

## **Minutes of the Audit Committee meeting held on 30 September 2021 at 4pm**

**Present** Walter Leschenko, Keith Pearson, Chelsea Senior (MS Teams) and Mike Stopper

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

Prior to the meeting at 3.45pm, 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)

Prior to the start of the Audit Committee meeting at 4pm the Chair thanked the retiring CEO, VP Finance and the Clerk most sincerely for their hard work, support and expertise provided at Audit Committee meetings and to the Corporation and TEC Partnership throughout their respective tenurs which it was agreed by all was very much appreciated. The Chair wished the CEO, VP Finance and Clerk a very happy retirement and all the very best in their future ventures.

### **1. Apologies**

1.1. There were no apologies for absence.

### **2. Declarations of Interest**

2.1 There were no declarations of interest. Members were asked to declare any interests should they arise throughout the meeting.

### **3. Minutes of the Audit Committee Meeting held on 22 June 2021 and any matters arising**

3.1 The VP Finance confirmed that in respect of the agreed action to produce a Procurement Strategy as requested by the Audit Committee at the last meeting, this was now on hold due to the recent resignation of the TEC Partnership's Procurement Manager. It was agreed to carry this action forward to a future meeting (Summer term 2022)

**3.2 RESOLVED** The minutes of the Audit Committee meeting held on 22<sup>nd</sup> June 2021 were accepted as a true record to be duly signed by the Chair electronically.

### **4. ESFA Letter from Interim Chief Executive including Supplementary Bulletin to the College Accounts Direction 2020-21 and Post-16 Audit Code of Practice 2020-21**

4.1 Members received and noted the letter from the Chief Executive of the ESFA regarding the College Accounts Direction 2020-21 and Post-16 Audit Code of Practice 2020-21 which set out ESFA expectations in relation to good financial practice, good governance and oversight of a college institution's financial performance, particularly in light of the challenges of Covid-19, past and present. Members also noted Annex B of the letter 'COVID-19 Regularity Self-Assessment Questionnaire' for completion along with the Annual Financial Statements 2020-21.

The VP Finance assured the Committee that the letter currently presented was not of concern to the TEC Partnership.

**4.2 RESOLVED:** The ESFA Letter from Interim Chief Executive including Supplementary Bulletin to the College Accounts Direction 2020-21 and Post-16 Audit Code of Practice 2020-21 was received and noted.

**5. Audit Strategy Memorandum – year ended 31 July 2021 – Addendum**

5.1 Mazars submitted an addendum to the Audit Strategy Memorandum for the year ended 31 July 2021 (considered by the Audit Committee on 22 June 2021) in respect of the following area where further guidance from the ESFA had now been received:

a) Audit Scope, approach and timeline as a result of the changes made within the Post-16 Audit Code of Practice for 2020-21 in relation to the removal of the usual clause stating the auditors could rely on assurance provided by the ESFA when considering whether income recognised in the accounts from main funding grants was generated through ILR return, including details of the impact that this approach was expected to have on Mazars audit fees.

5.2 Members noted the increase in audit fees 2021-22 from the previous year as a result of the additional work now required due to the removal of the clause (ESFA assurance on ILR) agreeing this to be appropriate and fair.

5.3 Members noted the addendum to the Audit Strategy Memorandum and approved the three associated letters of engagement.

5.4 Members queried whether Mazars' approach was standard within the Sector which Mazars confirmed was so.

**5.5 RESOLVED** The addendum to the Audit Strategy Memorandum year ended 31 July 2021 and associated Letters of Engagement were approved.

**6. Regularity Self-Assessment Questionnaire 2020-21**

6.1 The VP Finance submitted the completed Regularity Self-Assessment Questionnaire 2020-21 detailing accountability requirements, questions, Corporation responses (compliance and evidence) and Evidence and references, confirming that the Corporation continued to comply with Regularity requirements.

**6.2 RESOLVED** The Regularity Self-Assessment Questionnaire 2020-21 was received and noted.

**7. Internal Audit Service Review reports, recommendations and actions:**

7.1 Finalised reports on the following Internal Audit Service reviews were as follows:

**a) Curriculum Planning – September 2021**

The outcome of the Internal Audit review of Curriculum Planning was positive with assurance received that the process was appropriately directed and operating as expected and that accountability for curriculum planning lay with Curriculum Managers with extensive challenge, validation and quality control procedures also in place. Testing of timetable and register records had demonstrated that these were aligned with plan, with exceptions arising from COVID lockdowns

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handled appropriately. The Chair concurred with this result having attended the Curriculum Planning event at GIFHE last year as an observer, that he had been extremely impressed with the very robust planning process for all curriculum areas.

#### **b) Debtors – September 2021**

The outcome of the Internal Audit review of Debtors was positive with assurance received that following sample testing of transactions appropriate controls were in place and that these were operating effectively. Members were pleased to note that from March 2020 to March 2021 overall debt had reduced from £5.9m to £5.2m with debt over 90 days reducing from £5.2m to £4.6m. A number of areas of good practice had also been identified during the review in respect of achievement of over 98% collection of Student Loans Company income for both 2019/20 and 2020/21 and identification of opportunities to improve the efficiency and performance of debt management over the next 18 months.

#### **c) Follow ups – September 2021**

TIAA confirmed that management action had been taken in respect of the recommendations arising from the following internal audit reviews during 2020-21 :

- ERC – Follow up 2019-20
- ERC – Budgetary Control
- ERC – Estate Health and Safety
- ERC – Performance Management
- ERC – ICT Management Controls and Cyber Crime
- GIFHE – Follow up 2019-20
- GIFHE – Bursaries
- GIFHE – Governance and Risk Management
- GIFHE – NET
- GIFHE – Project Management
- Key Financial Systems
- GDPR
- Network and Cyber Security

Management had taken action to address 15 of the 19 recommendations made as a result of the reviews, 1 of which was considered but not implemented. It was confirmed to members that Privacy Statements had been tried and tested following the merger with ERC which it was agreed was commendable.

**7.2 RESOLVED** The Internal Audit Service review reports on Curriculum Planning, Debtors and Follow-ups were received and noted.

### **8. TIAA Audit Strategy and Annual Internal Audit Plan 2021-22**

8.1 TIAA submitted the Internal Audit Strategy and Annual Service Plan 2021-22 which members noted had been informed by a risk assessment carried out across the TIAA's education clients and by an updated audit risk assessment to ensure that planned coverage for the year was focussed on key risks as follows:

- Cyber security and Information Governance
- FE White Paper
- Covid-19
- Mental Wellbeing

- 8.2 It was agreed that 2021-22 would continue to be another challenging year for FE colleges in terms of funding pressures, viability and the ongoing impact of Covid-19.
- 8.3 Members agreed that the proposed Internal Audit plan 2021-22, as follows was appropriate:
- |    |                                   |        |
|----|-----------------------------------|--------|
| 1. | Exams                             | 6 days |
| 2. | Estates – Property Compliance     | 8 days |
| 3. | Management Accounts and reporting | 6 days |
| 4. | HE – Access to Participation      | 5 days |
| 5. | Follow up                         | 2 days |
| 6. | Annual planning                   | 1 day  |
| 7. | Annual report                     | 1 day  |
| 8. | Audit Management                  | 3 days |

8.4 The report also included a summary of the outcome of the three year Internal Audit Plan 2018-2021. During questions and answers members queried when the last review of Payroll had been undertaken and how could the Audit Committee gain comfort in this area. The VP Finance confirmed that the last review of Payroll had been undertaken in 2018 and had provided significant assurance as to the robustness of the institutions’s payroll processes.

8.5 The VP Finance explained the number of actions management undertook on a monthly basis to strengthen payroll processes. It was agreed that a review of payroll should be undertaken every three years and therefore be included in the Audit Plan 2021-22 accordingly. It was agreed that the Internal Audit Plan 2021-22 be reviewed early in 2022 to check that it covered the full spectrum of TEC Partnership activities.

8.6 **RESOLVED** The TIAA Audit Strategy and Annual Internal Audit Plan 2021-22 was approved.

**9. ESFA Funding Assurance Review 2019-20 – Final report**

9.1 **RESOLVED** The ESFA Funding Assurance Review 2019-20 confirmation letter and final report was received and noted, with thanks to management for achieving the positive outcome.

**10. Cyber Security update – confidential minute (indefinitely)**

**11. Covid-19 Outbreak Management plan**

11.1 The GD Corporate Services submitted the TEC Partnership Covid-19 Outbreak Management Plan, to be read alongside the TEC Partnership Covid-19 Policy and Procedures, which in line with Government guidance, outlined the actions that may be required in circumstances where there is a period of high prevalence of Covid-19 in the community or as a result of an identified Covid-19 outbreak. The plan included a list of Covid-19 scenario examples and the actions to take in respect of each of these.

11.2 Members thanked members of the H & S team for their continuing work in providing a safe place for all staff, students and visitors to attend.

11.3 **RESOLVED** The Covid-19 Outbreak Management plan was approved.

**12. Skegness / Town Deal verbal update – confidential minute**

### **13. GDPR update report**

13.1 The VP Corporate Services submitted a report providing an update on GDPR progress to date, the main points of which were as follows:

- GDPR continued to be a live issue for the TEC Partnership.
- The GDPR Committee met every 2 months with each area having an annual GDPR / Data retention review meeting.
- From the period August 2020 to July 2021 there had been 17 breaches, but non-reportable to the ICO, with all recorded on the Data Breach Register.
- Post-merger, DP policies and procedures had been updated, approved and published creating a TEC Partnership information privacy policy framework.
- After the UK departed the EU, GDPR was retained in domestic law as the UK GDPR which sits alongside an amended version of the Data Protection Act 2018. The key principles, rights and obligations (including subject access rights) remain the same.

**13.2 RESOLVED** The GDPR update report was noted.

### **14. Partnership Freedom of Information (Fol) Annual report 2020-21**

14.1 The VP Corporate Services submitted the annual report on Freedom of Information 2020-21, the main points of which were as follows:

- The report detailed the number of Freedom of Information and Subject Access Requests received for the periods March 2020 – July 2020 and August 2020 – July 2021.
- The annual cycle for reporting had changed to reflect the merger with East Riding College.
- A general description of requests was provided within the report showing that generally requests received under the FOI Act were mainly from commercial companies, trade unions and journalists.
- When duplicate requests were sent to individual colleges under the TEC Partnership umbrella, these were dealt with, and responded to as one request.
- Subject access requests were mainly from solicitors on behalf of a data subject and personal disclosure requests from Competent Authorities which are exempt under the DPA 2018.
- Further to the UK's departure from the EU, GDPR is retained in domestic law as the UK GDPR which sits alongside an amended version of the DPA 2018. The key principles, rights and obligations (including subject access rights) remain the same.
- The report also detailed the financial and risk implications in relation to GDPR (now UK GDPR) together with the DPA 2018.
- The reporting system, policies and procedures already in place to reflect the legislation have been updated to account for the merger and implemented across the organisation to ensure requests are dealt with appropriately and in compliance with the regularity framework.

**14.2 RESOLVED** The Partnership Freedom of Information Annual report was approved.

## **15. Risk Management update and Risk Register**

15.1 The VP Finance presented the TEC Partnership's most up to date Risk Register including the additional risks in respect of the Skegness Town Deal and recent Senior Post Holder appointments. During discussion the following was raised:

- In respect of progress with the Town Deal the Clerk confirmed that should the TEC Partnership wish to acquire or sell land this required Corporation approval in accordance with the F & HE Act 1992.
- Members welcomed the addition of the risk register control sheet.
- What were the strategic options and current tactics to ensure a positive financial impact for Modal? The CEO confirmed that despite the pandemic and withdrawal from the EU Modal's performance had been good and on an upward trajectory with increases in income and volume of learners continuing.
- Members advised a Marketing Strategy be submitted to the Corporation during the academic year 2021-22.

15.2 **RESOLVED** The current Risk Register was received and noted.

## **16. Board Assurance Framework (BAF) update**

16.1 The VP Finance submitted a revised version of the Board Assurance Framework, approved by the Corporation in July 2021, which now included additional columns in relation to cause and effect and overall action required. Following members approval of the revised format it was agreed the VP Finance populate the BAF accordingly and submit to the next meeting.

16.2 Following members review the Chair stated that he was happy with direction of travel and advised keeping the Board Assurance Framework simple and not over complicated.

16.3 **RESOLVED** The revised Board Assurance Framework was approved.

## **17. Self Assessment of Audit Committee Performance 2020-21**

17.1 The Clerk submitted a report proposing the Audit Committee forgo undertaking the usual annual Self-Assessment of Audit Committee Performance 2020-21 as a result of members request last year to undertake the self assessment process every 3 years (in line with CIPFA guidance) rather than annually. The results of last year's Self-Assessment of Audit Committee Performance 2019-20 were submitted for members information. The main points of the report were as follows:

- Each year the Audit Committee was required to include a statement within the Annual Report of the Audit Committee confirming the effectiveness of the Audit Committee.
- To do this the Audit Committee in the past undertook an annual self-assessment of Audit Committee performance at a separate meeting using the CIPFA Self-Assessment questionnaire for Audit Committees.
- Last year Members questioned the need for the Audit Committee to undertake the self-assessment process annually when the CIPFA guidance suggests a three-yearly review. Members therefore agreed to undertake the self-assessment for 2019-20 as the Audit Committee comprised relatively new members but that for 2020-21 the Audit Committee would review the necessity in September 2021.

17.2 The Clerk confirmed that actions highlighted from last year's Self-Assessment exercise had been actioned throughout the year. Following discussion members agreed that as the Audit

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Committee was now more established and that performance continued to be effective in their view and little had changed from the previous year the Audit Committee should forgo the self-assessment exercise for 2020-21, based on their assessment of last year's results and current positive feedback from EMT, the Clerk and the Audit Service Providers.

**17.3 RESOLVED** the update on Audit Committee self assessment of performance was noted with agreement that the Audit Committee continued to be effective.

**18. Funds fraudulently obtained report**

**18.1 RESOLVED:** The VP Finance confirmed that there had been no instances of Funds Fraudulently obtained since the last Audit Committee meeting on 22 June 2021.

**19. Any other business**

19.1 A governor requested development of the recently approved VFM policy in respect of VFM in examinations, curriculum, pastoral support etc. The VP Finance stated that work to develop the policy further would now be an action point for EMT to explore the scope and parameters and report back to the Audit Committee accordingly (June 2022)

**20. Date and time of next meeting** Tuesday 14 December 2021 @ 2pm

The meeting closed at 6 pm

Chair of the Audit Committee

Signed \_\_\_\_\_

Date \_\_\_\_\_

## Action Schedule

	<b>Minute</b>	<b>Action by</b>	<b>Action</b>
3	Matters arising	VP Finance	Procurement Strategy submitted to June 2022 meeting
8	TIAA Audit Strategy & Annual IA plan 2021-22	Clerk	Review March 22 & include review of payroll
19.2	Any other business – VFM	Clerk	VFM policy submitted to future meeting – June 2022