

Part A Non-Confidential Minutes of the Audit Committee meeting
Held on 10th October 2023 at 4.00pm
In 4H01 at the University Centre, Grimsby

Governors Present: Josh Greaves (JG - Chair), Guy Lonsdale (GL) – via Teams, and Mike Stopper (MS)
Apologies from Governors received from: Peter de Braal (PB) – on an approved leave of absence.

In Attendance: David Robinson (DR – TIAA), Maria Turnbull-Kemp (GVP Finance), Antonia Praud (AP – Director of Governance)

Apologies received from: David Hoose (DH – Mazars)

1	<p>Welcome and Apologies for absence</p> <p>Members were welcomed to the meeting. There were no formal apologies, as governors noted Peter de Braal was on an approved sabbatical. Apologies were received from David Hoose which were accepted with consent.</p> <p>Governors noted that Neil Carrington had been due to join the committee, with this his first meeting. They noted he had had to tender his resignation and gave thanks to him for his previous support at Modal.</p>	
2	<p>Declarations of Interest</p> <p>Members were reminded to declare any interests as and when they arise. JG declared an interest, as the organisation he worked for was internally audited by Mazars.</p>	
3	<p>Internal Audit</p> <p>Governors noted that in the pre-meet, David had explained the wrong column on page three of the internal audit report had been included (showing recommendations for audits in 2024-25). This would therefore be minded, in determining the audit plan for the coming year.</p> <p>Annual report</p> <p>5 internal audits had been completed in 2022-2023, with one overall result of substantial assurance for the audit of management accounts, and four overall results of reasonable assurance given.</p> <p>Governors asked how this compared to previous years, looking under the headline results. The number of recommendations has increased, and the year before there had been four internal audits, with three receiving substantial assurance and one reasonable. However, assurance was given that this does not reflect a decrease in controls of performance.</p> <p>The audits overall gave a pattern of stable practice in assurance terms and there were no causes of concern identified to raise with the committee. Reflecting on the circumstances, the areas chosen, and the significance of the management points, TIAA were able to provide an annual opinion given in the Annual report.</p> <p>Governors asked if the annual report could be shared – and TIAA apologised if this had not been sent, and an action was agreed to share the report asap.</p> <p>It was confirmed that the Head of Internal Audit’s annual opinion was:</p> <p>“TIAA is satisfied that, for the areas reviewed during the year, TEC Partnership has reasonable and effective risk management, control and governance processes in place. Not having completed all of</p>	1

the planned work due to the global Covid-19 pandemic has not impacted on our overall assessment.”

The committee confirmed, that having verbally received the update from the Head of Internal Audit, they were comfortable to receive the written report after the meeting.

See confidential minutes.

Internal Audit reports

Staff recruitment and retention

Two high priority recommendations were made, one relating to essential qualification checks being completed in all instances, and the other being linked to receiving assurance for gaps in employment.

It was also noted that whilst staffing conducting interviews had completed safer recruitment training, not all had completed this within the last 24 months, as per the group policy. Recruitment systems have been adapted in response to all recommendations.

One medium priority recommendation was noted, linked to updating the recruitment policy which was being amended.

Governors asked if it was believed to be an isolated incident. They also questioned why the medium recommendation was not a high priority, as it referred to safeguarding processes. It was explained that this was taken into account by the auditors when making their judgements. Recruiting staff are asked to complete safer recruitment training and there was a good combination of evidence looking at gaps in employment. The decisions taken reflected on the number of instances in the size of each sample.

Governors were informed they can take assurance from the management responses given too, they were accepting of recommendations and quick to respond and adapt in response.

Management Accounts

Substantial assurance was received and there were two routine action points were identified. Governors noted their congratulations to the finance team for the progress that has been demonstrated in the 15 months since MTK took up post. Given the scale of challenges identified, receiving substantial assurance demonstrates significant progress.

Tendering and supplier preference

This received reasonable assurance with four important and five routine action points recommended. The committee noted the TEC Partnership have set up a register to record all contracts where the group do not obtain 3 quotes (e.g. for Microsoft where there is only one supplier), but confirmed that there was a secure process in place. The auditors were also not able to find all signed contracts, and the group’s financial regulations had referred to a supplier list that was not in place.

Management had responded positively.

Governors questioned if the group had had concerns about processes and systems and was this audit therefore part of a risk assurance process, or had they considered processes to be in place, prior to the audit taking place. They were informed that it was certainly part of the risk assessment process, and it had been chosen to help inform the development of practice. The group had not had a dedicated process and 4-5 months ago had created the role of Procurement Manager. They

had had a real impact already, set up registers and the plan is to expand processes so that all purchases are centralised. The Purchasing Manager has plans to streamline our processes and offer training and the group are using AI developments to be as efficient as possible.

Governors noted that the adoption of AI can have a massive impact on our support processes, automating a number of manual processes, and completing analysis at speed.

Governors noted concern that the initial reading of the report suggested a lack of corporate compliance and following of the group financial regulations. Governors received assurance the group can demonstrate value for money, has a formal tender process requiring three quotes, a sign off process dependent on value of contracts, and a formal process to follow where it is not possible to request three quotes, with business case requirements to follow. They noted, the challenges identified will be met through centralisation, the direction of the Purchasing Manager, and a central register that holds evidence together.

The committee noted they were informed that processes had been in place, but the administration had not been as effective as it should be for a large organisation over a range of sites.

Additional checks and balances had also been introduced (e.g. only MTK and AH have delegated authority to sign off a number of contracts.)

Governors questioned when there should be a further review and noted that some assurance will be received by the committee in the coming months, as there is a follow up activity by the Internal Auditors.

Internal Audit Plan 2023-24

Governors pressed where the recommendations for the internal audit plan had come from and if they reflected on previous audit activities and results, and risks that had been identified for the Partnership.

Suggestions from the Internal Auditors included:

- Performance Management
- Cyber Security
- Budgetary Controls
- Accounts Payable
- Absence Management

It was confirmed that these were general areas that were recommended and split over a longer-term cycle, and that these recommendations should be considered alongside internal plans, areas of risk, and future activities and projects.

The committee asked if there were any areas of external risk, in the Internal Auditors opinion, that should be considered alongside their general plan, and it was confirmed there were none to raise at this time.

Governors thanked David Robinson for his support, and he left the meeting.

Governors asked if there were areas that had been identified by the ELT or in the recent Ofsted inspection, that would highlight areas for review.

They also questioned how the risk register was used to inform internal audit activities.

	<p>It was confirmed that ELT, had raised communication as an area for improvement and could be an area for review.</p> <p>The committee questioned when the plan should be agreed, and it was confirmed this should be agreed at the next meeting and presented to the December corporation meeting.</p> <p>Governors also questioned whether an audit of cyber security may be better completed by specialists in this sector, which can inform as well as provide assurance.</p> <p>The committee questioned the timing of the activity, and after discussion it was agreed to move the review of the annual plan to the summer term meeting, so potential audits could begin in earnest in the Autumn term.</p>	2																																				
4	<p>External Audit</p> <p>The audit begins on Monday (16th October.) All is currently running to plan and there will be a joint meeting in November with the Finance and Resources Committee, where the External Auditors will present their findings and report.</p>																																					
5	<p>Minutes and Confidential Minutes from 15th June 2023</p> <p>The committee approved both sets of minutes as an accurate record of the meeting.</p> <table border="1" data-bbox="145 976 1437 2107"> <thead> <tr> <th data-bbox="145 976 248 1093">No</th> <th data-bbox="248 976 435 1093">Minute</th> <th data-bbox="435 976 620 1093">Action by</th> <th data-bbox="620 976 1090 1093">Action</th> <th data-bbox="1090 976 1230 1093">Date</th> <th data-bbox="1230 976 1437 1093">Update since the last meeting</th> </tr> </thead> <tbody> <tr> <td data-bbox="145 1093 248 1173">1</td> <td data-bbox="248 1093 435 1173">Internal Audit</td> <td data-bbox="435 1093 620 1173">TIAA</td> <td data-bbox="620 1093 1090 1173">Send through an amended recommendation</td> <td data-bbox="1090 1093 1230 1173">ASAP</td> <td data-bbox="1230 1093 1437 1173">Now received.</td> </tr> <tr> <td data-bbox="145 1173 248 1254">2</td> <td data-bbox="248 1173 435 1254">External Audit</td> <td data-bbox="435 1173 620 1254">AP and JG</td> <td data-bbox="620 1173 1090 1254">Confirm delegation and approval to proceed</td> <td data-bbox="1090 1173 1230 1254">ASAP</td> <td data-bbox="1230 1173 1437 1254">Completed.</td> </tr> <tr> <td data-bbox="145 1254 248 1487">3</td> <td data-bbox="248 1254 435 1487">Matters Arising</td> <td data-bbox="435 1254 620 1487">AH and MTK</td> <td data-bbox="620 1254 1090 1487">Offer a presentation on the assessment process at the next meeting.</td> <td data-bbox="1090 1254 1230 1487">10 October 2023</td> <td data-bbox="1230 1254 1437 1487">It was agreed to review suggestions from ELT at the next meeting.</td> </tr> <tr> <td data-bbox="145 1487 248 1606">4</td> <td data-bbox="248 1487 435 1606">Finance report</td> <td data-bbox="435 1487 620 1606">MTK and AC</td> <td data-bbox="620 1487 1090 1606">Share external benchmarking reports and internal audits in an appropriate way</td> <td data-bbox="1090 1487 1230 1606">Ongoing</td> <td data-bbox="1230 1487 1437 1606">(Ongoing)</td> </tr> <tr> <td data-bbox="145 1606 248 2107">5</td> <td data-bbox="248 1606 435 2107">Cyber Security</td> <td data-bbox="435 1606 620 2107">AC</td> <td data-bbox="620 1606 1090 2107">Confirm if adjustments have been made for students with additional needs</td> <td data-bbox="1090 1606 1230 2107">ASAP</td> <td data-bbox="1230 1606 1437 2107">The additional upgrades were only relevant to students using personal, rather than TEC Partnership devices. Therefore,</td> </tr> </tbody> </table>	No	Minute	Action by	Action	Date	Update since the last meeting	1	Internal Audit	TIAA	Send through an amended recommendation	ASAP	Now received.	2	External Audit	AP and JG	Confirm delegation and approval to proceed	ASAP	Completed.	3	Matters Arising	AH and MTK	Offer a presentation on the assessment process at the next meeting.	10 October 2023	It was agreed to review suggestions from ELT at the next meeting.	4	Finance report	MTK and AC	Share external benchmarking reports and internal audits in an appropriate way	Ongoing	(Ongoing)	5	Cyber Security	AC	Confirm if adjustments have been made for students with additional needs	ASAP	The additional upgrades were only relevant to students using personal, rather than TEC Partnership devices. Therefore,	3
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					no additional adjustments were required.
6	IT Security	ALL	Review a plan for internal audit activities at the next meeting	10 October 2023	On agenda.
7	Risk	AH	Update the risk register report with a new column demonstrating directional movement, and grouping risks by theme	10 October 2023	Completed and updated report is in the meeting papers.
8	Risk	MTK	Request a breakdown of audits by TIAA from the last 3 years	10 October 2023	A summary of previous year is included within the papers.
9	Policies	JG	Recommend the adoption and approval of the revised financial regulations	4 July 2023	Completed at the corporation meeting on 4 th July.
10	Governance	AP	Agenda item to review the performance of the auditors	10 October 2023	This has been added to the plan for the 2023-24 year.
11	Governance	MTK	Provide overview of the mapping exercise and how risks linked to the strategic plan will be reviewed	10 October 2023	See point 3 above.
12	Governance	ALL	Send personal feedback on the self assessment to AP	26 th June 2023	Completed.
13	Value for Money	JG	Provide feedback to MS	ASAP	Will be shared in person
Matters Arising from the Confidential Minutes of 15th June 2023					
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14	Finance report	MTK and SB	Commence the consultation process to close the 2023-24 cadet programme.	ASAP	Completed.
6	Finance report				

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	<p>Governors noted one amendment to the report (the second column should read “actual”). Of note:</p> <ul style="list-style-type: none"> • The TEC Partnership had received a credit for the first time for pension interests. • The group are waiting for permission from the Treasury to close Modal down. It has already ceased trading but needs permission for the transfer of assets and liabilities. There is an accrual for any losses attributable to Modal in the accounts. • The surplus for the group is £900,690 compared to the forecast position of a £315,523 (surplus), which is over and above the Modal loss. <p>The committee challenged if the delay was because of any concern of the Treasury, and noted that the team have had a number of meetings and discussed lessons learnt, but the timing was believed to just be how long it is taking them to process requests through their system.</p> <p>Governors questioned the shift in pay costs, and if it was a real reduction in the workforce, or was not demonstrating the use of agency staff, and carrying vacancies as they were recorded elsewhere. It was confirmed that recruitment is challenging, the group are reliant on more agency staff, and some staff are feeling overworked. There is a plan being developed to address staff pay awards in phases this year.</p> <p>It was noted that it would be useful to see a narrative or explanation for key variances (budget/actual) and it was confirmed that this was shared with the Finance and Resources Committee.</p>	
7	<p>Risk Register</p> <p>Governors noted the risk register had been updated and confirmed the changes made it easier to read. One risk had been added:</p> <ul style="list-style-type: none"> • S4-12 to look at the impact of the Mayoral Authorities on the Adult Education budget. <p>It was noted that the 6 week review was prior to the Ofsted inspection, and the register will be reviewed and updated in time for the next meeting.</p> <p>Governors took assurance from the updates to the register, and that it was reviewed by different management groups on a 6 week cycle. Changes to the register suggested that risks are being managed.</p> <p>Governors raised concern that the quality of teaching and learning is still inconsistent – and is rated “Amber 8”. Governors challenged if the register should be developed to include an estimate of how long the team would anticipate before this would achieve a “green” score and should it be being looked at in greater detail at Curriculum and Quality or here. Governors challenged if the team were given more resource, might this direction of travel be achieved more quickly, and should this be discussed at corporation.</p> <p>It was noted some parts of the register felt more strategic and others were more operational. It would be good for committees to clearly understand the risks for their committee, and to inform them what activities are planned to effect the change we need to see, and in what timescales.</p>	
8	<p>Policies</p> <p>Financial Regulations: The Committee confirmed they were happy to recommend the amendment to the policy, changing the sign off limit post restructure.</p>	4

Chair of the Audit Committee

Signed _____

Date _____

AUDIT COMMITTEE Action Schedule ; 10th October 2023

No	Minute	Action by	Action	Date
1	Internal Audit	DR	Share the annual report of the Internal Auditors	ASAP
2	Internal Audit	AP	Amend the schedule of committee activities so the plan for audit activities is completed in the summer term	Summer 2024
3	Internal Audit	MTK	Present recommendations from ELT for the annual audit plan at the next meeting	November 2023
4	Policies	JG	Recommend the approval of the amended Financial Regulations to the corporation	24 th October
5	Policies	JG	Recommend the amended whistleblowing policy to the corporation	24 th October
6	Governance	AP	Provide a breakdown of travel expenses	28 th November 2023
7	Governance	ALL	Send any additional feedback to AP	ASAP
8	Governance	ALL	Approve the annual internal audit plan at the next meeting	28 th November 2023