CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Wednesday 10 March 2021 6 pm – by Zoom

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

In attendance: Zoë Lawrence, Amanda Thorneycroft, Stephen Davis*
*for relevant agenda item only

1	**Welcome and apologies for absence** JK welcomed everyone to the meeting. There was 100% membership attendance. Apologies had been received from Richard Weighall BDO.
2	**Declarations of Interest in the agenda items** No interests were declared.
3	**Minutes of joint meeting with F&GP Committee held on 2 December.** The Audit sections of the minutes of the joint meeting with the Finance and General Purposes Committee on 2 December were approved as an accurate record. **Matters Arising** The majority of actions had been completed or were covered elsewhere on the agenda, except for the following to which AT provided a verbal update: - To review the scope for the IT Security Audit – AT had discussed the scope of the audit with the IT department and it was agreed that just focusing on enrolment made the focus too narrow and that there was agreement to expand this to all areas of remote provision. AT added that online cybersecurity training modules were soon to be rolled out and would be mandatory for all staff to complete. The modules included remote device management, safeguarding and Prevent. An IT Security and Compliance manager had also recently been appointed. AN asked if the college was aware that Microsoft exchange servers had recently hacked in the US. AT was not aware, but said she would check this for any impact on the college. AN asked how updates would be made to student and staff laptops if being used remotely. SD said that in most cases the security updates are made automatically through the use of a virtual desktop, though virus protection issues would be still an issue on the local laptop. SD explained that following the pandemic it was likely that there would be a degree of mix between online and face-to-face learning. Younger students had expressed a clear preference to be back in the college buildings with face-to-face teaching, whilst adult learners had appreciated the flexibility of online lessons. - To review management response to recommendation 3 of the business continuity IA – [AT to provide response, to be included]. - Completion dates for back-up policies to be in place – AT explained there had been some delay on progress on this action but it was expected to be completed by the beginning of June. She gave assurance that back-ups were completed on all major systems daily and recovery tested regularly.

4	**STRATEGIC**
	i. Academic Risk Register – Deep Dive
	(Risk Register provided in advance)
	SD provided some context for the academic risk register that it was based on the Ofsted Action Plan following the inspection in November 2019. This comprised three elements of product, people and processes. The impact of the coronavirus was significant throughout the four main risks included on the risk register at the time of writing, which was prior to any indication of lockdown being lifted. It was noted that the issues with enrolment in 2020 had negatively impacted on the retention of students which would have financial impact on 2021/22 16-19 funding allocation.
	AN asked what the impact of coronavirus was on the quality of education for the students. SD said that this was judged externally by Ofsted and the recent monitoring visit had shown good progress and the report would be shared with governors once received. AN asked what the current expectations were on student achievement. SD said that he was expecting this to increase this Summer. AN asked if similar feedback was being received from students. SD said that this varied, and centred mostly around IT infrastructure and curriculum delivery, with more of the younger students wanting more face-to-face learning.
	DB followed up on student recruitment and retention and asked how much worse would this need to be before there was a material impact; and what structural changes were we making in response to competitors following the pandemic. SD explained that the enrolment process last Summer enabled the online enrolment of students, but due to working remotely there was insufficient follow-up to convert enrolments to students in the classrooms. This included the provision of information, advice and guidance on course options. The level of attrition would significantly affect the 16-19 allocation for 2021/22. The enrolment processes were being reviewed to better differentiate between client groups. Improvements were being made to the processes, a marketing strategy was being developed and mitigating actions were in hand. The uncertainty currently surrounding coronavirus has meant that the risk values had not changed.
	In response to competition, SD said that the A level offer had been increased in volume, not subjects, to be able to accommodate more students who were likely to receive higher grades from the CAG assessments. This had occurred in Summer 2020 allowing more students to access places at Sixth Form Colleges and in turn reducing numbers in GFE. AN asked if this grade inflation would cause issues for the college in two years' time when the students would not be able to achieve good A level grades. SD said that he was confident that the improvements made to the A level provision that it was possible for the students to achieve and from within the existing funding envelope.
	SD stressed the importance of a business intelligence infrastructure and the need for robust live data to be able to intervene at an early stage. It was hoped that this work would include a KPI dashboard that would support performance management enabling leadership at every level of the organisation. This was a collaborative approach involving SD, AT and CC.

Minutes of Audit Committee 10 March 2021

JK asked how this was managed across the organisation. SD explained that a Group Operational Team had been established which included all Heads of Service and Vice Principals. It was hoped that the Power BI system could be demonstrated soon.

AN asked specifically if the requirements for the improvements to the MIS had been identified, that there was a funded project plan in place which included target dates for completion. SD confirmed that this was the case but original target dates had been derailed due to coronavirus lockdown and other competing priorities. AN asked that target dates for the actions to be included on the risk register. This would enable the committee to understand why target dates being missed, proposed remedial actions and revised target dates. SD said that a paper on the Power BI would be presented to the TLS Committee later in the month, and that this could be shared with the Audit Committee for information.

NW asked if the performance management structures were sufficient to manage improvements. SD said that this was variable, but new management behaviours were being introduced. Collective objectives were also cascaded to all those in academic facing roles and a single institutional approach was being developed.

JK thanked SD for the detailed discussion. She said that the aim of the Deep Dive was to enable SD to focus on the areas that the Audit Committee had asked questions about and the need to include target dates of by when mitigating factors should have had an impact. SD agreed that it would help in these ways. SD left the meeting.

AT commented that the Power BI project was nearing completion and that it was hoped that the attendance dashboard could be demonstrated shortly. The paper being provided to the TLS Committee would provide the parameters of the project and target dates. It was anticipated that all the dashboards would be designed by the end of March 2021.

ii. **Risk Register**
(Risk Registers circulated in advance)
AT provided commentary to some of the risks which had shown movement up and were significant. It was noted that some increases in risk were due to the coronavirus lockdown. AT referred to the risk of not meeting allocation targets on AEB funding and the drop in student numbers this year which would result in a £2.7 reduction in 16-19 funding allocation next year. The risk to cash in hand was due to the Wembley Project, if cash reserves were needed for that. AT explained the position on tuition fees and how this had been a result of the enrolment process. Principally fee assessment had not been undertaken as part of the enrolment process. Actions were being taken to back track now, but it was considered that it was unlikely for the vast majority of fees due to be recovered. It was hoped that fees could be recovered for HE students and those being funded by their employers. It was noted that of the 1800 progressing students in June 2020 no fee assessments had been completed. Overall the lost was considered to be in the region of £1.5m.

AN asked if the enrolment process was being reviewed and revised. AT confirmed this that an assessment of lessons learnt had been completed. The errors on tuition fees were

different this year, in previous years it was due to incorrect budget assumptions. JK concluded that the issues and risks had been recognised by the Audit Committee and they were 100% behind the executive in progressing solutions.

AN commented that overall the new template being used for the risk registers was better and would allow understanding to evolve as the quality of information shared was improved. AT said that the new template had been well received as it helped thinking, and was easier to update more meaningfully.

iii. Risk Management Policy
(Draft policy circulated in advance)
Most of the proposed changes to this policy were on nomenclature and to update references to the new risk register template. AN challenged whether the risk appetite of the Corporation needed to be reconsidered. JK agreed to raise this with the Chair to the Corporation. **The Committee resolved to recommend the changes to the policy to the Corporation for approval.**

iv. Business Continuity Policy
(Draft policy circulated in advance)
This policy had been prepared following discussion at the previous meetings. It would set out the requirements of the Business Continuity Plan which would then become an operational document. Before being shared with the Committee consultation had taken place with the Head of Estates at Paddington and the SLT. Members thought the policy was very good, and pending the consideration of some comments from AN (which would be provided separately) **the Committee resolved to recommend this policy to the Corporation for approval.**

v. Health and Safety Policy
(Draft policy circulated in advance)
The Health & Safety policy contained no material changes from the previous version. Members considered whether reference should be made to the Coronavirus Risk Register/ risk assessments. It was agreed that this would be helpful. **Pending this small change the Committee resolved to recommend the policy to the Corporation for approval.**

| 5 | INTERNAL AUDIT & EXTERNAL AUDIT |

i. Revised Audit Plan
(Revised version was provided in advance)
It was noted that a number of internal audits were behind schedule, plus given the position on tuition fees referred to earlier in the meeting, it was not considered worthwhile conducting the tuition fees audit. It was acknowledged that some of the days may transfer to other audits or not be charged. **Members agreed the revisions to the Internal Audit Plan.**

ii. Fraud related Internal Audits – Summary
(Summary provided in advance)

	This report was welcomed by the Committee. AN asked if the audits completed provided a suitable level of cover for the organisation. ZL would take this question back to RW for his advice.
	iii. Follow-up Audits – outstanding actions *(Updated report provided in advance)* Members welcomed this report and that most of the actions could be closed out by the end of July 2021. ZL suggested that the Committee receive an update report over the Summer as it did not meet again after the June meeting until October. This suggestion was agreed. DB asked if any of the outstanding actions would materially impede the operation of the business. AT said that this was unlikely and that in some cases the actions were no longer relevant due to subsequent changes in processes. **External Audit** **iv. Retendering Process for External Audit** *(Tender documents circulated in advance)* AN had provided comments on the documents previously and all had been accepted into the next draft. NW, AN and DB confirmed that they would be willing to be involved in the shortlisting and presentation stages of the tender process. PWC, Deloitte and RSM Tenon would be added to the bidders list. It was understood that the incumbent EA Buzzacott would be re-applying. Members were content with the timescales proposed and for the tender to be issued.
6	**AOB** No items were raised.
7	**Date of next meeting** **Wednesday 9 June 2021** Meeting closed at 8.50 pm

Minutes taken by Zoë Lawrence 10/03/2021

SIGNED: …………………………………….. **Date:**

Jan Knight, Chair

ACTIONS

Ref	Action	Owner	Status
5ii **10/10/20**	PB to attend the June Audit Committee meeting for a 'deep dive' on IT risks	PB/ZL	**(June meeting)**
6iii **09/10/19**	To review management response to recommendation 3 of the business continuity IA	AT	**Carried forward**

Minutes of Audit Committee 10 March 2021

4i	For the TLS & F&GP papers on Power BI and enrolment to be shared with Audit members for information.	ZL	**Complete**
4iii	JK to raise the issue of risk appetite with the Chair – that this may need reconsidering.	JK	**On agenda**
5ii	To seek advice from RW whether the level of internal audits in relation to fraud is a reasonable level	ZL/RW	