

## Audit & Risk Committee

Minutes of the meeting held at 10:00am on 20 June 2022 at Openshaw

Present: Paula Cole, Phil Lanigan (Chair) and Malcolm Sugden

In Attendance: Linda Barlow( Assistant Company Secretary & Legal Officer), Alison Close (CFO), Alex Hire (RSM), Angela Hunter (MD Group Operations and Deputy CEO), Kate Mackenzie (Deputy Company Secretary & Solicitor), Sally Marchant (Group SHE and Risk Director), Clare Partridge (KMPG) and Caroline Wilson (Head of Financial Reporting & Compliance ).

Marie Stock MBE ( VP-Student Experience & Support ) and Andrew Pickles (AP-Foundation Learning & Student Support) for Minute No. 11/22

Lucynda Kelman (Data Protection Assistant) for Minute No 15/22

*No declarations of interest were received.*

### Part A

<b>09/22</b>	<b>Part A Minutes of the meeting held on 18 March 2022</b>  The Part A Minutes of the meeting held on 18 March 2022 were approved as accurate and signed by the Chair.
<b>10/22</b>	<b>Nomination of Chair</b>  The Committee agreed to nominate Philip Lanigan for the position of Chair for 2022/23.
<b>11/22</b>	<b>Internal Audit Reports (RSM)</b>  <b>Follow up Part Two</b>  The Committee received and discussed the Internal Audit Follow Up Report Part two for 2021/22. The Committee was assured that 'good progresses' had been made in the implementation of agreed management actions The revised implementation dates in respect of three management actions were received together with assurance that the actions would be completed in line with the revised timeline.  In addition, further to Minute No. 02/22 the Committee noted the position statement on the implementation of the four management actions from the Student Mental Health and Wellbeing (4.21/22) report, noting that these actions were not due for implementation until 30 June 2022. As requested at the last meeting the Vice Principal, Student Support and Experience attended the meeting and, supported by the AP- Foundation Learning & Student Support, provided an update by way of assurance to the committee specifically on the procedures in place for the capture of identified mental health issues in transitioning students. The Committee sought and received further assurance that the action was on track to be completed as agreed by the end of June 2022 . The implementation of the CPOMs system which had been in train and the roll out of training together the Group's documented

approach to monitoring transitioning students with a history of mental health and wellbeing concern was detailed. In response to a query it was confirmed that all data from schools would be captured via CPOMs and this process was all in train for the forthcoming year. It was understood that the first team audit to ensure that mandatory documentation was in place was scheduled to be completed by the end of June 2022 in line with the updated guidance documents. As such, the Committee gave a steer that the internal auditors review the implementation of this action during their next follow up review in 2022/23.

### ***Business Development- Bids and Tendering Arrangements***

The Committee was presented with the Business Development Bids and Tendering Arrangements report which concluded that 'substantial' assurance could be taken that the controls upon which the organisation relied on to manage the risk were suitably designed, consistently applied and effective. It was noted that the Group had a clearly established framework in place for the identification of tender opportunities and for the preparation and submission of commercial bids. Whilst a clearly defined bids and tendering framework was in place, some areas were identified where further developments could be undertaken to enhance the existing processes. Aligned to this a total of three management actions had been agreed but these did not impact on the positive assurance provided in the report.

Upon noting that all samples taken pertained to the Novus business unit the Committee sought assurance that the bid discipline was embedded across Group. This was confirmed as the bid team worked across Group. For further assurance the CFO alluded to the revisions to the LTE Group Financial Regulations (later on the agenda) which included an amended contracts and bids matrix which further sought to strengthen this. From a TMC perspective the Committee was also reminded that grant funding bids also had PFA audits attached to them.

### ***Internal Audit Progress Report***

In respect of the 2021-22 audit plan progress was shared and the Committee noted that the plan had remained on track since the last meeting.

### **12/22 Internal Audit Plan 2022/23**

The Committee received the draft internal audit plan for 2022/23 for consideration and testing. It was understood that the internal audit activity for 2022/23 was based on analysis of the Group's corporate objectives, risk profile and risk registers together with other factors affecting the Group in the year ahead, including changes within the sector.

In relation to the 'Estates Benefit Realisation' a member tested the extensiveness of the scope for this audit noting that integral to the estates plan from inception was costs rationalisation/ use of space. It was confirmed that detailed scoping had not been carried out to date but that the intent was for the assignment to cover both soft and hard benefits. The Committee also assured itself of the scope the payroll audit noting prior historical issues in regards to the timeliness of leaver removal.

In response to a query from a member the Committee was assured that the inclusion of the proposed Harassment and Sexual Conduct assignment had not stemmed from an immediate concern. Rather it would encompass a review of the framework in this area to ensure that the Group had considered the recommendations arising from the review (and acted upon) undertaken by Ofsted – Review of sexual abuse in schools and colleges (June 2021), in conjunction with the Office for Students' expectations.

	<p>The Committee received the table showing the audit coverage to be provided by RSM and endorsed the same.</p>
13/22	<p><b>Progress Against Internal Audit Recommendations</b></p> <p>The Head of Financial Reporting &amp; Compliance presented the Internal Audit Progress Report. Since the report in March 2022 there were twelve actions with seven actions having been completed since the last report and nine actions having been added to the log. The Committee was informed that there was one 'high' level action, five 'medium' level actions and six 'low' level actions. Of the five 'medium' level actions three related to performance management and two related to business continuity. Of the five medium level actions three of them were paused due to Covid-19 but were now live again.</p>
14/22	<p><b>External Audit Plan 2022-23</b></p> <p>The External Auditor, KMPG, presented the risk assessment and planned external audit strategy for 2022-23. The identified risk areas for focus were noted as: valuation of LGPS pension liability, revenue recognition, management override of control Going Concern, valuation of property and use of funds/ regularity. It was noted as in prior year that the cessation of the ESFA assurance over the amount of apprenticeship income recognition within the financial statements had increased the volume of work required in this area. In relation to valuation of property and Going Concern these had both been downgraded from last years scope from 'significant risk' to 'other audit' risk. The Committee noted the materiality that had increased this year and reporting threshold and the rationale was understood. The Committee satisfied itself in respect of the robustness of the external auditors' internal independence procedures.</p> <p>In response to a query from the Committee the time period under consideration for Going Concern was confirmed as 15 mths from the date of signing. The Committee also tested and received assurance around any impact on any financial arrangements/ credit facilities and headroom.</p>
15/22	<p><b>Data Protection Policy Review</b></p> <p>The Committee considered the updated LTE Group Data Protection Policy which had been strengthened to reflect learning and good practice and simplified to ensure readability and accessibility.</p> <p><b>RESOLVED</b> that LTE Group Board be recommended to approve the amended Group Data Protection Policy.</p>
	<p><b>RESOLVED</b> that as the items to be considered are deemed confidential, the Committee move into confidential session.</p>
	<p>-----</p> <p><b>Chair</b></p> <p><b>Date</b></p>