Register 2022/23	GREEN	No issues of concern
9	BAF Assessments conducted by Committees	GREEN	No issues of concern.

AUDIT & RISK COMMITTEE'S ANNUAL REPORT 2021/22

41. The draft 'Annual Report 2021/22 from the Audit & Risk Committee' was received (Paper 10).

42. 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.

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 Reigate Learning Alliance managers, has arrived at the opinion that the 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 during the academic year 2021/22.

The Audit & Risk Committee recommends the Trust Board approves the Annual Report and Financial Statements for the year ended 31 August 2022 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 Audit & Risk Committee's Annual Report 2021/22 and to submit the report to the Trust Board at its meeting on 06 December 2022.

ANY OTHER BUSINESS

45. The Chair requested a table of policies that require review and approval by Trustees be made available. In terms of what policies require Trustee review and approval, it was agreed it should be those policies that either refer to the involvement of Trustees in the discharging of the policy (such as hearing an appeal against student exclusion), or any policy linked to Trustees' statutory/regulatory responsibilities (such as Safeguarding, Health & Safety).

DATE OF NEXT MEETING

46. Tuesday 07 March 2023 @ 17.30.

The meeting closed at 18.45

Signed: _____ Date: _____
(Chair)

MIN REF	ACTION POINT	REVIEW
21 – From September Meeting	The Internal Audit Service to undertake a further audit on Learning Agreements, with a sample size of 2%. The audit to be undertaken after Christmas.	7/3/23
6	Confirmation to be received that checks are done to ensure those staff who are no longer employed have no access to the College IT system.	7/3/23
20 & 21	To add to the ' <i>Financial Statement and Annual Report 2021/22</i> ' a statement confirming the College was subject to an Ofsted inspection during the financial year 2021/22. As the report refers to the work of the internal audit service and of the internal audit reports received, it was agreed against each audit report listed, to confirm if any or no significant control issues were identified.	6/12/22 Board meeting
24	Letter or Representation on regularity assurance - It was agreed to add to the statement the wording - 'with the exception of matters raised by Ofsted in their recent inspection of Reigate College.	6/12/22 Board meeting
31	IT Penetration Report: management responses be added against each recommendation made for review at the next meeting	7/3/23
45	The Chair requested a table of policies that require review and approval by Trustees to be made available. In terms of what policies require Trustee review and approval, it was agreed it should be those policies that either refer to the involvement of Trustees in the	7/3/23

	discharging of the policy (such as hearing an appeal against student exclusion), or any policy linked to Trustee's statutory/regulatory responsibilities (such as Safeguarding, Health & Safety).	
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