PART A   Minutes of the Audit Committee meeting held on 25 June 2019 at 4pm

Boardroom 4H01, University Centre

Present   Lucy Ottewell-Key (Staff Governor) Robert Edwards (Interim Chair) John White, Mike Stopper.

In Attendance Tony Lawlor Group Director Finance, Emma Snell Account Manager, Susan Bailey Clerk to the Corporation, Peter Harrison TIAA, David Hoose Mazars (via teleconference for the pre-meeting with Auditors and minute 10 Audit Strategy Memorandum year ended 31 July 2019)

Prior to the meeting at 2.45 pm members of the Audit Committee met with the Internal and External Auditors without management present in order for members and the auditors to give feedback / raise any queries privately (See part B minutes)

1.   Interim Chair's welcome

1.1   Following introductions Members were reminded that Robert Edwards had agreed to be the Interim Chair of the Audit Committee until a new Chair of Audit was appointed by the Corporation.

1.2   The Clerk informed members that a prospective co-opted member of the Audit Committee (previously Group Director (GD) Finance at GIFHE and currently a Financial Advisor) had met with the Chair of the Corporation, CEO and Clerk and would be duly recommended for appointment to the Audit Committee in July 2019.

1.3   Having commenced employment on 12 June 2019 the Group Director Finance provided an overview of his experience and work within the FE College Sector and the current position regarding finance staffing within the TEC Partnership.

1.4   Members were informed that meetings between the GD Finance and Internal Audit and External Audit and key stakeholders, including the Clerk were to take place within the next week or so in order to agree key priorities for Audit and the finance team.

1.5   The GD Finance stated that whilst the Risk Register was entirely fit for purpose and provided assurance that the Partnership's management of risk was effective, a review was needed to ensure the Risk Register and Board Assurance Framework were aligned and synchronised efficiently.

1.6   Due to current finance staffing and timing of crossover of employment of the GD Finance, in agreement with the Chair of the Corporation and CEO, it had been agreed to defer consideration/annual review of the Risk Register, Risk Management Policy, the Board Assurance Framework and Financial Regulations until the Autumn term 2019.

2   Apologies

2.1   There were no apologies for absence.

3   Declarations of Interest

3.1   There were no declarations of interest.

4   Minutes of the Audit Committee Meeting held on 7 May 2019 and any matters arising

4.1   **RESOLVED**   The minutes of the Audit Committee meeting held on 7 May 2019 were accepted as a correct record and signed by the Chair.   There were no matters arising.

5   Internal Audit Plan 2019/20

5.1   TIAA reported that due to current finance staffing arrangements a planning meeting scheduled to take place two weeks ago had been postponed with the agreement to submit the Internal Audit Plan 2019/20 to the next meeting of the Audit Committee (1 October 2019) and to allow the new Group Director Finance input and review of priority of upcoming Audit reviews.

5.1   RESOLVED   The update on the Internal Audit Plan 2019/20 was noted.

6.   Internal Audit Service progress report on Internal Audit Plan 2018-19.

6.1   TIAA submitted the Internal progress report on the Internal Audit Plan 2019-20 which summarised progress against the action plan and the Audit work carried out since the last meeting and which confirmed the following:

a)   No emerging risks which could impact the overall effectiveness of governance, risk and internal control framework of the organisation had been identified.
b)   There were no changes proposed to the annual plan presently.
c)   Four audit reviews as follows had been finalised since the last Audit Committee, receiving either reasonable of substantial assurance that appropriate controls were in place to ensure that payroll data was accurate.

   - ICT Network Security and Cyber Security (Reasonable Assurance)
   - Safeguarding (Reasonable Assurance)
   - Health & Safety (Substantial Assurance)
   - GDPR Compliance (Substantial Assurance – report to be submitted to the next meeting of the Audit Committee)
   - Follow-up (to be submitted to the next meeting of the Audit Committee)

6.2   Members were informed that due to the staffing issues previously reported the Risk Management Framework review date was yet to be confirmed and that the Internal Audit Review reports on Follow-up and GDPR Compliance were to be submitted to the next meeting of the Audit Committee.

6.3   TIAA reported that the Audit Review of GDPR Compliance had received a good outcome and 'substantial assurance' that the TEC Partnership's compliance with GDPR was effective.

6.4   RESOLVED   The Internal Audit Service progress report on the Internal Audit Plan 2019-20 was received and noted.

7. Internal Audit Service (IAS) assurance review of ICT Network Security and Cyber Security

7.1 TIAA submitted the final IAS review of ICT Network Security and Cyber Security which considered the arrangements for the physical and access security of hardware and software. The review had also considered the proactive measures in place to minimise the risk of a cyber security event.

7.2 Detailed findings and testing carried out confirmed that appropriate operational network security and cyber security arrangements were in place at GIFHE. The Overall Assurance Assessment provided was 'Reasonable Assurance' (RAG rated Amber)

7.3 Two 'important' recommendations had been made in relation to:

a) Ensuring ICT policies and procedures be brought in line with industry guidelines outlined in ISO 27002.
b) Ensuring cyber security training resources including Anti-Virus and Malware guidance be made available on the intranet / canvas pages to all staff.

7.4 Members were pleased to note that the review confirmed that the security, integrity and availability of its computer systems for day to day operations to achieve its business objectives were sound and that the recommendations related to policy and guidance rather than any weakness in security. It was agreed that surveillance of potential fraud and cyber attacks and raising awareness must be a continual process to ensure all staff understood the dangers and knew how to respond to potential threats.

7.5 TIAA confirmed to members that it was evident that all systems were compatible and therefore able to identify new threats swiftly.

7.6 **RESOLVED** The Internal Audit Service report on ICT Network Security and Cyber Security was received and noted.

8. Internal Audit Service (IAS) assurance review of Safeguarding

8.1 TIAA submitted the final IAS review of Safeguarding which considered the arrangements in place to ensure the well-being of students and vulnerable groups was maintained. The review included policy and procedures, DBS checks, training and awareness and safe recruiting.

8.2 Testing carried out within a number of areas confirmed that the TEC Partnership had robust safeguarding arrangements in place which were appropriately direct and up to date, along with staff and governors who understood their responsibilities. The Overall Assurance Assessment provided was 'Reasonable Assurance' (RAG rated Amber)

8.3 Two 'important', three 'routine' recommendations and one 'directed' recommendation had been made in relation to:

a) Existence of convictions recorded on DBS certificates to be noted on the single central register.
b) Ensuring risk assessments were completed in all cases where pre-employment documentation had not been received.
c) Ensuring all governors undertake safeguarding training.
d) Consideration be given to reception staff highlighting the safeguarding arrangements to all visitors and providing a summary card with the visitor ID badge.

8.4   During questions and answers members agreed that the number staff of yet to undertake mandatory safeguarding training within their probationary period was fractional in comparison with the total number of staff employed.   In respect of the recommendation regarding governor safeguarding training, as this was not a mandatory requirement TIAA agreed to review this recommendation. It was also agreed that for any future reports relating to governance the Clerk should receive the draft report for comment prior to publication of the finalised report.

8.5   **RESOLVED**   The Internal Audit Service report on Safeguarding was received and noted.

9.   Internal Audit Service (IAS) assurance review of Health & Safety

9.1   TIAA submitted the final IAS review of Health & Safety which considered the arrangements in place for managing Health & Safety, including policy, training, communication, reporting, compliance and recording.

9.2   Testing carried out within a number of areas of confirmed that appropriate arrangements were in place to safeguard the health and safety of the TEC Partnership's staff, students and visitors. The Overall Assurance Assessment provided was 'Substantial Assurance' (RAG rated Green) The review also confirmed that:

a)   a thorough and well-observed Health, Safety and Welfare Policy was in place and regularly reviewed together with other supporting policies and procedures.
b)   The TEC Partnership was fulfilling its policy responsibilities, including establishment and maintenance of an effective Health, Safety and Welfare Committee.

9.3   One 'routine' recommendation was made in relation to review of the current transport policy in line with its stated review date (six months overdue)

9.4   **RESOLVED**   The Internal Audit Service report on Health and Safety was received and noted.

10   GIFHE Audit Strategy Memorandum for the year ended 31 July 2019 including proposed audit engagement letter.

10.1   Mazaars submitted the External Audit Service Memorandum for the year ended 31 July 2019 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 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 2018-19
- Colleges Accounts Direction 2018-19

- Changes in Teachers' Pension
- Impact on Brexit on the FE Sector
- Changes in the Financial Planning Handbook

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

a) Covenant compliance and going concern
b) Pensions Liability (LGPS)
c) Possibility of HRMC tax treatment to the loan to Modal Training Ltd.
d) Estates strategy
e) Depreciation
f) Capital expenditure

10.2   The Interim Chair emphasised members' wishes regarding the priority for Modal Training Ltd to generate income and pay back the loan from GIFHE. It was acknowledged that the new Cadetship course commencing in September 2019 provided a degree of comfort. The Group Director Finance confirmed that Modal was a priority key discussion item with Mazars accordingly.

10.3   RECOMMENDED   That the External Audit Service Memorandum for the year ended 31 July 2019 be approved.

11   Audit Committee Calendar and Business Cycle 2019/20 including governor training plan

11.1   The Clerk submitted the Audit Committee's proposed Calendar of meetings and Annual Cycle of Business for 2019-20 devised in line with funding body regulations and the requirements of the Post 16 Audit Code of Practice and previous years' business cycle.

11.2   It was agreed that the proposed calendar of meetings and business cycle for 2019-20 were appropriate and allowed the Audit Committee to schedule meetings on a timely basis.   The 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 2019-20 particularly in view of the appointment of the new Group Director Finance who may wish add more items.

11.3   RECOMMENDED   the Audit Committee proposed Annual Cycle of Business 2019-20 was recommended for Corporation approval.

12.   Funds fraudulently obtained report.

12.1   The GD Finance confirmed that management were not aware of any funds fraudulently obtained since the last meeting

12.2   **RESOLVED**   The funds fraudulently obtained report was received and noted.

13.   Any other business – no other business was raised at the meeting.

14   Date and time of next meeting

14.1   **RESOLVED**   Tuesday 1 October 2019   4pm – The Boardroom, University Centre

The meeting closed at 3.45 pm

Chair of the Audit Committee

Signed _____   Date _____

Action Schedule

No	Minute Title	Action by	Action required
1	Interim Chairs welcome	Clerk	Amend ACOB – reschedule Risk Register, Risk Management Policy, Board Assurance Framework and Financial Regulation review until the next meeting 1 October 2019
5	Internal Audit plan 2019/20	TIAA	Submit Internal Audit plan to next meeting 1 October 2019
6	Internal Audit Service progress report on Internal Audit Plan 2018-19	GD Finance	Submit GDPR and Follow-up reports to next meeting 1 October 2019

Audit Committee 25 June 2019