

**PART A Minutes of the Audit Committee meeting held on 7 May 2019 at 3pm**

**Room 4H05, University Centre**

**Present** Lucy Ottewell-Key (Staff Governor) Philip Jackson (Interim Chair) Robert Edwards, John White, Mike Stopper.

**In Attendance** Gill Alton CEO, Alan Bird Interim GD Finance, Susan Bailey Clerk to the Corporation, and David Robinson TIAA.

Prior to the meeting at 2.45 pm members of the Audit Committee met with the Internal Audit service without management present in order for members and the auditors to give feedback / raise any queries privately (See part B minutes)

**1. Interim Chair's address**

1.1 The Chair informed the Committee of his intention to resign from the Corporation due to his current work commitments and recent success as the new elected leader of the NE Lincolnshire County Council. Members congratulated the Chair and gave thanks for his work and support as the Chair and member of the Audit Committee over many years. The Chair welcomed David Robinson from TIAA and Alan Bird, Interim GD Finance to the meeting.

**2 Apologies**

2.1 Apologies were received from David Hoose, Mazars.

**3 Declarations of Interest**

3.1 There were no declarations of interest.

**4 Minutes of the Audit Committee Meeting held on 4 December 2018 and any matters arising**

4.1 The minutes of the Audit Committee meeting held on 4 December 2018 were accepted as a correct record and signed by the Chair.

**4.2 Matters arising:**

**4.3 Letter to the Audit Committee regarding Audit Completion report year ended 31 July 2018:** Members noted that subsequent to the issue of the Audit Completion report 31 July 2018 the GD HR had written to the External Audit Service to contribute to the management response regarding a number of recommendations. It was noted that the External Audit Service had agreed to consider the response and how this impacted on the design of payroll audit testing in future years.

**4.4 Cyber Security:** Members noted the addition of cyber security to the Risk Register as requested by the Audit Committee at the last meeting.

## **5 Internal Audit Service progress report on Internal Audit Plan 2018-19 as at 15 March 2019**

5.1 TIAA submitted the Internal progress report on the Internal Audit Plan 2018-19 which summarised progress against the action plan and the Audit work carried out since the last meeting and which confirmed the following:

- a) No emerging risks which could impact the overall effectiveness of governance, risk and internal control framework of the organisation had been identified.
- b) There were no changes proposed to the annual plan presently.
- c) One audit review on Key Financial Controls had been finalised since the last Audit Committee, receiving reasonable assurance that appropriate controls were in place to ensure that payroll data was accurate.

5.2 Members noted the new format of the TIAA Internal Audit reports and dates of upcoming audit reviews on the following areas:

- ICT Network Security and Cyber Security
- Safeguarding
- Risk Management Framework
- Health & Safety
- GDPR Compliance
- Follow-up

**5.3 RESOLVED** The Internal Audit Service progress report on the Internal Audit Plan 2018-19 was received and noted.

## **6. Internal Audit Service assurance review of Key Financial Systems – payroll and payments.**

6.1 TIAA submitted the final IAS review of Key Financial systems report which considered the arrangements for the creation, amendment and deletion of payroll records, payment of allowances and pay awards and the payment of salaries and expenses. The review also considered the arrangements in place for processing payments in line with delegated authority and the maintenance of supplier details.

6.2 Testing carried out within a number of areas of payroll and payments had not revealed any instances of inappropriate practices or lack of controls.

6.3 One 'important' recommendation relating to the review and sign off of the exception report relating to changes to supplier details had been made and five other 'routine' recommendations made in respect of:

- Availability of documented payment procedures.
- Updates to the Financial Regulations in respect of invoice and purchase order approval levels and inclusion of the updated Finance Team Structure regarding BACS approval.
- Provision of clarity regarding exceptions to agreed expenditure approval limits
- The Financial Regulations required revision to provide clarity regarding the purchase order financial approval limits.
- Retention of documentation to evidence the approved supplier bank account change verification process was being followed.

6.4 One 'directed' recommendation was made in respect of consideration to be given to reviewing all payroll variances in excess of £300 and not just the increases.

6.4 **RESOLVED** The Internal Audit Service report on Key Financial Systems – payroll and payments was received and noted.

## **7. Risk Assurance framework update report**

7.1 The ex-Group Director Finances' Risk Assurance Framework report was received and considered. Members were reminded of the requirement for risk owners to provide a twice yearly statement justifying their opinion in relation to the effectiveness of controls in managing the stated risks. It was agreed that the report provided additional detail about the levels of control to mitigate risks which was helpful in providing the Audit Committee with necessary assurances regarding the effective management of risk.

7.2 **RESOLVED** The Risk Assurance Framework update report was noted.

## **8 Risk Register update report 2018-19**

8.1 The ex-Group Director Finances' Risk Register update report 2018-19 was received and considered. It was noted that all risks relating to the TEC Partnership had been reviewed and updated. SR27 Cyber Security risk had been added to the risk register and changes to ratings were now indicated by a change arrow against the residual risk score (following the request of members at the last meeting of the Audit Committee)

8.2 Following discussion it was agreed that in view of most recent admissions data EMT should review the risk scores for SR16: Reputational / Financial and SR5: Reputational risk and report back to the next meeting of the Audit Committee accordingly.

8.3 **RESOLVED** The Risk Register update report 2018-19 was noted.

## **9 Board Assurance Framework (BAF) 2018-19 update**

9.1 The Clerk submitted a report detailing progress towards development of the TEC Partnership's Board Assurance Framework (BAF.) The report included a board assurance framework template devised by FE Clerks, Governors, Principals and Finance Directors at a recent workshop facilitated by the AoC, RSM and Rollitts. Members agreed to delay consideration of the proposed BAF until the new Group Director Finance had taken up post on 12 June 2019. Members discussed the cross-over / similarities between the current Risk Register and proposed BAF, agreeing that a much simpler BAF articulating the TEC Partnership's top ten key risks would be suitable, subject to the agreement of the new GD Finance.

9.2 **RESOLVED** the Board Assurance Framework update report was noted.

## **10. Financial Regulations policy review.**

10.1 The Financial Regulations policy review report was received and considered. Members agreed to defer review of the Financial Regulations until the new Group Director Finance had taken up post on 12 June 2019. Due to the timings of meetings it was agreed that this year's annual review of the financial regulations should be undertaken by the Corporation directly. Members suggested additional amendments required to the Financial Regulations in relation to removal of reference to Estuary TV, inclusion of the recent recommendations of the Internal Audit Service in respect of Key Finance Controls, recent changes to Remuneration Committee responsibilities and the TEC Partnership's recent rebranding.

10.2 **RESOLVED** that the Financial Regulations annual review is deferred until 8 July 2019.

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## 11. Freedom of Information requests annual report 2018-19

11.1 The Freedom of Information (FOI) Annual Report 2017 detailing the number and type of FOI requests received and actioned by the TEC Partnership was considered. The following was noted:

	Total	FOI	Subject Access
FOI request March 2018 – February 2019	32	23	9
FOI request March 2017 – February 2018	25	21	4

11.2 It was noted that four FOI requests received during March 2018 - February 2019 had been denied on the basis of commercial sensitivity. A number of FOI requests related to commercial type requests for information relating to supplies and services.

11.3 For future reports members requested the following:

- trend analysis data
- the split between commercial type requests and FOI requests from members of the public
- details of the reasons for denying FOI requests.

11.4 **RESOLVED** The Freedom of Information Annual Report 2017 was noted.

## 12. Funds fraudulently obtained report.

12.1 With the exception of the theft of a TEC Partnership minibus from a public car park in Leeds on 20 February 2019 management were not aware of any other funds fraudulently obtained.

12.2 **RESOLVED** The funds fraudulently obtained report was received and noted.

13. **Any other business** – no other business was raised at the meeting.

## 14 Date and time of next meeting

14.1 **RESOLVED** Tuesday 25 June 2019 4pm – The Boardroom, University Centre

The meeting closed at 3.50 pm

Chair of the Audit Committee

Signed \_\_\_\_\_

Date \_\_\_\_\_

## Action Schedule

No	Minute Title	Action by	Action required
8	Risk Register update report 2018-19	GD Finance / EMT	Review SR16 and SR5 and report back to next meeting.
9	Board Assurance Framework	GD Finance	Review BAF submit to Audit Committee September 2019 meeting
10	Financial Regulations policy review	GD Finance / EMT	Submit Financial Regulations for Corporation approval 8 July 2019
11	Freedom of Information requests and annual report 2018-19	GD Corporate Services	Provide additional data for future reports – trend analysis, split between public/commercial FOIs and details of requests denied.