

Audit & Risk Committee

Minutes of the meeting held on 19 March 2020 at 10am in Room OP116/117

Present by conference call: Paul Candelent, Paula Cole, Phil Lanigan (Chair) and Malcolm Sugden

In attendance at Openshaw: Rob Cressey (Group Finance Director), Jennifer Foote MBE (Company Secretary and General Counsel)

In attendance by conference: Alex Hire (RSM), Angela Hunter (MD Group Ops), Kate Mackenzie (Deputy Company Secretary and Solicitor), Sally Marchant (Group SHE Director), Paul Taylor (COO) and Caroline Wilson (Senior Financial Accountant).

At the request of the Chair, John Thornhill (CEO) attended the meeting.

Rob Cressey asked the Committee to note that his brother in law was a Partner at RSM

The Committee welcomed Angela Hunter and Sally Marchant to their first meeting.

Part A

01/20	Part A Minutes of the meeting held on 18 November 2019 The Part A Minutes of the meeting held on 18 November 2019 were approved as a correct record.
02/20	Covid-19 The meeting probed and was assured of the robust operational plans in place to mitigate against the impact of Covid-19 and the alignment of government and sector specific advice to individual business unit plans. Assurances received to date from the ESFA, GMCA and the MoJ to maintain payment on profile was confirmed. To mitigate against the risk of claw back, provision would be made in the accounts. Sensitivity analysis work was in progress in regards to the commercial income stream of the Group. In response to a query it was confirmed that the Government's current emergency business support did not encompass any form of loan to the sector. The meeting was informed that the estates project currently remained within the enabling works phase which allowed for maintenance of programme whilst considerations in respect of the main contractor contract were explored. This had been scrutinised at the recent IESG meeting.
03/20	Strategic Risk Review The MD Group Operations presented to the meeting the intent to strengthen the Group's approach to strategic risk management. The intent was to adopt a more layered approach to focus on key strategic risks. The high level model and detail of the approach was shared. It was also considered timely that risk registers were updated to maintain a high review of control and management of each risk. The aspiration had been to move at pace to a monthly risk review cycle. The meeting appreciated however that in the Covid-19 climate a six month review cycle would

	<p>more realistic. It was confirmed that a specific Covid-19 risk register had been implemented. The intention to introduce a new reporting format was signalled which would be presented for review at a future meeting of the Committee.</p> <p>It was appreciated that due to the complexity of the Group, risk across the Group was not homogenous. The intent and high level plan to further tighten control at the centre was articulated and endorsed.</p>
04/20	<p>Internal Audit Progress Report</p> <p>The committee received the Internal Audit Progress Report Update 2019-20. The plan was on track save for three changes which has arisen subsequent to the approval at the November meeting. The changes as a result of timing issues and change to audit scope were articulated and the revised timetable was endorsed.</p>
05/20	<p>Progress against internal audit recommendations</p> <p>The Senior Financial Accountant presented the internal audit progress report. It was reported that one action had been implemented since the last report and the number of outstanding actions remained twelve. An update was provided on the progress of the outstanding actions. The Committee queried the progress in respect of the VLE action. It was confirmed that the digital strategy was approved but technology had advanced and that this action had now therefore been superseded. It was agreed that RSM report back to the next meeting on whether this action remained relevant.</p>
06/20	<p>Counter Fraud Policy</p> <p>The Counter Fraud Policy and Response Plan was submitted for review. The Committee requested an amendment be made to allow for an annual review of the fraud register by the Audit & Risk Committee.</p> <p>RESOLVED that, subject the inclusion of the requirement for the Audit and Risk Committee to review the fraud register annually, LTE Group Board be recommended to approve the LTE Group Counter Fraud Policy and Fraud Response Plan.</p>
	<p>RESOLVED that as the items to be considered are deemed confidential, the Committee move into confidential session.</p>
	<p>-----</p> <p>Chair</p> <p>-----</p> <p>Date</p>

The meeting closed at 11:40am