CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Wednesday 09 June 2021 6 pm – by Zoom

Members Present: Jan Knight (Chair), Norman Whyte, Derrick Betts, Amish Nathwani, Grainne Brankin.

In attendance: Zoë Lawrence, Nick Bell, Shachi Blakemore (Buzzacott)*, Richard Weighall (BDO), Paul Bradley*.

*for relevant agenda items only

1	**Welcome and apologies for absence** JK welcomed everyone to the meeting. There was 100% membership attendance. NB took this opportunity to thank Jan Knight for her contribution to college governance both at CNWL and UCG which had spanned over 14 years. Jan was soon to be standing down as governor and this was her last audit committee meeting. Members echoed this sentiment and applauded Jan for her exceptional commitment and contribution.
2	**Declarations of Interest in the agenda items** No interests were declared.
3	**Minutes of the Audit Committee held on 10 March** The minutes were approved as an accurate record for signing. **Matters Arising** NB said that he would provide response to the action on the Business Continuity audit within the next 7-10 working days. The other actions would be covered elsewhere on the agenda.
4	**STRATEGIC** **i. IT/ Cybersecurity Risk Register – Deep Dive** *(Risk Register provided in advance)* PB outlined his role with regard to MIS, IT and process improvement following merger. He provided additional detail for each risk in the IT risk register including explaining how partitioning was being done to restrict access breaches into specific zones. JK asked when and how it was intended to use cloud storage. PB said that this was unlikely to be until the next academic year and would be in discreet sections as appropriate through a gradual transition for business continuity. JK welcomed this and that it would be useful for timelines to be included on the risk register. AN commented that the risks continued to be quite high on the risk register despite the mitigating actions and some did not reduce. He thought that overall they may be rated too high. NB commented that there may be some subjectivity, and that overall the risks in the wider register may be rated too high compared to other organisations, but he thought

internally this was consistent. AN suggested that the impact of each IT system be assessed, for whether they were well protected or not. It may be possible then to downgrade the risk.

GB commented on the possible over-reliance on training for GDPR, and that the organisation's systems and processes were as important as the training, particularly given the sensitive nature of the some of the personal information held. There appeared not to be any systematic processes to prevent human error. NB agreed that this was a potential area of exposure. GDPR resources were being increased, and this would be better reflected in future versions of the risk register.

AN commented on the cybersecurity gap analysis, whether the report was available and if it included GDPR. PB said the report was due and he would feedback on this. GB asked if there were any benchmarks or specific objectives we were aiming for to provide a road map that would be helpful to track progress. PB said there was not, but that he would consider this. The recent cyber security audit had reported that there were no major vulnerabilities though recommendations had been given. A decision would soon be taken on next steps and whether a deeper audit was needed. The initial report was encouraging but there would be a process of continuous improvement.

NW asked what actions were being taken to protect the system following the deployment of over 4000 laptops to students. PB said that an external contractor had been commissioned to reconfigure any returned laptops for re-use next year to ensure they were safe. DB expressed concern about the threat of ransomware which was creeping into education, and also what protections were in place in regard to online safeguarding. PB said that software called e-safe was currently being rolled out in respect to safeguarding, and this linked to the safeguarding report which was provided to the TLS Committee.

GB commented on the IT acceptable use policy and that it would be worthwhile checking that this appropriately covered anyone who uses the wifi and network/home networks. Members thanked PB for attending and answering their questions on the IT risk register.

ii. **Risk Register**
(Risk Registers circulated in advance)
NB provided a summary of the seven main risks from the risk register. These included student numbers and funding, core IT functionality, the Wembley Park Project, getting the curriculum right and of good quality, cash flow, recruitment of staff, and organisational reputation. GB asked how the risk register was decided and if there was a risk group. NB confirmed that there was which involved all the risk owners lead by AT. Members noted the risk register.

iii. **Risk Appetite**
The Corporation at its previous meeting had discussed a review of the risk appetite and had tasked the Audit Committee with agreeing a process to take this forward. Members discussed the merits of having different risk appetites for different aspects of risk and also linking this with the strategic priorities. Risk appetite for regulatory risks and safeguarding

	for example would have zero tolerance as many aspects were established in law. It was also agreed that the risk appetite needed to be meaningfully applied to aid decision-making, but not a process that was overly complex. It was agreed that the key risks would be identified and a risk appetite would be considered in the first instance for these with a rationale for consideration by the Corporation. **iv. Post-16 Audit Code of Practice** *(Paper circulated in advance)* ZL presented this paper for information highlighting the main changes in the Post-16 Audit Code of Practice and how this impacted on the role of the Audit Committee. A further paper with revisions to the ToR would be prepared for the Autumn term. Members noted the paper.
5	**INTERNAL AUDIT & EXTERNAL AUDIT** **i. External Audit Strategy** *(Strategy provided in advance)* SB introduced herself to members as she was the new external audit partner. She presented the EA Strategy and highlighted the changes from previous years which were in response to changes in the audit standards and the Post-16 Audit Code of Practice. The main changes included the presentation of the accounts to the Corporation and not just the Audit Committee. A decision would be taken on this in due course depending on the results of the audit. It was also noted that the ILR could no longer be relied on by the EA as funding assurance and there would need to be some alternative checks and controls to provide this assurance in future. SB clarified that the process would not provide assurance on data quality, but that the value in the accounts was correct. SB also highlighted the changes to the Auditing Standards provided by the FRC. These included a higher level of scrutiny with regard to the organisation being a going concern. She also provided a commentary on what would be included in the auditor's report. Members welcomed the strategy. **ii. IA Reports** 　**(a) Policy Framework Audit** 　*(Report provided in advance)* 　RW provided a summary of the internal audit report on the policy framework and that this had only limited assurance. The main issues were that there were different policies available depending on the campus, and that these had not been reviewed since the merger. Also there was no structure in place for the systematic tracking and review for the updating of operational policies, and that this often depended on the policy owner. NW asked whether this was a cultural issue following the merger. RW said that it may be, and there needed to be a push to moving the organisation to a single way of doing things. The campuses had operationally different processes in place in some areas which was not beneficial. DB thought that the Corporation was consistently reviewing policies. This was true as these were monitored by the Director

of Governance. The issue lied with the operational policies. AN commented that many of these may be wrongly described and were more likely to be procedures.

NB said that the SLT took this issue seriously and the audit had prompted a review of which policies were needed and removal of any duplications. A person had been identified to monitor these going forward. JK said that she would be keen to see an update on progress for the next meeting.

iii. **Internal Audit Plan 2021/22**
(Plan provided in advance)
RW presented this report which provided a summary of the progress on this year's audits and a proposed audit plan for 2021/22. He highlighted that the tuition fees audit had been replaced with a learner records audit which would be helpful and timely in providing funding assurance for the EA. Also the remit of the cyber security audit was to have a wider scope and not be entirely enrolment focussed. JK asked if there were any issues with the audits taking place out of term time. RW said that there was not.

On the plan for 2021/22 NB commented that it would still be of value to include the tuition fees audit which could take place in the Spring term as remedial actions would have been completed by then. It would also be useful to include an audit on timetabling as this had become a significant risk for student retention and achievement. These could be substituted for audits already proposed.

The number of audit days in the plan was challenged as this appeared to be higher than the sector average. RW explained that some audits needed more time as there were different systems in place at different campuses. NB commented that this did not apply in some of the audit areas proposed so we would expect to see the number of days reduced for those audits. It was considered that HR was not a particular area of risk and that this audit had only been included as there had not been one since 2016. Enrolment and timetabling were considered to be more important.

On fraud coverage, RW recommended an audit on procurement and contracting as this would identify any larger fraud issues. He considered that the audits undertaken in previous years on payment areas, payroll, and learner records were sufficient. There was only a small amount of cash in the organisation so this was a small risk.

Members sought that a revised internal audit plan be prepared for the next meeting taking into account discussions.

| 6 | **AOB** |
| | **Health & Safety Termly Report** |

Members noted the report. NB explained that the reduction in H&S incidents was due to a reduction of people on site as a result of lockdowns during the pandemic. He also reported a more recent near miss when a student started a car in gear in the automotive department. No-one was injured and necessary steps have been taken to prevent reoccurrence.

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7	Date of next meeting **20 October 2021** Meeting closed at 8.19 pm	5

Minutes taken by Zoë Lawrence 10/06/2021

SIGNED: ……………………………………..   **Date:**

Jan Knight, Chair

ACTIONS

Ref	Action	Owner	Status
4iii	Key risks to be identified and a risk appetite to be considered in the first instance for these with a rationale for consideration by the Corporation.	AT/ZL	**Workshop to take place in November**
4iv	Further paper showing the revisions to the Audit Committee ToR in response to the changes to the Post 16 ACOP	ZL	**On agenda**
5ii a	To provide a progress report on the completion of actions in response to the Policy Framework Audit	AT	**On agenda**
5ii b	To provide a revised version of the IA Plan to the next meeting taking account of comments made.	RW	**On agenda**

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