

Audit & Risk Committee

Minutes of the meeting held on 5 March 2019 at 9am in Room OP116/117

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

In Attendance: Rob Cressey (Group Finance Director), Jennifer Foote MBE (Company Secretary and General Counsel), Elizabeth Fitzgerald (Divisional Finance Director), Kate Mackenzie (Deputy Company Secretary and Solicitor), Sarah Massel (RSM) and Paul Taylor (COO) (by conference call for items 1/19, 2/19 and 4/19).

No apologies or declarations of interest were received.

Part A

1/19	<p>Part A Minutes of the meeting held on 29 November 2018</p> <p>The Part A Minutes of the meeting held on 29 November 2018 were approved as a correct record.</p>
2/19	<p>Strategic Risk Review</p> <p>The COO presented the Risk Management update. The Committee was informed that the Audit of Risk Management by the internal auditors, RSM, was due to take place during w/c 18th March 2019. The leadership teams had been reviewing and updating the risk register template and this was an agenda item for the Executive Team meeting on 14th March 2019. Where a risk covered more than a single business area this would be recorded on the most appropriate lead unit or specialist area and budget assessments would be scored against the divisional budget not the Group.</p> <p>In respect of Risk Appetite it was confirmed that the work to express this against a number of categories was currently being piloted in Novus. Discussion was currently in train in terms of their categories and appetite. The committee was informed that the intention was to take any learning from this process before cascading throughout the rest of the organisation. The committee enquired how this process aligned with the audit committee cycle for the committee's review. It was confirmed that Novus's approach to risk appetite would be presented to the next audit and risk committee meeting. The committee was also informed that a separate risk register was being created for the estates strategy. It was noted that some of these risks crossed over between finance and The Manchester College. The committee sought confirmation as to the ownership of this estates risk register and it was confirmed to be the VP- Planning and Performance.</p> <p><i>Paula Cole joined the meeting.</i></p> <p>The committee queried whether an overall Brexit risk had been considered. The committee was of the view that significant time should not be spent on this to date due to the unclear position and the fact that LTE Group did not have a significant international element.</p>

<p>3/19</p>	<p>Internal Audit Reports</p> <p>Internal Audit Follow Up Part 1 -18/19 The committee noted that 3 of the management actions considered as part of this review were recorded as not been implemented. The committee was however informed by RSM that confirmation had been received from LTE Group team that since their fieldwork 2 of the 3 outstanding actions had been implemented. The second follow up review would revisit these 3 actions.</p> <p>One of these actions was a high priority action to ensure that all mandatory health and safety training was completed by all colleagues with extra health and safety training to be provided to those colleagues whose job role required it. Detail in respect of the work in train was shared by the team.</p> <p>FE- Benchmarking of Internal Audit Findings 2017-18. It was noted that the percentage of 'substantial assurance' opinions was lower than the equivalent percentage in 2016-17. The level of 'reasonable' assurance opinions increased from 2 to 3 between 2016-17 and 2017-18. One partial assurance opinion was issued in 2017-18 against none in 2016-17. It was confirmed that the profile of the Group's management actions were higher on average per category compared to 2016-17.</p> <p>The committee impressed upon the team the importance of improving the timeliness of actions. The committee was assured of the management aim to directly work on the top 10 risks on the risk register.</p> <p>The committee received the Internal Audit Progress Report Update 2018-19. No formal assignment reports had been issued since the last meeting and the current timetable was noted.</p>
<p>4/19</p>	<p>Progress Against Internal Audit Recommendations</p> <p>The Divisional Finance Director presented the internal audit progress report. It was confirmed that there were currently 10 outstanding actions with 4 implemented from the report in November 2018. The changes and developments within the Group had impacted on the progress of implementation and also on the timings and high level scoping for some of the audits within the approved internal audit plan. The timetable was shared with details of the actions completed and those outstanding. The committee requested that those relating to VLE and Mandatory Health and Safety Training and which were marked as high risk were closed for the next meeting</p> <p>In respect of the VLE appraisal action the committee was informed of the re-assessment of this as an action with RSM. Work on this was now back on track with an agreed closing off of this action with RSM by the end of March 2019.</p>
	<p>RESOLVED that as the items to be considered are deemed confidential, the Committee move into confidential session.</p>
	<p>----- Chair ----- Date</p>