

**PART A Minutes of the Audit Committee MS Teams meeting held on 23 June 2020 at 4pm**

**Present** Walter Leschenko, John White, Keith Pearson

**In Attendance** Susan Bailey Clerk to the Corporation, Tony Lawlor Group Director Finance, Adrian Clarke, Group Director Corporate Services, Gill Alton CEO, Andrew McCulloch TIAA, David Hoose, Mazars.

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 The Clerk reported that following the request for all members of the Audit Committee to consider the position of Chair of the Audit Committee, Walter Leschenko had kindly offered to take on the role. The Clerk confirmed that subject to Corporation approval as Chair of the Audit Committee Walter Leschenko would also become a member of full Corporation.

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

**2 Apologies**

2.1 Apologies were received from Mike Stopper

**3 Declarations of Interest**

3.1 There were no declarations of interest.

**4 Minutes of the Audit Committee Meeting held on 17 March 2020 and any matters arising**

4.1 **RESOLVED** The minutes of the Audit Committee meeting held on 17 March 2020 were accepted as a true record to be duly signed by the Chair electronically.

**5. Internal Audit Service Progress Report on Audit Plan including Governance and Risk Management.**

5.1 TIAA provided a verbal update on the progress of the Audit Plan 2019-20 confirming that due to the impact of Covid-19 the planned review of Risk Management and Board Assurance Framework had been expanded utilising contingency days to incorporate a review of governance.

5.2 TIAA confirmed that the outcome of the review had been positive with substantial assurance provided that governance was well managed and that risk management processes and strategy across the TEC Partnership were robust and proactive. No recommendations had been made as a result of the review. TIAA confirmed that work to complete the Follow-up review was underway, the outcome of which would be reported to the next meeting of the

Audit Committee accordingly along with the final report on Governance and Risk Management.

- 5.3 In respect of the Project Management review considered at the last meeting members suggested that as there were a number of smaller learner based projects running alongside the larger more significant projects it would be useful for the Audit Committee to be provided with an overview of how these impacted on the TEC Partnership's strategic objectives and how these were managed and controlled in respect to business cases, cost, user acceptance and delivery management including change control at portfolio level.
- 5.4 It was agreed that the Audit Committee required assurance not only on project management controls but also on the TEC Partnership's overall capital programme.
- 5.4 It was confirmed that remote audit work had continued effectively with physical testing and sampling undertaken electronically and staff compliance with any requests for further information provided swiftly.
- 5.5 RESOLVED** The Internal Audit Service progress report on the Internal Audit Plan 2019-2020 was noted.

**6. Our approach to Covid-19 including Covid-19 policy and return to site risk assessment.**

- 6.1 The Group Director Finance and Group Director Corporate Services submitted the following documents detailing managements approach to the re-opening all learning sites in line with government advice.
- Covid-19 Policy
  - Return to Site Guidance
  - Return to Site Risk Assessment
- 6.2 Members were informed that the recent Internal Audit review of Governance and Risk Management had also covered managements approach to risk management during Covid-19 and which had identified best practice to be shared externally.
- 6.3 Members watched a short video, produced by Estuary TV students, at the request of the DfE and ESFA to capture the TEC Partnership's approach on managing the re-opening of learning sites and to highlight how seriously the safety of all was being considered.
- <https://youtu.be/BTRoa7kDWjw>
- 6.4 During questions and answers it was confirmed that the safety of students and staff off site could not be guaranteed particularly in respect of travelling to and from sites, although the risk of transmission of Covid-19 was low due to the small numbers of learners coming back to site on a phased and controlled basis. The Group Director Corporate Services reported that whilst on site it was evident that staff and students were very disciplined in sticking to social distancing rules and guidance. It was confirmed that the Covid-19 Risk Assessments would be reviewed over the summer to take account of updated government guidance.
- 6.5 RESOLVED** The reports on the TEC Partnership approach to Covid-19 and the return to site risk assessments were received and endorsed with sincere thanks to the CEO and her leadership team and all staff for their relentless work to ensure the safety of all which it was agreed was highly commendable.

## **7. Risk Management Strategy 2019-20 and Strategic Register including Group Risk Appetite 2019/20**

7.1 The Group Director Finance submitted the TEC Partnership's Risk Management Policy 2020 and Strategic Risk Register which members were informed was now fully aligned to the TEC Partnership's four strategic objectives and which incorporated the most critical risks from existing Strategic, GIFHE, Scarborough TEC, Modal and Merger risk registers.

7.2 During questions and answers the following was confirmed /agreed:

- The Risk Register was very much a working document likely to change in line with Covid-19 developments and the forthcoming merger with East Riding College (ERC)
- The Risk Management Policy had been updated with no significant changes to the previous version made.
- The Risk Management policy was comprehensive and provided an excellent overview of the TEC Partnership's underlying approach and strategy in managing risk and the roles and responsibilities of the Corporation, its committees and local boards, EMT, SMT, the Risk Management Group (RMG) and other key parties.

**7.3 RECOMMENDED** That the Risk Management Policy 2020 and Risk Register be approved by the Corporation.

## **8. Finance Update**

8.1 The Group Director Finance submitted the TEC Partnership Profit and Loss Report as at 31 May 2020 including the totals from the recent Covid-19 Forecast and executive summary detailing the following:

- Income for May 2020 showing a negative variance of -£143k
- Non-Pay showing a positive variance of +£193k
- Pay showing a positive variance of +£19k
- Cash position positive at £6,781k
- Condsolidate outstanding debts as at 31 May 2020 at a slower rate than normal due to closures due to lockdown.
- Budget 2020-21 prepared at high-level due to the variables and uncertainties relating to Covid-19
- IFMC updated template for return to the ESFA by 31 July 2020 and submission to the Corporation for endorsement on 7 July 2020.
- Merger readiness plans

8.2 Members welcomed the report agreeing that the update provided a very helpful overview of the financial management of the TEC Partnership during the current operating environment under lockdown.

**8.3 RESOLVED** The finance update report was received with thanks to the Group Director Finance and the finance team.

## **9 Grimsby Institute Audit Strategy Memorandum for the year ended 31 July 2020 including proposed Audit and Regularity Engagement Letters**

9.1 Mazaars submitted the External Audit Service Memorandum for the year ended 31 July 2020 summarising the audit approach to be taken, significant risks and areas for key judgements which the Audit Committee agreed was appropriate. Members noted the fees for the audit and other services, the audit scope and timeline. Members agreed that the Sector updates included within Annex B of the document again provided a very helpful summary of the following emerging initiatives and that links to the full reports for further reading were most welcome:

- FE Insolvency Regime
- College oversight: Support and Intervention
- Post-16 Audit Code of Practice 2019-20 (yet to be published)
- Colleges Accounts Direction 2019-20
- Changes in Teachers' Pension
- Changes in the Financial Planning Handbook

9.2 Mazars drew members attention to the following key audit risks and areas of focus:

- Management override of controls
- Income recognition
- Loan to Modal Training Ltd (College only)
- Covid-19, covenant compliance and going concern (College and subsidiary entities)
- Defined benefit pension scheme assumptions (College only)
- Depreciation
- Capital expenditure

9.3 During discussion the Group Director Finance confirmed that the ongoing Merger Due Diligence process continued to be positive with the bank account with Santander now up and running. It was also confirmed that the process to formally change the name of GIFHE to the TEC Partnership had been implemented.

9.4 During discussion Mazars also reported that negotiations were ongoing with OfS and the ESFA in respect of the Accounts Direction and Audit Code of Practice. In respect of merger completion it was confirmed that the TEC Partnership external auditors would review ERC accounts and RSM would review TEC Partnership accounts.

**9.5 RECOMMENDED** That the External Audit Service Memorandum for the year ended 31 July 2020, the Audit Engagement Letter and Regularity Engagement Letter be approved by the Corporation.

## **10 Audit Committee Calendar and Business Cycle 2020-21 including governor training plan**

10.1 The Clerk submitted the Audit Committee's proposed Calendar of meetings and Annual Cycle of Business for 2020-21 devised in line with funding body regulations and the requirements of the Post 16 Audit Code of Practice and previous years' business cycle. The proposal to hold an informal MS Teams meeting each term in between scheduled Audit Committee meetings was welcomed. It was agreed these meetings would strengthen communications between the Audit Committee, Corporation and local boards and provide the latest information to members.

10.2 It was agreed that the proposed calendar of meetings and business cycle for 2020-21 were appropriate and allowed the Audit Committee to schedule meetings on a timely basis. The

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Clerk reported that as a working document the Annual Cycle of Business for the Corporation including the Audit Committee and all Local Boards would be kept under continuous review by the Clerk throughout the academic year 2020-21 particularly in view of the forthcoming merger with ERC and developments relating to Covid-19.

**10.3 RECOMMENDED** that the Audit Committee proposed Annual Cycle of Business 2020-21 be approved by the Corporation.

**11. Funds fraudulently obtained report.**

11.1 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.

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

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

**13. Date and time of next meeting** Tuesday 29 September 2020 @ 4pm

The meeting closed at 5.30 pm

Chair of the Audit Committee

Signed \_\_\_\_\_

Date \_\_\_\_\_

## Action Schedule

	<b>Minute</b>	<b>Action by</b>	<b>Action</b>
1	Chair of Audit Committee	Clerk	Report to Corporation 7.7.20
5	Internal Audit Service Progress Report on Audit Plan including Governance and Risk Management.	GD Corp/ GD Finance  TIAA	Overview of Projects and Capital impact on Strategic Plan.  Final IAS audit review reports (Gov and Follow up) submit to next meeting.
6	Approach to Covid-29 min 6.4  Min 6.5	GD Corp / GD Finance  CEO	Review of Risk Register over summer  Convey thanks to all staff
7	RM Strategy	Clerk	Submit for Corporation approval 7.7.20
9	Grimsby Institute Audit Strategy Memorandum for the year ended 31 July 2020 including proposed Audit and Regularity Engagement Letters	Clerk	Submit for Corporation approval 7.7.20
10	Audit Committee Calendar and ACOB	Clerk	Submit for Corporation approval 7.7.20