

Draft Minutes of the Audit Committee MS Teams meeting held on 17 January 2022 at 2pm via MS Teams

Present Walter Leschenko (Chair), Keith Pearson, Mike Stopper, Chelsea Senior

In Attendance Susan Bailey outgoing Clerk to the Corporation, Dan Humphrey incoming Clerk to the Corporation, Steph Rushton, Acting Group Director Finance, Adrian Clarke, Group Director Corporate Services, Gill Alton CEO, Ann Hardy, Principal - Scarborough TEC, David Hoose, Mazars, Jim Harris, prospective Committee member

1. Chair's address

1.1 The Chair welcomed Ann Hardy, Steph Rushton and Dan Humphrey as new members to the Committee. The Chair also noted that Jim Harris was observing today with a view to joining the Audit Committee and the Corporation going forward.

2 Apologies

2.1 Apologies were received from Andrew McCulloch, TIAA.

3 Declarations of Interest

3.1 There were no declarations of interest.

4 Minutes of the Audit Committee Meeting held on 30 September 2021 and matters arising

4.1 The Chair asked for a verbal update on the action points from the September meeting and it was confirmed that there are no further updates but that all three action points (regarding Procurement Strategy, TIAA and the Value for Money policy) will be progressed by Finance going forward.

RESOLVED The minutes of the Audit Committee meeting held on 30 September 2021 were accepted as a true record to be duly signed by the Chair electronically.

5. Risk Management Progress Report and Risk Register as of January 2022

5.1 The Acting Group Director Finance provided a verbal update including reference to items where risk had reduced since the last update and one new item added to the Register namely a risk concerning the potential failure to procure construction work.

Members requested specific updates on risk management in three areas:

A) MODAL; it was commented that MODAL performed very well during lockdown, and that such good performance had resulted in a risk reduction. Members queried the accuracy of forecasts, raising concerns that they might be overly simplistic, but the CEO observed that if

anything the forecasts had transpired to be overly pessimistic, and that MODAL had done very well with grant funding this year, for example.

B) National Living Wage; a query was raised as to how the Partnership intends to tackle the impact of changes in National Living Wage particularly upon pay scales. It was noted that a job evaluation software package is being considered and suggested that the Vice Principal Employee Services be invited to the next Audit Committee to discuss this matter further.

C) Cyber Security; members asked whether the costs of this were set to increase, and it was commented that the current provider is tied into a long-term deal with the Partnership, so any cost impact could become clear at the end of the contract.

RESOLVED The Risk Management Progress Report and Risk Register update were noted.

6. Board Assurance Framework 2021/22

6.1 The Acting Group Director Finance provided a verbal update for information. The CEO noted that EMT would be reviewing the ten key items as per the report and that the Acting Group Director would report back.

RESOLVED The Board Assurance Framework update was noted

7. Policy Review Cycle 2021/22

7.1 The CEO noted that there are a range of policies under a review cycle. The Clerk confirmed that this is an annual standing item for the Audit Committee's agenda and invited any questions from members.

Question: It was noted that the Academy has 4 policies, but the Little Stars Nursery has 29 Different policies and it was queried as to why that disparity is the case.

Response: The Academy is also subject to many of the GIFHE policies, whereas the Little Stars Nursery often requires policies which are unique to nursery education.

Members requested the upload of policies on to the Board Effect software for members' quick reference and it was agreed that this is the intention as they are reviewed over time.

RESOLVED The Policy Review Cycle 2021/22 was received and noted.

8. Senior Post Holders' Expenses 2020/21

8.1 The Acting Group Director Finance submitted this years' Senior Post Holders' Expenses document. Members noted that senior managers appear to have been very frugal with expenses.

Members sought additional clarification regarding the expenditure on the Group Director Finance entry, and it was confirmed that this appears high due to expenditure of staff vouchers and flu-jab vouchers from the then post-holder's card being used for this. It was also noted that the Acting Group Director Finance does not have such a facility, so the situation is unlikely to reoccur. Members suggested that whilst notes have been provided

in the Expenses document, that they should be explained more clearly in future in the main body of the document.

RESOLVED The Senior Post Holders' Expenses 2020/21 were received and noted.

9. Self-Assessment Regularity Questionnaire 2020/21

- 9.1 The Acting Group Director Finance submitted the Self-Assessment Regularity Questionnaire 2020-21 document, and noted the new additions made regarding Covid-19.

Members sought clarification regarding how fixed assets are verified and tracked. The Acting Group Director Finance confirmed that Finance has forthcoming work to potentially merge existing asset registers, and Committee will be updated in due course.

A formatting issue was noted with the report which means that the answer to a question on conflicts of interests does not make sense and the Acting Group Director Finance agreed to amend accordingly.

RESOLVED The Self-Assessment Regularity Questionnaire 2020/21 was approved by Committee, subject to the above minor amendment

10. Funds Fraudulently obtained report.

- 10.1 The Acting Group Director Finance confirmed that management were aware of one instance of funds fraudulently obtained since the last meeting of the Audit Committee and provided a verbal update in relation to this. It was confirmed that it concerned a comparatively small amount of cash not promptly banked, and investigation of this had raised some process issues to address to prevent a re-occurrence. Members noted moves towards cashless systems within the Partnership.

RESOLVED The Funds Fraudulently obtained (verbal) report was received and noted.

The meeting adjourned at 2.50pm and recommenced at 3.15pm to consider items 11 and 12 jointly with the Corporation.

11. Draft TECP Financial Statements 2020-21 (including TECP Subsidiary Companies)

- 11.1 The Acting Group Director Finance provided a verbal summary of the Financial Statements. Some areas are still in need of an update, but overall, the position is very positive.
- 11.2 The Chair of Corporation suggested a page-by-page review and the following points were made by members of Audit Committee and Corporation:

Pension Liability: The Chair of Corporation noted the levels of pension liability are impacted by changes in interest rates, the stock market and life expectancy. Members asked for further clarification regarding revaluation reserves and David Hoose clarified the current position is not unusual when revalued reserves depreciate and/or are transferred.

Members queried teaching staff levels and the CEO noted that this is to be assessed and the Acting Group Director Finance will update accordingly.

Members queried why there were no entries for 'Other Debtors' for this year and David Hoose and the Acting Group Director Finance explained that this was the ERC loan which is now extinguished, relating to the recent merger.

- 11.3 David Hoose of Mazars addressed the Committee regarding the report, and confirmed that as per previous minutes, changes in legislative requirements mean that the auditors now need to report to both the Audit Committee and the Corporation.
- 11.4 It was noted that the previous year's events included various issues affecting the Partnership including new systems, a merger, and staff turnover, and this resulted in a challenging audit process. Nothing of any great substance or concern arises from this Annual Report. Members were directed to specific parts of the report listing challenges and recommendations, and it was noted that good progress has been made but there remains further work to be done.
- 11.5 Members sought clarification as to whether the new accounting system had resulted in any issues, and David Hoose confirmed that tests had been done and there were no issues.
- 11.6 Members queried whether the position regarding finance staff and skills available to the Partnership had improved. The Acting Group Director Finance confirmed the position had improved and that a priority was to consider possible movements within the team and/or recruitment as appropriate.

RESOLVED: the Audit Committee agreed to recommend to Corporation that the Statements be approved

RESOLVED: the Corporation approved the Statements

12. Annual Report of the Audit Committee 2020-21 including Audit Committee Terms of Reference

- 12.1 The Chair of Audit Committee gave his annual report and covered all the relevant areas of the audit committee's work over the last year. There are some minor amendments dependent on the finalised accounts which will be amended when the accounts are finally agreed.
- 12.2 The Chair of Corporation noted that the Annual Report was comprehensive and following the above address and pursuant discussion, recommended approval of the Report
- 12.3 Members sought clarification as to whether this Audit and Report is an annual requirement and it was confirmed that it is.
- 12.4 It was noted that in accordance with the Statement of Responsibilities of the Members of Corporation as stated in the Partnership's Annual Report, the Corporation is required in preparation of financial statements to;
- Select suitable accounting policies and apply them consistently
 - Make judgements and estimates that are reasonable and prudent
 - State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
 - Assess whether the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate

- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the TEC Partnership will continue in operation

Members agreed that they were satisfied that each of these requirements had been met as evidenced by the Report and the answers to queries arising at this meeting.

RESOLVED: the Corporation approved the Annual Report subject to:

- I) The Chair of the Corporation is authorised to provide a Letter of Comfort regarding funding to Modal Training Limited for a duration of 12 months,
 - II) The Chief Executive Officer and Chair of the Corporation are authorised to provide a final sign off of the annual accounts, subject to any minor late changes to be delegated to the Chair of Corporation,
- and
- III) That any material amendments must be reported back to the Corporation for further approval

This concluded the joint Audit Committee; Corporation business, and members of Audit Committee who are not also members of Corporation left the meeting accordingly at this stage. The Audit Committee concluded at 4pm.

13. Any other business

- 13.1 The Chair thanked Gill Alton and Susan Bailey for their contribution to the Audit Committee over the last few years which Members agreed had been greatly appreciated and valued.

14. Date and time of next meetings

- a) Tuesday 22nd March 2022 @ 4pm
- b) Tuesday 4th/5th April Strategic Planning Event
- C) Tuesday 21st June 2022 @ 4pm

The meeting closed at 4.00 pm

Chair of the Audit Committee

Signed _____

Date _____

Action Schedule

	Minute	Action by	Action
5	Risk Management Progress Report	Clerk	To invite VP Employee Services to next Audit Committee regarding this item
6	Board Assurance Framework	Acting GD Finance	To provide further update to Audit in due course
9	S R A Questionnaire	Acting GD Finance	To complete minor amendment to rectify typographical error in report within conflict of interest section
11	Draft Financial Statements	Clerk	Submit for Corporation approval
12	Annual Report of Audit Committee	Clerk	Submit for Corporation approval