



**MINUTES OF THE AUDIT & RISK COMMITTEE MEETING HELD
21 NOVEMBER 2023**

- Present: Mr Stephen Hewes (Chair)
Ms Kate Fulker
- In Attendance: Ms Kim Saw - Director of Finance
Mr Jon Allen - Governance Professional
Ms Freya Diffey - Buzzacott (Financial & Regulatory Auditor)
Mr Stuart Wilcox - Risk Champion
Mr Chris Whelan - Chief Executive, Reigate LA
Ms Fiona Chalk - FE 4 Governance, Observing the meeting via Teams as part of the external review of governance.

The meeting commenced at 17.30.

CONFIDENTIAL SESSION

1. Before considering the annual report from the Audit & Risk Committee, a later agenda item, the Committee held a confidential session with the Financial & Regulatory Auditor without College management being present, in accordance with its terms of reference. It was noted that the Chair of the Audit & Risk Committee had previously confirmed by exchange of confidential email that the internal auditor had no matters to bring to the attention of the Committee.

WELCOME, APOLOGIES & DECLARATIONS OF INTEREST

2. The Chair welcomed everyone to the meeting, including Fiona Chalk 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 26 June 2023 (Paper 1).

SUMMARY ACTION LIST & MATTERS ARISING

4. The ‘*Summary Action List*’ was received (Paper 2) and reported on the following action points from the previous meeting:

MIN REF	ACTION POINT	UPDATE FOR MEETING ON 21/11/23
9	The College is required to complete a regularity self-assessment questionnaire and it was	Agenda item

	confirmed this will be circuited to Committee members for review, with formal sign off to be an agenda item at the November meeting of the Audit & Risk Committee.	
23	<p>College Policies:</p> <p>To receive at the next meeting the College Complaints Policy with a summary analysis on complaints received;</p> <p>To add to the cycle of business for the Audit & Risk Committee that the review of statutory college policies be an agenda item at the summer term meeting.</p>	<p>Agenda item</p> <p>This has been added to the cycle of business for the A&R Committee</p>
24	For all statutory policies the introduction to the policy needs to confirm if any DoE guidance has been incorporated within the policy and when was the policy last reviewed against DoE guidance	To be followed on all policies
26(i)	<p>Disaster Recovery Policy</p> <p>The policy needs to confirm communication arrangements to Trustees in the event of a disaster/serious incident.</p> <p>A process to be added to the policy to deal with any incidents of knife/gun attack.</p> <p>Staff information. Details needs to be updated.</p>	<p>All incorporated within the policy.</p> <p>Action agreed - Revised copy to be circulated to Committee members.</p>
26(ii)	<p><u>Bribery Policy</u></p> <p>The focus of the policy is on 'receiving' and not 'giving'. Add reference in the policy that the giving of gifts is prohibited.</p> <p>Prevention and detection – Make a statement in the policy on the process to follow for prevention and detection.</p>	<p>All incorporated within the policy.</p> <p>Action agreed - Revised copy to be circulated to Committee members.</p>
26(iii)	<p><u>Fraud</u></p> <p>The policy states staff can have redress to the Chair of the Audit & Risk Committee but does not confirm how to contact the Chair.</p> <p>This led to a discussion on the use of Trustee college email addresses that was previously discussed at a Board meeting. The use of college email addresses to be revisited and the</p>	<p>Incorporated within the policy.</p> <p>Action agreed - Revised copy to be circulated to Committee members.</p> <p>Trustees to be reminded at the December Trust Board meeting to use their college email</p>

	CEO agreed to raise this with the College's Data Protection Officer.	address for conducting college matters.
30	Risk 19 - Proposed DfE changes to the range of vocational qualifications – it was agreed that the likelihood was higher than '3'. This is considered to be more of a risk to the appropriate course offering to students than to the teaching staff, who already cover syllabuses.	Change made to the Risk Register
32	The annual review of Health & Safety is required to be an agenda item at the spring term meeting of the Trust Board, including a review of the Health & Safety Policy.	To be an agenda item at the spring meeting
33	Under the BAF section 'Corporate Governance' - to add the annual review of statutory College policies and for the review to be undertaken by the Audit & Risk Committee at its summer term meeting. To delete, from both the Risk Register and BAF, references to risks on Covid.	Completed Completed
Board 19/09/23	Risk relating to the transfer of the payroll contract from SCC to Cintra - to keep this risk under review by both the Finance & Resources Committee and the Audit & Risk Committee	See minute 5 & 6 below
Board 19/09/23	To make available to the A&R Committee the Building Surveyors RAAC Report	Agenda item

5. The Committee was reminded that in June, Surrey County Council (SCC) informed the College, and other colleges in Surrey, that they would no longer provide a payroll service with effect from this December, with November being their final payroll month. All the Colleges affected by this decision appointed Cintra in July to provide a payroll service. As part of the preparation for handover, it was agreed for SCC to make available to Cintra the payroll data and for both Cintra and SCC to do parallel payroll runs in October and November with Cintra being the sole payroll provider from December onwards. Due to issues at SCC, Cintra has yet to complete their October payroll run and, as a result, are running a week behind schedule. Cintra have informed the College that they still believe they are on track for a clean November run before going live on 21 December. The issue has been more around transitional arrangements arising from the delay in SCC providing the necessary information to Cintra, for Cintra to complete and check on the accuracy of their October payroll run against the SCC October payroll run.

6. Trustees asked if there was a 'Plan B' in place in the event the December payroll cannot be run. It was confirmed there was a 'Plan B' and this would involve paying staff salaries based on the November payroll run, with any variances between the November and December payroll run being resolved in January.

7. There were no other matters arising.

RISK MANAGEMENT POLICY 2023/24

8. The '*Risk Management Policy 2023/24*' was received for review (Paper 3). It was noted no substantial changes were proposed to the Risk Management Policy 2023/24 from the Risk Management Policy 2022/23 approved by the Trust Board in December 2022. It was confirmed the title 'Clerk' has been amended to refer to the new title 'Governance Professional'.

9. During the review of the policy the Committee **AGREED** for the following changes to be made:

- (i) To add a new section 'Escalation Process' to outline how risks are escalated and reported to the Trust. The Governance Professional to draft a set of words for inclusion within the policy.
- (ii) On the Board Assurance Framework, to confirm the review of the Disaster Recovery Policy, Bribery Policy, and Fraud Policy to be undertaken at the summer term meeting of the A&R Committee.
- (iii) On Appendix 1, confirm that papers now make reference to the purpose of the paper, including links to the Trust's strategic aims and any statutory/compliance requirements.

10. Subject to the inclusion of the above changes, it was **RESOLVED** to recommend the Trust Board approve the '*Risk Management Policy 2023/34*' at the Trust Board meeting to be held on 05 December 2023.

11. The Governance Professional confirmed that committee chairs had agreed that relevant statutory college policies will be added to the cycle of business for their committees and for the reviews to be undertaken at the summer term meetings.

RISK REGISTER 2023/24

12. The '*Risk Register 2023/24*' was received for review (Paper 5). As agreed at the last trust Board meeting, the Register now lists risks outside of tolerance first, followed by risks in numerical order.

13. As previously agreed, the Register includes the two risks recently identified, these being:

- Risk 19 - Proposed DfE changes to the range of vocational qualifications impacts student recruitment, course choices and outcomes.
- Risk 20 - Failure to run the payroll due to issues caused by Surrey Payroll services.

14. To finalise the Register before making it available at the Trust Board meeting, it was **AGREED** to add risk scores for both Risk 19 and 20, and to provide commentary in the column 'Inside/Outside Risk Tolerance'.

COMPLAINTS POLICY

15. It was agreed to receive at this meeting the College Complaints Policy (Paper 5a) with a summary analysis on complaints received during 2022/23 (Paper 5b).

16. Trustees asked that if a complaint is upheld, would the person whom the complaint was made against be entitled to full transparency so that they were made aware of the full details of the complaint. In response, the CEO stated that it would be a reasonable expectation for full transparency in those cases when the complaint is upheld. If the

complaint involved a safeguarding matter, the College would follow its Safeguarding Policy.

17. It was **AGEEED** to amend the policy review date to November 2023.

18. Paper 5b listed the nine complaints received during 2022/23. Trustees asked if the number of complaints received was in line with previous years. It was confirmed this was the case and, for subsequent reporting, the number of complaints received in 2022/23, and the nature of the complaints, would be the benchmark against which comparisons in future reports will be made.

19. Trustees made the observation that the published DfE policy for dealing with complaints was more detailed than the College's Complaint Policy. In response it was stated the College policy was based on guidance received from the Sixth Form College Association and the published DfE policy is more appropriate for schools.

20. Following review, it was **AGREED** to approve the '*Complaints Policy*'.

REINFORCED AUTOCLAVED AERATED CONCRETE (RAAC) REPORT

21. At the September Trust Board meeting, the CEO provided an update on the use of reinforced autoclaved aerated concrete - otherwise known as RAAC – which is a lightweight building material used from the 1950s up to the mid-1990s. The DfE issued a questionnaire in 2022 regarding the use of this material and no issues arose following the instructions provided at the time. However, following a more recent ceiling collapse at a school, the DfE issued revised instructions in August 2023. In response to the revised instructions, the College commissioned a structural engineer (BG Consulting) to perform the required checks. The CEO reported checks have been conducted and the Building Surveyor confirmed there was no use of RAAC in any of the College buildings and this was to be confirmed in the written report from the Building Surveyor. The Trust Board agreed for the report to be made available to the Audit & Risk Committee.

22. Received for information purposes was the '*RAAC Survey Report*' issued by BG Consulting (Paper 6).

AUDIT PROGRESS UPDATE

23. The '*Audit Progress Report*' was received (Paper 7). The report provided the Committee with an executive summary on the internal audit recommendations made during 2022/23. It was noted, and welcomed, that all internal audit recommendations had been closed and this was confirmed in the follow-up report prepared by the internal auditors and presented to the Audit & Risk Committee in June. It was further confirmed by Buzzacott that all the points raised during the 2022 financial statements audit undertaken by RSM had been closed.

24. The Committee welcomed the confirmation that all action points raised by the auditors during 2022/23 had been addressed and closed.

FINANCIAL STATEMENTS YEAR ENDED 31 AUGUST 2023 REIGATE LEARNING ALLIANCE

(i) 'Self-Assessment Regularity Questionnaire'

25. Made available was the completed '*Self-Assessment Regularity Questionnaire*' (Paper 8). It was confirmed the questionnaire was completed after the June meeting of the Committee, so sign off of the completed questionnaire is required from the Committee. The Committee **AGREED** to sign-off the completed '*Self-Assessment Regularity Questionnaire*'.

26. A copy of the Trust's draft '*Financial Statement and Annual Report 2022/23*' was made available (Paper 9) along with the '*Audit Findings Report Year ended 31 August 2022*' issued by Buzzacott, the College's Financial and Regularity Auditor (Paper 10). Also made available was the Letter of Representation issued by Buzzacott (Paper 11). Ms Freya Diffey from Buzzacott was in attendance to present the audit report for this agenda item.

(ii) Financial Statement and Annual Report 2022/23

27. 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.

28. It was confirmed that the Finance & Resources Committee at its meeting held on 14 November 2023 carried out a review of the commentary and financial information and there were no issues of concern raised by the Finance & Resources Committee to report to the Audit & Risk Committee.

29. It was noted the Annual Report made reference to the change in College solicitors and trustees asked if the change was a process that required approval from the Trust Board? Was there any delegated authority in place requiring either Trust Board approval or approval from the Finance & Resources Committee? In response it was confirmed the change did not meet the threshold for tendering or seeking approval from either the Chair, Chair of the Finance & Resources Committee or the Committee itself. The use of the College solicitors would be on an ad-hoc basis and usually to deal with matters relating to employment law. Solicitor fees would be charged as and when the College sought their advice and support. As the change was disclosed in the Annual Report, going forward, any future change to the College solicitors should be reported to the Finance & Resources Committee for information purposes.

30. In the section of the report on College KPIs/Strategic Aims, the only commentary on progress made was against the Strategic Aim relating to financial viability. It was **AGREED** that future Annual Reports would include a progress commentary against each of the Trust's Strategic Aims.

31. On page 26, it is stated 'The Accounting Officer has been advised on the implication of the result of his review of the effectiveness of the system of internal control

by the Audit & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place’.

32. Trustees sought an explanation as to the amount of ‘Deferred Income’ on page 51. It was confirmed this related to the replacement of a photocopier lease, with the new provider making funds available to the College to pay the penalty clause with the previous provider as part of the agreed deal to change to the new supplier.

33. Trustees commented that they were confused with the wording ‘negative conclusion’ in the section of the report from the auditors and asked if this could be subject to further discussion at Buzzacott to see if changes can be made to the wording, for example by using the term ‘negative assurance conclusion’ A negative assurance conclusion can be favourable, the term ‘negative conclusion’ suggests the opposite.

34. Trustees asked for a comment to be included in the Annual Report on the reasons why the College holds reserves over and above the amount set in the College’s ‘Treasury Management Policy’.

35. On a general point, the Committee asked the auditors if they could provide the Committee with regular updates as and when the Accounting Policies, issued by the Funding Agency, are subject to change.

(iii) Audit Findings Report

36. Made available to the Committee was the ‘*Audit Findings Report*’ issued by Buzzacott, the College’s Financial & Regulatory Auditor (Paper 10). Subject to the satisfactory receipt of some minor outstanding items, the auditors confirmed they intend to issue the following opinions:

Financial statement’s opinion:

We expect to express that in our opinion the financial statements give a true and fair view and have been properly prepared in accordance with the Academies Accounts Direction 2022 to 2023 and previous supplementary bulletin (July 2021) issued by the ESFA, and Companies Act requirements.

Regularity assurance conclusion:

We intend to state that in the course of our work nothing has come to our attention which suggests that in all material aspects the expenditure disbursed, and income received during the year ended 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

37. The report confirmed five audit recommendations, one being classified as a ‘Moderate Risk, three classified as a ‘Minor Risk’ and one classified as ‘Advisory’. The recommendations were noted as follows:

- The Academy Trust to implement a process to formally document the authorisation of payroll (Moderate Risk).
- The Academy Trust to perform a full review of the fixed assets register, at least annually, to identify which items are still in use and remove any items on the register which are no longer in use by the Academy Trust. In addition, to review

the depreciation rates being used in order to assess whether these remain appropriate (Minor Risk).

- To implement a process to annually review their scheme of delegation to ensure this remains relevant and up to date for changes in employees and/or job roles (Minor Risk).
- The Academy Trust undertakes the self-assessment toolkit to assess any potential risk exposure and, if needed, seek a specialist to undertake a full Cyber Essentials check (Advisory).

38. It was confirmed management accepted all the audit recommendations made.

(iv) Letter of Representation

39. In the Letter of Representation issued by the External Auditor, on the financial statements, the following statement is made:

We believe that the Academy Trust's financial statements should be prepared on a going concern basis on the grounds that, based on our assessment of the feasibility of future plans, current and future sources of funding or support will be more than adequate for the Academy Trust's needs. We believe that no further disclosures relating to the Academy Trust's ability to continue as a going concern need to be made in the financial statements. In assessing going concern, we have paid particular attention to a period of not less than one year from the date of approval of the financial statements.

(v) Going Concern Assessment

40. With reference to 'Going Concern' for the period of not less than one year from the date of approval of the financial statements (December 2023- December 2024), the Director of Finance made available a short presentation. The Committee was reminded that the Trust, at its meeting in July, approved for the first time a deficit budget, with a year-end deficit forecast of £299k. However, subsequent to this meeting, additional funding has been received from the Funding Agency resulting in a year-end forecast of a surplus of £23k. The resulting year-end deficit forecasts for 2024/25 and 2025/26 have been reduced accordingly to £101k for 2024/25 and £621k for 2025/26. During this period the cash flow chart made available to the Committee confirmed College reserves will remain above the minimum level of £2m set in the College's Treasury Management Policy. Accordingly, it is the view of College Management that the Trust will continue to be a going concern during the period of not less than one year from the date of approval of the financial statements. The Committee endorsed the going concern assessment.

41. It was **RESOLVED** to recommend that the Trust Board, at its meeting on 05 December 2023 approves:

- (i) The '*Financial Statements Year Ended 31 August 2023*' and to authorise the Chair and Accounting Officer to sign the accounts on behalf of the trust Board;
- (ii) The Letter of Representation and to authorise the Chair to sign the letters on behalf of the Trust Board.

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

42. 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.

43. The following Board Assurance assessments were noted:

(I) Local Governing Body meeting 10 October 2023:

Agenda Item	Subject	RAG rating	Any Committee Recommendation(s)
6	Admissions & Numbers	GREEN	No Recommendations/Actions arising from discussions.
7	Draft Outcome Data	GREEN	No Recommendations/Actions arising from discussions.
8	Self-Assessment Report 2022/23 & Annual Targets from the SAR	AMBER	Still work in progress – final version to be approved at the December Trust Board meeting
9	Student Voice	GREEN	No Recommendations/Actions arising from discussions.
10	Staff Voice	GREEN	No Recommendations/Actions arising from discussions.

(II) Finance & Resources Committee meeting 14 November 2023:

Agenda Item	Subject	RAG rating	Any Committee Recommendation(s)
7	Management Accounts	GREEN	No concerns/no recommendations
8	Financial Statement Year Ended 31 August 2023	GREEN	No concerns/no recommendations
8	Reconciliation Statement	GREEN	No concerns/no recommendations
8	Financial Statement Auditor's 'Audit Findings Report'	GREEN	No concerns/no recommendations
9	Review of Contracts	GREEN	No concerns/no recommendations

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

Agenda item number	Subject	RAG Rating	Any recommendation(s) or action(s) arising from discussions on the agenda item; Any comment(s) on the quality of the paper(s)/presentation(s) made available for the agenda item.

7(i)	Risk Management Policy 2023/24	GREEN	
7(ii)	Risk Register 2023/24	GREEN	No concerns/no recommendations
8	Complaints Policy & Evaluation of Complaints Received	GREEN	No concerns/no recommendations
9	RAAC Report	GREEN	
10	Audit Progress Update	GREEN	No concerns/no recommendations
11(i)	Regularity Self - Assessment Questionnaire	GREEN	No concerns/no recommendations
11(ii)	Financial Statements for the year ended 31 August 2023	GREEN	No concerns/no recommendations
11(iii)	Audit Findings Report issued by Buzzacott	GREEN	No concerns/no recommendations
13	BAF Assessments conducted by Committees	GREEN	No issues of concern.

AUDIT & RISK COMMITTEE'S ANNUAL REPORT 2022/23

45. The draft 'Annual Report 2022/23 from the Audit & Risk Committee' was received (Paper 10).

46. 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.

47. 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 2022/23.

The Audit & Risk Committee recommends the Trust Board approves the Annual Report and Financial Statements for the year ended 31 August 2023 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.

48. It was **RESOLVED** to approve the Audit & Risk Committee’s Annual Report 2022/23 and to submit the report to the Trust Board at its meeting on 05 December 2023.

ANY OTHER BUSINESS

49. There was no other business.

(Ms Freya Diffey left the meeting at this point)

ANNUAL REVIEW OF AUDITORS (Auditors not to be in attendance for this agenda item)

50. The Committee conducted the annual review of the performance of both the internal audit service and financial statement & regularity auditor. The review considered performance against agreed key performance indicators.

- A ‘Green’ RAG assessment was agreed across all categories for the internal auditors – Wylie & Bisset
- A ‘Green’ RAG assessment was agreed for the financial and regularity auditor - Buzzacott

DATE OF NEXT MEETING

51. 27 February 2024 @ 17.30.

The meeting closed at 19.15.

Signed: _____ Date: _____
(Chair)

MIN REF	ACTION POINT	REVIEW
4	Circulate revised policies – Disaster Recovery, Bribery, and Fraud Policies, to committee members	27/2/24
4	The annual review of Health & Safety is required to be an agenda item at the spring term meeting of the Trust Board, including a review of the Health & Safety Policy.	27/2/24
4	Trustees to be reminded at the December Trust Board meeting to use their college email address for conducting college matters.	27/2/24
9	Risk Management Policy – to make the following changes:	27/2/24

	<ul style="list-style-type: none"> (i) To add a new section 'Escalation Process' to outline how risks are escalated and reported to the Trust. The Governance Professional to draft a set of words for inclusion within the policy. (ii) On the Board Assurance Framework to confirm the review of the Disaster Recovery Policy, Bribery Policy, and Fraud Policy to be undertaken at the summer term meeting of the A&R Committee. (iii) On Appendix 1, make reference that papers now make reference to the purpose of the paper, including links to the Trust's strategic aims and any statutory/compliance requirements. 	
13	Risk Register - to add risk scores for both Risk 19 and 20, and to provide commentary in the column 'Inside/Outside Risk Tolerance'.	27/2/24
29 & 34	<p>Amendments to The Financial Statements & Annual Report:</p> <p>Minute 33: Buzzacott to consider using the phrase 'negative assurance conclusion' in the text 'The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.'</p> <p>Minute 34: for a comment to be included in the Annual Report on the reasons why the College holds reserves over and above the amount set in the College's 'Treasury Management Policy'.</p>	27//2/24