



**AUDIT COMMITTEE
MINUTES OF THE MEETING HELD 21 JUNE 2022**

- Present: Mr Stephen Hewes (Chair)
Mr Gerard Weide
- In Attendance: Ms Kim Saw - Director of Finance
Mr Jon Allen - Clerk
Mr Mark Law - Auditor RSM
Mr Chris Whelan - Chief Executive Officer
Mr Graham Gillespie – Wylie & Bisset
Mr Stuart Wilcox - Risk Champion

The meeting commenced at 17.20

WELCOME, APOLOGIES, DECLARATIONS OF INTEREST & ANNOUNCEMENTS

1. The Chair welcomed everyone to the meeting. There were no apologies. The Clerk confirmed the meeting was quorate.

DECLARATION OF INTERESTS

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

MINUTES

3. The minutes of the meeting held 08 March 2022 were agreed as an accurate record of the meeting (Paper 1).

SUMMARY ACTION LIST

4. The ‘*Summary Action List*’ (Paper 2) was received and the following updates were noted:

MIN REF	ACTION POINT	UPDATE
June 2021 – Minute Ref :14	The internal audit service to do a follow-up to confirm the full implementation of the two action points relating to start and end dates on the ILRs.	Agenda item – Paper 4a
March 2022 – Minute Ref: 3	It was AGREED to amend the audit plan to reflect the funding audit	Funding Audit Report is an agenda item – Paper 10
March 2022 –	In discussion, the term ‘Risk Tolerance’ was felt to be more appropriate than ‘Risk appetite’.	Meeting arranged prior to the meeting of the Audit

Minute Ref: 3	Senior management to propose for each risk the level of tolerance accepted for the risk. To progress this further, it was AGREED for the internal auditor to meet with the CEO and FD to draft proposed 'Risk Tolerance' definitions	Committee – see minute 5 below.
November 2021 – Minute Ref: 34	To undertake a tendering exercise using the consortium services that were recently used for the tendering of the Internal Audit Service.	Tender interviews held 16 June 2022
March 2022 – Minute Ref: 11	Cyber Security Audit Report - Data Loss Prevention Strategy – to carry out a risk assessment as recommended in the report.	Agenda item – Paper 4b
March 2022 – Minute Ref: 23 & 24	Risk Register: <ul style="list-style-type: none"> • There remains lots of references to Covid-19 for many of the risks in the Risk Register. It was AGREED as Covid cases are rising to continue with references to Covid-19 in the Risk Register but to review this ahead of the Risk Register being presented to the Audit Committee in June. • R1 – student recruitment. With student numbers remaining high, and with a high number of applications for 2022/23, it was AGREED to reduce the likelihood score to '2', and to reduce the risk from 'High' to 'Medium'. • R4 – as recruiting high quality staff remains an issue, it was AGREED for the gross and net score to be the same (4x4). • R13 - Ineffective corporate governance results in poor risk assurance. It was AGREED to review prior to the next meeting the wording of this risk, as the wording is exactly the same as the wording used for R12 - Ineffective risk management increases the likelihood of risk occurring. • R17 - COVID guidance from government changes at short notice and proves challenging to follow and results in additional costs. It was AGREED to reduce the likelihood score from '3' to '2'. • R5 - It was AGREED for this risk to be subject to further review after the completion of the budget setting exercise for 2022/23. • To make available to the March Trust Board meeting the updated Risk Register. 	Agenda item – Paper 16
March 2022 –	Under the BAF it was noted the review of the Disaster Recovery Policy, and the review of	Agenda item – Papers 12-15

Minute Ref: 25	Trust policies on fraud, bribery, irregularity and public interest disclosure were scheduled to be an agenda item for the spring term meeting. Due to an oversight, it was AGREED to defer these to the summer term meeting.	
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5. The Internal Auditor Service has made available a framework used by another College that provided for that college a framework on 'Risk Tolerance'. It was confirmed the Director of Finance will review and adapt accordingly and, subject to approval, to be incorporated into the Risk Register. In terms of timescale, the Risk Register will be subject to review once the Strategic Plan has been approved at the July Trust Board meeting. The expectation is for the revised Risk Register to be made available to the Trust Board for review and approval in the autumn term. To inform the Trust Board on progress being made on defining a framework for 'Risk Tolerance' it was **AGREED** for the 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.

ANNUAL REVIEW OF THE COMMITTEE'S TERMS OF REFERENCE

6. It was confirmed the annual review of the Committee's Terms of Reference is a requirement confirmed in the Articles of Memorandum (Clause 101) and in the Trust's Standing Orders (Clause 11.2)

7. Following review of Paper 3, it was **AGREED** to make changes to Clause 6.12 to be aligned with Clause 1 that defines the purpose of the Audit Committee. It was further **AGREED** for the Audit Committee's Annual Report to report against each of the key points in clause 6.12, these being:

- Audit arrangements,
- Systems of internal control
- Risk management arrangements including Risk Register and Assurance
- Framework of governance
- Processes for the economic, effective, and efficient use of resources
- Solvency
- Procedures for the safeguarding of its assets
- Measures it has taken to ensure it has fulfilled its statutory and regulatory responsibilities
- Review of its own effectiveness.

AUDIT PROGRESS REPORT

8. Two outstanding action points were reported on. Paper 4a confirmed the IT Penetration Test will be carried out by JISC (the provider of the College's network) in the week beginning 11 July 2022.

9. Paper 4b reported on the recommendations relating to cyber security and the request from the Audit Committee for a risk assessment to be undertaken.

10. SLT acknowledges the risk of Data Loss that could arise from the use of cloud-based file sharing and USB storage devices. However, their use is necessary in the College's education environment where desktops and laptops are used by many different students. Cloud based storage is extremely helpful in enabling students to complete work set outside lessons. Although the SLT understand that cloud storage and USB ports represent a risk, their use is essential for students to undertake their studies. To address

the risks, the paper made available a risk assessment to mitigate against identified risks associated with the use of cloud storage and USB ports.

11. The Committee acknowledged the need for students to be able to access cloud storage and USB ports. For staff, the view of the Committee was they should use other means to store data, such as Teams and SharePoint, with no need to use memory sticks. The Risk Champion reported that the use of memory sticks by staff is very minimal. It was **AGREED** for the 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.

12. In general discussion, it was **AGREED** for the CEO to obtain further information on the following queries raised by the Committee:

- (i) Is there a process in place to test if staff are being fooled into following unsolicited links in phishing emails received?
- (ii) Is a review undertaken on staff accessing confidential data – are they authorised to access the data?
- (iii) Are checks done on user access to make sure access rights are correct?
- (iv) Is a process in place to safeguard confidential information being sent out? In particular, can any inappropriate sending out of confidential data be stopped by the system before it is sent?

FINANCIAL STATEMENT AND REGULARITY AUDIT PLAN

13. Mark Law from RSM presented the audit plan for the audit of the Financial Statement and Regularity Audit for the year-ended 31 August 2022 (Paper 5a). The report outlined the audit areas and the proposed fee structure for the audit of year-end accounts to 31 August 2022 subject to the current audit retendering process. It was confirmed the areas covered were in line with the requirements of the Funding Agency.

18. It was **RESOLVED** to recommend the Trust Board at its meeting on 12 July 2022 be asked to approve the Financial Audit Plan for the year-ended 31 August 2022 subject to the current audit retendering process.

19. Also made available for information was RSM's document '*Emerging Issues*' that summarised key issues facing the sector (Paper 5b). The forthcoming requirement for external reviews of the board effectiveness was discussed briefly, and it was noted that this will be a topic at the forthcoming Trust Board meeting. Graham Gillespie of Wylie & Bisset noted that this is already a requirement in Scotland.

INTERNAL AUDIT PLAN 2022/23

20. Graham Gillespie from Wylie & Bisset was in attendance to present the proposed '*Internal Audit Plan 2022/23*' (Paper 6). Proposed areas for audit in 2022/23 are Payroll, Budgetary and financial reporting and the follow-up audit of Learning Support.

21. The CEO asked if the plan could include an audit on Learning Agreements to ensure Learning Agreements are being completed in line with funding agency requirements. It was confirmed, as part of the work of the external auditor, a review of a small sample size of Learning Agreements was undertaken, and all were found to be signed and completed correctly. To provide further assurance, it was **AGREED** for the Internal Audit Service to undertake a further audit on Learning Agreements, with a sample size of 2%. This audit is to be undertaken after Christmas.

22. The Committee asked if the planned audit of pension contributions will include auditing to ensure individual staff pension contributions are correct for the pension scheme they are signed up to. It was confirmed this will form part of the audit and is also

part of the funding audit undertaken by the external auditor.

23. It was noted that Safeguarding and GDPR were both scheduled to be subject to audit in the current year but both audits were deferred and are now scheduled to take place in 2023/24. The Committee asked if the Executive and auditors were comfortable with both areas being deferred to 2023/24. In response it was stated that the recent Ofsted inspection undertook a thorough review of the College's safeguarding arrangements and deemed the arrangements to be effective. Trustees and senior managers have received GDPR training, and the College is considered to be fully GDPR compliant. The Committee noted the assurances received.

24. Subject to the addition of an audit on Learning Agreements to be undertaken, it was **RESOLVED** to approve the 'Internal Audit Plan 2022/23'.

INTERNAL AUDIT REPORTS

25. Graham Gillespie from Wylie & Bisset presented the following reports:

- (i) Follow-up Report – Paper 7
- (ii) Procurement Report – Paper 8
- (iii) Learning Support Report – Paper 9
- (iv) Funding Review Report – Paper 10
- (v) Internal Audit Annual Report 2021/22 – Paper 11

(i) Follow-up Report:

26. The purpose of the review was to assess whether the Trust has appropriately implemented the internal audit recommendations made in 2020/21. The report confirmed all nine previous recommendations had been fully implemented. The report confirmed a 'Strong Assurance' audit opinion

(ii) Procurement Report:

27. The report confirmed a 'Substantial Assurance' audit opinion. A total of six recommendations were made, with two classified as 'Medium' and the remaining four as 'Low'.

28. The first 'Medium' recommendation proposed the Trust should include information on how preferred suppliers are selected to be put on the College's Preferred Supplier List. The Trust should also have a detailed procedure on how preferred suppliers are added to the list. It was confirmed management accepted the recommendation and will take action to implement the recommendation.

29. The second 'Medium' recommendation proposed the Trust should ensure that procurement thresholds are appropriate and reflect best practice across the sector. The full details of the recommendation were as follows:

During our review, we found that for purchases between £1,000 and £50,000, the Trust should seek more than 1 quotation where appropriate. We benchmarked against a number of educational clients and found that the average for this procurement bracket is a minimum of 3 quotations.

We found that the Trust require a minimum of 3 quotes where appropriate for purchases between £50,000 and £100,000. We found from our benchmarking that other educational clients within our portfolio that purchases over £50,000 should be subject to a full tendering process. We note that the Trust tender for building works over £75,000 and over the

OJEU regulations for other purchases. From discussions we had with Trust staff, they felt that the procurement thresholds are too low.

There is a risk that the Trust are not following best practice for procurement.

30. The Director of Finance confirmed the recommendations were discussed with the Finance & Resources Committee when it met the previous week, and the Committee concluded that existing authorisation limits are appropriate.

31. The Chair acknowledged that it was for the Finance & Resources Committee to determine what they view as appropriate authorisation limits for the Trust Board to approve but, as this was a recommendation based on benchmarking against other educational clients, the matter should be discussed further at the July Trust Board meeting.

(iii) Learning Support Report:

32. The audit of learning support was requested by the College following the recent Ofsted inspection. The Special Educational Needs and Disability (SEND) Regulations 2014 and the SEND Code of Practice 2015 sets out the legal requirements in respect of students receiving learning support. These also include the legal requirements for those students in receipt of an Education Health Care Plan (EHCP). This sets out the timescales which must be adhered to in respect of producing and reviewing the EHCP with the students and other relevant parties. The Ofsted visit highlighted some issues around the completion of documentation for the annual review of the learning support needs for students.

33. The report made four 'High' recommendations, these being:

- Procedural document for annual reviews
- Annual review tracker spreadsheet
- Outstanding Annual Reviews to be quickly identified and actioned
- Review content of annual reviews

34. The report concluded with the assessment of an audit opinion of 'No Assurance'. The auditor confirmed the issues identified were already known by the Executive and had been reported to the Trust Board. The auditor confirmed that the Executive had already taken swift action to address the issues identified by Ofsted.

35. It was confirmed a further audit will be undertaken during the next academic year.

(iv) Funding Review Report:

36. The purpose of the review was to provide assurance that the Individualised Learner Record (ILR) return is complete, accurate, free from material errors and complies with the ILR specification for 2021/22 in respect of enrolment procedures. The report made three 'Low' recommendations and gave a 'Strong Assurance' audit opinion.

(v) Internal Audit Annual Report 2021/22:

37. The Internal Audit Service is required to produce an annual report summarising the work of the Committee during the financial year. In addition, the Internal Audit Service is required to make available an overall opinion on the adequacy and effectiveness of the Trust's internal control systems.

38. The Committee noted and welcomed the following opinion confirmed in the annual report:

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a conclusion as to the adequacy and effectiveness of the Trust's risk management, control and governance processes.

In our opinion Reigate Learning Alliance did have adequate and effective risk management, control and governance processes to manage its achievement of the Trust's objectives at the time of our audit work, subject to the conclusion reached on the review of Learning Support. We undertook an Audit of Learning Support which resulted in a conclusion of 'No Assurance' and raised a number of high risk recommendations. We have agreed with the Trust to undertake a further review of this area as part of the 2022/23 Internal Audit Plan.

In our opinion, the Trust has proper arrangements to promote and secure value for money.

REVIEW OF POLICIES RELATING TO DISASTER RECOVERY, FRAUD & BRIBERY & PUBLIC INTEREST DISCLOSURE

39. The Board Assurance Framework requires the Audit Committee to undertake an annual review of College policies relating to Disaster Recovery (comprising Major Incident Policy and IT Disaster Policy), Fraud & Bribery, and Public Interest Disclosure. To save time, the policies (Papers 12-15) were made available in advance of the meeting and Committee members were invited to review and send in any suggestions for amending the policies. It was confirmed the suggestions made will be actioned.

40. The CEO agreed to provide a listing of all College policies. The listing will identify those policies that are a statutory requirement and therefore should be subject to review by either the Trust Board or committee of the Trust Board. The listing will also identify those policies that are more operational with timescales for each of these policies to be subject to review from the Executive. Any comments on the listing will be collected offline before the next meeting.

BOARD ASSURANCE FRAMEWORK, RISK MANAGEMENT ACTION PLAN, & RISK REGISTER 2021/22

41. The Committee received the updated '*Board Assurance Framework, Risk Management Action Plan and Risk Register 2021/22*' that included the changes requested at the last Trust Board meeting (Paper 16). Changes proposed by previous meetings to the framework were tracked.

42. It was noted the version of the framework did not include the latest updates and changes made to the Risk Register following review of the register undertaken by the Executive and Risk Champion.

43. It was **AGREED** to circulate the updated Risk Register to Committee members for review and comment.

ANNUAL REVIEW OF THE BOARD ASSURANCE FRAMEWORK (BAF)

44. The schedule of business for the Committee requires the Committee to conduct the annual review of the BAF to see if the sources of assurance evidence are still appropriate or if there are any identified assurance gaps that need to be addressed.

45. Made available for the Committee to review was the Board Assurance Framework 2021/22 (Paper 17). Following review, it was **AGREED** to amend 'Preparation for Ofsted (Action Plan)' to read 'Preparation for Ofsted follow-up Visit (Action Plan)'.

COMMITTEE BOARD ASSURANCE ASSESSMENTS

46. The Board Assurance Framework (BAF) requires each Committee 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 (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).

47. The assessments from the Local Governing Body meeting held 24 May 2022 and the Finance & Resources Committee held 14 June 2022 were confirmed as follows (Paper 18):

(I) Local Governing Body:

Item	Subject	RAG rating	Any Committee Recommendation(s)
6	Career's Gatsby Benchmarks	Green	No concerns/no recommendations
7	Annual Safeguarding Report	Green	Other than the issue of some schools failing in their statutory duty to pass on required safeguarding information, there were no concerns
8	Annual Review of Terms of Reference	Green	No concerns/no recommendations
9(i)	Ofsted Inspection Report	Green	No concerns/no recommendations
9(ii)	SAR Development Plan	Green	No concerns/no recommendations
10	Format & Structure of the College's Self-Assessment Report (SAR)	Green	No concerns/no recommendations
11	Student Retention Update	Green	No concerns/no recommendations
12	Student Voice	N/A	
13	Staff Voice	Green	No concerns/no recommendations

(ii) Finance & Resources Committee:

Agenda item	Subject	RAG rating	Any Committee Recommendation(s)
6	Annual Review of the Terms of Reference for the Finance Committee	Green	No concerns/no recommendations
7	Management Accounts	Green	No concerns/no recommendations
8(i)	RLA Budget 2022/23	Green	No concerns/no recommendations
8(ii)	High level Budget 2023/24 and 2024/25	Green	No concerns/no recommendations
8(iii)	Future Capital Expenditure	Green	No concerns/no recommendations
9	Discretionary Bursary Policy	Green	No concerns/no recommendations
10	Review of Contracts	Green	No concerns/no recommendations

48. The following assessments were agreed on reports considered at this meeting (Paper 19):

item	Subject	RAG rating	Recommendation(s)
6	Review of Terms of Reference	Green	No concerns/no recommendations
7	Audit Progress Report	Green	No concerns/no recommendations
7	Cyber Report – Risk Assessment	Amber	Additional four queries raised at the meeting need reporting on.
8	Audit Plan for Financial Statements	Green	No concerns/no recommendations
9	Internal Audit Plan 2022/23	Green	No concerns/no recommendations
10(i)	Follow-up Report	Green	No concerns/no recommendations
10(ii)	Procurement Report	Amber	To discuss at the July Trust Board on the recommendation from the Internal Auditor on tendering and authorisation limits.
10(iii)	Learning Support Report	Red	Area to be revisited by Internal Audit in 2022/23
10 (iv)	Funding Review Report	Green	No concerns/no recommendations
10(v)	Internal Audit Annual Report 2021/22	Green	No concerns/no recommendations
11(i)	Disaster Recovery Policy	Green	No concerns/no recommendations
11(ii)	Bribery & Fraud Awareness Policy	Green	No concerns/no recommendations
11(iii)	Fraud Response Policy	Green	No concerns/no recommendations
11(iv)	Confidential Reporting Policy	Green	No concerns/no recommendations
12	BAF, Risk Register & Risk	Amber	Updates to the Risk Register to be circulated to Committee members for review and comment

	Management 2021/22		
13	Annual Review of the BAF	Green	No concerns/no recommendations
14(i)	BAF Assessments conducted by Committees	Green	No concerns/no recommendations

ANNUAL REVIEW OF AUDITORS & RE-APPOINTMENT RECOMMENDATIONS

(Auditors left the meeting at this point)

49. The terms of reference for the Audit Committee states the following for the review of the work of auditors:

- To monitor the effectiveness and competence of the internal and external audit services and ensure effective co-ordination between them.
- To establish, in conjunction with Trust Management, relevant performance measures and indicators and to monitor the effectiveness of the internal audit service and external auditor through these measures and indicators, using these measures to determine whether re-tendering is appropriate.

50. Following a review against the agreed KPIs (Papers 20 & 21) to be used in the annual review of auditors, the following assessments were **AGREED**:

- A 'Green' RAG assessment was agreed across all categories for RSM.
- A 'Green' RAG assessment was agreed across all categories for Wylie & Bissett.

TENDERING FOR EXTERNAL AUDIT SERVICE

51. Following receipt of tendering documents, interviews were conducted by members of the Audit Committee, the CEO, and Director of Finance on 16 June 2022. Made available at this meeting was the completed scoring against the agreed scoring matrix.

52. The requirement from the Academies Financial Handbook is for Members to be the appointing body for the external auditors. Based on the scoring against the agreed criteria it was **RESOLVED** to 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 and to commence their appointment from 1 September 2022. It was **AGREED** to make available to Members the completed scoring matrix and for the Chair to provide an overall summary of the process followed and on the recommendation being made.

ANY OTHER BUSINESS

53. There was no other business.

DATE OF NEXT MEETING

54. Tuesday 15 November 2022 @ 5.30pm.

The meeting closed at 19.30

Signed: _____ Date: _____
(Chair)

MIN REF	ACTION POINT	WHEN
6	Framework for Risk Tolerance: 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.	27/6/22
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	15/11/22
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.	15/11/22
12	Cyber Security: CEO to obtain further information on the following queries raised by the Committee: (v) Is there a process in place to test if staff are being fooled into following unsolicited links in emails received? (vi) Is a review undertaken on staff accessing confidential data – are they authorised to access the data? (vii) Are checks done on user access to make sure access rights are correct? (viii) Is a process in place to safeguard confidential information being sent out? In particular, can any inappropriate sending out of confidential data be stopped before it is sent?	15/11/22
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.	12/7/22
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.	Q1 2023
31	To further discuss the recommendation from the internal auditors on authorisation limits at the July trust Board meeting	12/7/22
40	CEO to provide a listing of all College policies, distinguishing between policies that are a statutory requirement and therefore should be subject to review by either the Trust Board or committee of the Trust Board, and policies that are operational with timescales for each of these policies to be subject to review from the Executive.	12/7/22
43	To circulate the updated Risk Register to Committee members for review and comment.	22/6/22
45	To amend the BAF - 'Preparation for Ofsted (Action Plan)' to read 'Preparation for Ofsted follow-up Visit (Action Plan)'.	15/11/22
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 and to commence their appointment from 1 September 2022. To support this a completed scoring matrix and overall summary of the process followed and on the	30/6/22

	recommendation being made to be made available by the Chair.	
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