

**PART A Minutes of the Audit Committee meeting held on 17 March 2020 at 4pm**

**The Boardroom, University Centre**

**Present** Walter Leschenko, John White, Mike Stopper

**In Attendance** Susan Bailey Clerk to the Corporation, Tony Lawlor Group Director Finance, +Andrew McCulloch TIAA.

Social Distancing was in place throughout the entirety of the meetings in line with recent Government advice regarding Covid-19. Prior to the meeting at 3.45 pm members of the Audit Committee met with the Internal and External Audit service without management present in order for members and the auditors to give feedback / raise any queries privately (See part B minutes)

**1. Chair of the Audit Committee**

**1.1 RESOLVED** Walter Leschenko was elected Chair for the meeting.

**2 Apologies**

**2.1** Apologies were received from Keith Pearson.

**3 Declarations of Interest**

**3.1** There were no declarations of interest.

**4 Minutes of the Audit Committee Meeting held on 3 December 2019 and any matters arising**

**4.1 RESOLVED** The minutes of the Audit Committee meeting held on 3 December 2019 were accepted as a true record and were duly signed by the Chair.

**5 Plans to address issues raised in the External Audit Management Letter 2018-19 (verbal)**

**5.1** The Group Director Finance confirmed that the TEC Partnership was prepared for merger with East Riding college with bank reconciliation due for completion from 1 August 2020 and that Audit Service providers had reviewed all funding and Internal controls.

**5.2 RESOLVED** The update on plans to address issues raised in the External Audit Management letter was noted.

**6. Internal Audit Service Progress Report on Audit Plan**

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

- a) No emerging risk 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 currently.

- c) The following Audit reviews now finalised since the last Audit Committee meeting were as follows:

Project Management	Reasonable Assurance received
NET	Substantial Assurance received
Bursaries	Reasonable Assurance received

- d) Members noted upcoming audit reviews on the following areas:

Risk Register and Board Assurance  
Contingency  
Follow up

- 6.2 Members agreed that covid-19 could impact on completion of upcoming Internal Audit Service reviews.

- 6.3 RESOLVED** The Internal Audit Service progress report on the Internal Audit Plan 2019-2020 was noted.

## **7. Internal Audit Service (IAS) assurance review of Bursaries**

- 7.1 TIAA submitted the final IAS assurance review of Bursaries report. The review considered the TEC Partnership's bursaries arrangements with focus on process, systems in place to ensure compliance, the administration of bursaries, bursary payments and budget setting, control and monitoring. The Bursary system had a financial element of up to £2m per annum and therefore identified as a significant risk area.

- 7.2 The review concluded that the TEC Partnership had appropriate policies for FE and HE bursary arrangements in place. Two 'Important' and three 'Routine' recommendations were made as a result of the review.

- 7.3 The GD Finance confirmed that the recommendations were being embedded into current practice as per the review report implementation timetable.

- 7.4 RESOLVED** The Internal Audit Service assurance review of Bursaries was noted.

## **8. Internal Audit Service review of Project Management**

- 8.1 TIAA submitted the final IAS assurance review of Project Management. The review considered the arrangements in place for project governance and control including the management of budgets, timescales, milestones, benefit realisation, communication planning and overall implementation.

- 8.2 The review concluded that the TEC Partnership had established a framework of project management arrangements and controls which were appropriate to the nature and scale of its wide ranging project portfolio. Two 'Important', one 'operational' and two 'routine' recommendations were made as a result of the review.

- 8.3 Members queried the following:

- What benchmarking (if any) was undertaken in respect of Project Management performance?
- How aligned was Project Management to the TEC Partnership's Strategic Measures?

- 8.4 In response the GD Finance stated that the recommendations were specific to Project Management and in line with similar FE institutions but it was difficult to benchmark due to the specific nature of the projects. A business case for every project was produced with reconciled on a monthly basis within the management accounts, which were then issued to governors on a monthly basis.
- 8.5 Members noted the value of current projects with many small projects ranging from £20k up to £4m. Management did not chase every project and believed themselves to be good at delivering projects. Key lessons learned within the recommendation would be followed up accordingly.
- 8.6 **RESOLVED** The Internal Audit Service assurance review of Project Management was noted.

## 9. Internal Audit Service assurance review of NET

- 9.1 TIAA submitted the final IAS assurance review of NET. The review considered the arrangements in place to ensure that appropriate learner enrolment and assessment records were maintained with the focus on all processes for enrolment, attendance and completion of courses and funding.
- 9.2 The review concluded that:
- Funding submissions had been accurately submitted in a timely manner.
  - Quality reviews were regularly undertaken relating to the completion of learners' workbooks and feedback provided by tutors.
  - No follow up surveys were undertaken relation to the quality of learners provided to employers three/six months following completion of a course.
  - Although additional support assessments were carried out there were no arrangements in place to provide additional learner support.

One 'operational' and one 'routine' recommendation were made as a result of the review which management agreed would be followed up accordingly.

- 9.3 **RESOLVED** The Internal Audit Service assurance review of NET was noted.

## 10. The potential impact of the Office for Students (OfS) Audit Code of Practice and Accounts Direction (verbal)

- 10.1 The Group Director Finance provided an update on the impact of the OfS Audit Code of Practice and work towards compliance with OfS Accounts Direction and guidance on preparing and publishing financial statements for accounting periods beginning on or after 1 August 2019. Audit firms were now working their way through the guidance and Mazaars would be supporting the Group Director Finance in his work to satisfy the OfS requirements. Members noted that action would be undertaken from 1 August 2020 onwards.

- 10.2 **RESOLVED** The verbal report on OfS Audit Code of Practice and Accounts Direction was noted.

## 11. Risk Register update 2019/20

- 11.1 The Group Director Finance submitted the TEC Partnership's most up to date and re-vamped Strategic Risk Register which members were informed was now fully aligned to the TEC

Partnership's four strategic objectives and incorporated the most critical risks from existing Strategic, GIFHE, Scarborough TEC, Modal and Merger risk registers.

11.2 During review the following was raised / confirmed to members:

- The revised format of the Risk Register was now more 'user friendly' and easier to read.
- Covid-19 could have an impact on merger.
- The CEO confirmed that staff and students were being kept fully informed about national developments. Staff within the vulnerable category would go into self-isolation for 3 months. As it was highly likely a full lockdown would be enforced imminently measures were currently being put in place for staff to deliver learning programmes remotely to minimise the impact on students. The CEO stated that a further update would be provided on Friday 20 March 2020 to outline to staff, students and governors what has happened over the last week, the current position and future plans.
- EMT were now in the process of embedding the revised Risk Register across the organisation and had been swift to adapt quickly.
- Each local board considers the Risk Register relevant to their college campus.
- In respect of Risk Reference Merge SP2 Key IT System Integration members suggested adding a beginning and end date to the risk descriptions.
- It was confirmed that ERC were to adopt the TEC Partnership's IT systems.

**11.3 RESOLVED** The Risk Register update 2019-20 was approved.

**12. Modal Management Accounts** – confidential minute in accordance with Clause 17 (2) of the Instrument of Government.

**13. Integrated Finance Model for Colleges (IFMC) update report**

13.1 The GD Finance submitted a report detailing the ESFA requirements for all Colleges to complete an Integrated Financial Model for Colleges, introduced by the ESFA to enable better decision making and help facilitate the prevention of college financial distress. Members were informed of the sector wide challenges and technical issues experienced in completing the IFMC and noted the extensive list of future developments planned included ESFA working with finance directors to ensure the IFMC was fit for purpose and provision of an improved in-model dashboard to assist with board sign-off. The report included DfE guidance on the common issues with the IFMC for colleges and copies of letters to the ESFA and DfE from the AoC outlining the concerns of the College Finance Directors Group (CFDG.)

**13.2 RESOLVED** The Integrated Finance Model for Colleges (IFMC) update report was noted.

**14. Merger Due Dilligence**

14.1 The Group Director Finance submitted the following documents for information in relation to the ongoing merger with East Riding College, all of which had been submitted to and endorsed by the Corporation on 21 January 2020:

- Wylie & Bissett Financial Due Diligence report
- Wylie & Bissett Due Diligence presentation
- Stone King Legal Due Diligence report
- Stone King Legal Due Diligence presentation

14.2 It was confirmed that the merger was progressing well with no major weaknesses identified within either organisation. The Group Director assured members that management continued to take a prudent and sensible approach to the merger process and were not complacent.

14.3 **RESOLVED** the update report was noted.

**15. Letter from Richard Atkinson FE Commissioner**

15.1 **RESOLVED** The letter to FE College Chairs and Principals dated 6 February 2020 was received and the salient points raised in the letter noted.

**16. Freedom of Information Annual Report**

16.1 The Freedom of Information (FOI) Annual Report detailing the number FOI and Subject Access requests received and actioned by the TEC Partnership was considered. Members were informed that the type of requests received were common throughout the FE sector. The following was also noted:

<b>Freedom of Information and Subject Access reequests received</b>	<b>Total</b>
FO1 requests March 2019 – February 2020	39
FOI requests March 2019 – February 2019	32
FOI requests March 2017 – February 2018	25

16.2 **RESOLVED** The Freedom of Information Annual Report was noted.

**17. Funds fraudulently obtained report.**

17.1 The Group Director Finance confirmed that management were not aware of any instances of fraud fraudulently obtained since the last meeting of the Audit Committee.

17.2 **RESOLVED** The funds fraudulently obtained (verbal) report was received and noted.

**18. Any other business - none received.**

**19. Date and time of next meeting** Tuesday 23 June 2020 @ 4pm

The meeting closed at 5.45 pm

Chair of the Audit Committee

Signed \_\_\_\_\_

Date \_\_\_\_\_