

**Minutes of the Joint Audit and Finance and Resources Committee meeting
held on 28th November 2023 at 4.00pm
In 4H01 at the University Centre, Grimsby**

Governors Present: Kai Adegbembo (KA), Paul Barker (PB), Andrew Bennett (AB), Josh Greaves (JG), George Lee (GLee), Andrew Lindley (AL), Guy Lonsdale (GLon)

Apologies received: Mark Swain (MS), David Robinson (DR)

In Attendance: David Hoose (DH – from Mazaars) Ann Hardy (AH - CEO), Adrian Clarke (AC), Maria Turnbull Kemp (MK) and Antonia Praud (AP – Director of Governance)

1	<p>Welcome and Apologies for absence Members were welcomed to the meeting, especially new members Andrew Bennett and George Lee, and Mark Swain in his absence.</p> <p>It was acknowledged that it was Kai Adegbembo’s first meeting as chair of the Finance and Resources meeting.</p> <p>It was agreed that Josh Greaves would chair the meeting.</p>	
2	<p>Declarations of Interest AH was a Director of Modal, which has ceased trading.</p>	

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Management Letter 2023 including Audit Findings Report and Letters of Representation, Group Financial reports 2022-23 and Subsidiary Financial Statements

Governors reviewed the Audit Completion report and noted the final version would be shared with the ESFA, alongside the final accounts.

The Auditors confirmed the audit process this year had been smooth and efficient, and much advanced on the previous year. This in turn had been an improved process on prior years.

Attention was drawn to page 10, outlining the remaining outstanding actions. It was confirmed that there was nothing concerning to be noted, the audit was expected to be fully completed within 2-3 days.

Governors were led through Section Two including:

- the risk and decision making taken in the summer (Modal),
- the £23 million asset on pensions on page 9 – acknowledging how this is usually a liability item. In line with treatment at other educational establishments, the value would be recognised as £0, as it is not possible to access the positive cash sum.
- p 14 – significant matters – attention was drawn to the fixed assets – plant and machinery amendment. Both the auditors and finance team cannot work out exactly what it is, going back to 2018, and being an incorrect journal entry. There is no change to the accounts itself, and it will be written out of the opening balance sheet.

Whilst a material item, it is an isolated item.

Governors confirmed the auditors had answered a number of their questions in the pre meeting, and they had received assurance there was nothing untoward. Lessons had been learnt by the auditors and finance team, and there was no risk of fraud, or impact on current finance processes.

- Other changes relate to Modal being hived up into the college group. Governors acknowledge the changes – and also noted the accounts were not being prepared on a going concern basis.

Regularity report:

Governors received the opinion on regularity from the auditors and gave recognition to the team for the clean opinion received. The auditors confirmed that it was the first year as a public sector member and colleges have had to comply with new hurdles. They provided context, then confirmed that at the TEC Partnership, they received positive assurance the group had adapted their processes effectively and identified no issues whereas they have found these at some other FE colleges they audit. (page 15)

Internal control recommendations:

- Only one low recommendation and good progress has been made on the ones brought forward. This again reflects well on the management team as it is less than at most other FE colleges

4	<p>Annual report of the Audit Committee and Regularity Self-Assessment Questionnaire</p> <p>Members received assurance that the Audit Committee had reviewed the questionnaire and annual report in a previous meeting, had made further recommendations and these were included within the drafts shared in the meeting pack.</p> <p>Two amendments were noted:</p> <ul style="list-style-type: none"> • Typo on first page “external” not “eternal”. • Then go back to TIAA re: the recommendation from the Head of Internal Audit – to confirm that all audits were completed last year, and there was no further impact from covid, and ask for a revised and accurate statement. <p>Subject to these amendments, members agreed to approve the annual report and recommend it and the regularity self-assessment questionnaire to the</p>	4
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Estates update

Governors noted a number of promising and exciting updates across the group.

Maintenance survey

The team are starting to plot out activities, focusing on works required on Category D and C rated elements across the group. Members received the overall summary and rough plan to be delivered over the next 5 years, at an approx. cost of £1.75m a year. Governors acknowledged costs were indicative suggestions by the surveyor, not the market rate being quoted by contractors. A fully detailed plan will be shared in due course.

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Major Projects update

Skegness Campus

Tenders for the redesign of the new campus have been received and the group will proceed with the contractor with lowest price. The archaeology reports have also been received, which removed the final requirement needed for completion on the land, which went through last Thursday. The set-up date on site will be early January, with plans to complete works a couple of months before the start of the 2025-26 year, to provide time for the internal fit out and furnishing for the new academic year. The advert board for the new college will be as large as possible, to inform residents of the new development.

Animal Care

Following board approval of the £5.4m budget, the main contractor plans to begin on site in early January, and fencing will be erected prior to the Christmas break. They are working on final details of the delivery plan, which includes a few PC sums, but hopefully we will not see much movement. It is hoped works will be completed for students and learners to move in for the start of the Spring term in 2024-25.

DfE Projects

We have a full detailed schedule of how we are using the capital, and whilst we are experiencing some variability as priorities change and budgets are changing, overall costs and plans are within expectations. Updates on variances will be continue to be provided at each meeting.

Disposals

Lady Edith Drive: AC is meeting with (details in private business), the favoured bidder, tomorrow to go through the pre-application plans with NYC (North Yorkshire Council) planners. They are looking to push back some boundaries, but it is good to be invited to support the developer, and see progress being made. Plans are moving forward and the previous road block with NYC has been removed. The TEC Partnership paid £2k and NYC are changing the adoption plans for the strip of land.

6	<p>Any other Business and review of the meeting There was no additional business to consider.</p> <p>Governors confirmed:</p> <ul style="list-style-type: none"> • It had been extremely useful to have the private session with the External Auditors before the meeting. • The finance team have significantly improved processes and timings, and this should be recognised. • They were pleased to see the strategic plan contextualised in the overall report. • Impact can be seen – through change, progress and aspiration. • The contractors who completed the survey of the estate had added value, and the group can benefit by continuing to develop the reports. 	
7	<p>Governors on the Finance and Resources Committee were thanked for their attendance and were able to leave. An open invitation was extended to remain for Audit Committee items, accepted by AB and AL.</p> <p>KA, PB, AC and AH left the meeting.</p> <p>In attendance, AB, JG, AL, GLee, GLon, MKT and AP.</p>	

8	<p>Risk Register</p> <p>Members noted that the Risk Register had developed this year, and the latest recommendations had been included within the latest report. It was confirmed that MKT would be taking on the responsibility for updating the register moving forward. The internal review process, (through GLT and SLT) would continue on it's 6 week cycle.</p> <p>One specific risk was highlighted – the impact of devolution on the adult education budget. Governors agreed the importance of positioning NET was key to mitigating this risk, and governors received assurance that Katie Wheeldon and her team were being supported, developed and being provided with the resources needed, to establish and promote their service offer.</p> <p>The group are working with the LA's and aim to be the "supplier of choice". They are also promoting "NET", which works across the traditional geographical boundaries, and is well respected with current partners. The team are looking at how to promote this further and grow the provision.</p> <p>Governors questioned if growth would also bring additional risk, or a need to change the delivery model. It was confirmed that the delivery model would not need to change, but working with more mayoral authorities and LA's would increase the administration and reports required, and staffing to complete this.</p> <p>Governors expressed surprise that Risk S3-1 had reduced, as changes to government funding and uncertainty may increase if there were to be a change in government, as most opinion polls suggest. Governors listened to the response, and the implication to funding in the short to medium term, but challenged this and requested the change in government be considered when the management team met again. Everyone agreed, devolution is fraught in both the significant impact and implications across the group's footprint.</p> <p>The group will be looking for who the influencers are, and are looking at how to identify and engage with them. The Audit Committee confirmed that the board would welcome a broader paper on this in due course.</p> <p>Other suggestions included:</p> <ul style="list-style-type: none"> • Amending the wording in funding resources to make it clearer it related to "grant funding" • Considering whether the broader political landscape should be a separate risk. • Could the Risk Register be developed further. <p>There are 11 residual red rated risks – does this reflect the risk appetite of the group? Does the committee have the time/ capacity to work on 11 risks in detail? Could the management team consider the top three risks across the year to present a paper on as a discussion point? Can the board accept some risks are more operational in nature and ask ELT to review these as discussion items and present summary</p>	
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9	Funds Obtained Fraudulently There was nothing to report.	
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Internal Audit

Governors received the Internal Audit Annual Plan report from the previous year, for their records.

Internal Audit Plan 2023- 2024.

TIAA had provided the group with a proposed 3-year plan of rolling audits, and the committee agreed at the last meeting that whilst taking heed of these suggestions, they requested the key areas of risk identified by the management team, to make an informed choice.

The committee also agreed there were some specialist areas identified for an internal audit activity where TIAA may not have the specialist expertise required, and better value would be gained from an audit from specialists in the field of activity.

The committee considered the joint recommendations, focused on the importance that the audits should add value, and confirmed:

- Cyber security was “red rated” and should be subject to an audit this year - MKT was asked to obtain guidance from Adrian Clarke’s team as this activity should be completed by specialists.
- Performance Management was recommended as the current process is due for review and the audit could make recommendations for a more modern and agile approach.
- Absence Management – the TEC Partnership have a generous sick pay policy, providing up to 6 months pay after 2 years of service. The costs for this benefit are significant. It is not suggested to reduce the benefit itself, however potentially the group could be more proactive, which could result in lowering the sick days overall.
- GDPR – this area has not been reviewed in some time.
- Internal Communications – this had been highlighted by the ELT, and it was also brought to Governors’ attention in the recent Ofsted inspection. Again, it was advised that specialists be used, to add most value to this important exercise. Governors questioned how this can be compared with other groups and scored. The group are currently looking to use a specialist company to support communications and this may not be the best time therefore to also audit this activity.
- Payroll – this is the largest area of expenditure for the group, and internal controls should be tested. The payroll system is separate to the finance system and therefore there is an additional risk inherent with this too.
- Individual Learning Records – governors confirmed their wish to have an aspect covered by the internal review process each year. MKT confirmed a three-year cycle could be established to look at individual areas in turn.

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11	<p>Minutes and confidential Minutes of the last meeting on 10th October 2023 The Committee approved the minutes and confidential minutes of the last meeting.</p>																																					
12	<p>Matters Arising from the Minutes</p> <p>10th October 2023</p> <table border="1"> <thead> <tr> <th>No</th> <th>Action</th> <th>Date</th> <th>Update</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Share the annual report of the Internal Auditors</td> <td>ASAP</td> <td>Completed</td> </tr> <tr> <td>2</td> <td>Amend the schedule of committee activities so the plan for audit activities is completed in the summer term</td> <td>Summer 2024</td> <td>Added to the schedule of business</td> </tr> <tr> <td>3</td> <td>Present recommendations from ELT for the annual audit plan at the next meeting</td> <td>November 2023</td> <td>Presented at meeting today</td> </tr> <tr> <td>4</td> <td>Recommend the approval of the amended Financial Regulations to the corporation</td> <td>24th October</td> <td>Completed</td> </tr> <tr> <td>5</td> <td>Recommend the amended whistleblowing policy to the corporation</td> <td>24th October</td> <td>Completed</td> </tr> <tr> <td>6</td> <td>Provide a breakdown of travel expenses</td> <td>28th November 2023</td> <td>In meeting pack</td> </tr> <tr> <td>7</td> <td>Send any additional feedback to AP</td> <td>ASAP</td> <td>Completed</td> </tr> <tr> <td>8</td> <td>Approve the annual internal audit plan at the next meeting</td> <td>28th November 2023</td> <td>Agreed today</td> </tr> </tbody> </table>	No	Action	Date	Update	1	Share the annual report of the Internal Auditors	ASAP	Completed	2	Amend the schedule of committee activities so the plan for audit activities is completed in the summer term	Summer 2024	Added to the schedule of business	3	Present recommendations from ELT for the annual audit plan at the next meeting	November 2023	Presented at meeting today	4	Recommend the approval of the amended Financial Regulations to the corporation	24 th October	Completed	5	Recommend the amended whistleblowing policy to the corporation	24 th October	Completed	6	Provide a breakdown of travel expenses	28 th November 2023	In meeting pack	7	Send any additional feedback to AP	ASAP	Completed	8	Approve the annual internal audit plan at the next meeting	28 th November 2023	Agreed today	
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13	<p>Effectiveness of the meeting Members confirmed it had been a good meeting, with a number of actions to complete. These had been achieved in good time, and a good level of discussion and challenge had been presented. Clear progress can be seen. Membership still needs to be increased, and the Search and Governance Committee are aware of the urgency in the next recruitment campaign.</p>																																					

Matters arising from the Minutes on 28th November 2023

No	Minute	Action by	Action	Date
1	Management Letter 2023	MKT	Consider options and have a broader conversation around segregation of duty and fraud protection	March 2024
2	Management Letter 2023	JG	Write a note of thanks/ recognition to the Finance Team	ASAP
3	Management Letter 2023	MKT	Consider alternative authorisation processes for journals and confirm this at the next	March 2024

4	Annual report of the Audit Committee	AP	Make final amendments to the report, before it is presented to the corporation board for the December meeting	November 2023
5	Estates Update	AC	Share fully detailed maintenance plan at the next Finance and Resources meeting	March 2024
6	Estates Update	AC	Confirm accurate costs for dilapidation works	March 2024
7	Risk Register	MKT	When reconsidering risks at GLT and ELT, ensure a change in government is considered within Risk S3-1	Spring 2024
8	Risk Register	MKT & AP	Consider a broader discussion item on the risks and impact of devolution later in the year	Summer 2024
9	Risk Register	MKT	Consider additional suggestions in the next round of updates of the risk register	March 2024
10	Internal Audit	MKT	Identify a company to audit cyber security, informed by recommendations from AC's	ASAP
11	Internal Audit	MKT	Review the Internal Audit contract and also the tender process	12 March 2024
12	Internal Audit	JG MKT	Following Board approval, confirm audit plan with the Auditors	December 2023
13	Internal Audit	JG MKT AP	Revisit Internal Audit at the next meeting, following receipt of the Ofsted report	March 2024