

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Wednesday 01 March 2023 6 pm – by Zoom

Members Present: Derrick Betts (Chair), Grainne Brankin, Alex Fyfe.

In attendance: Zoë Lawrence, Amanda Thorneycroft, Leisyan Cox (Scutton Bland), Paul Bradley.

1	<p>Welcome and apologies for absence</p> <p>Apologies had been received from Amish Nathwani. Norman Whyte had recently stood down from the Corporation. As an interim whilst the appointment process to replace Norman concluded, Alex Fyfe had agreed to become an Audit Committee member to ensure the right skills and quorum of the committee.</p>
2	<p>Declarations of Interest in the agenda items</p> <p>There were no declarations of interest.</p>
3	<p>Minutes of the Audit Committee held on 30 November (joint with finance)</p> <p>Sections A and C of the minutes of the meeting held on 30 November 2022 were approved as an accurate record.</p> <p>Matters Arising</p> <p>There were two matters arising. The first of these concerned the level of tuition fees written off. This was confirmed as being a low and immaterial amount. The details were shared separately with the committee members. DB asked if this was comparable with previous years. AT said that there had been increased efforts on tuition fees in 2021/22 so it was likely that this was at a lower level than previous years.</p> <p>The second item of matters arising concerned the cyber security audits. This is recoded under that item in these minutes as they were taken together.</p>
4	<p>STRATEGIC <i>(Papers circulated in advance)</i></p> <p>i. MIS Risk Register – Deep Dive</p> <p>PB explained to the committee some of the recent difficulties in staffing the MIS team and ensuring the necessary skills and technical knowledge were secured. This had now been resolved but it had exposed a risk to the college for some time. The wider MIS team had also now been redeveloped to ensure cohesion. The migration project to bring the two legacy MIS systems together was currently taking place, and PB explained what was being done to mitigate risks, including retaining the legacy systems as back up. The detail of the system migration and the benefits this would bring had been discussed at the Property & Infrastructure Committee on 8 February. Members were assured by this approach.</p> <p>ii. Strategic Risk Register</p> <p>AT explained that the strategic risk register included those risks at or above tolerance level. She summarised these for the committee which included student achievement, recruitment of staff and funding for the capital project. She added that earlier that day a letter of comfort on borrowing for capital projects had been received from the Department for Education which would help reduce these risks. GB said that overall the highest risks sounded about right which provided some comfort that the risk assessment process was working effectively.</p>

	<p>AF noted that for some risks the mitigating actions were not reducing the risk score and that perhaps further attention was needed for these and consideration of the best use of resources. She welcomed the letter of comfort that this was good news in diminishing some of the finance risks. The narratives and scoring within the risk register was challenged and it was agreed to look at this at the next meeting when AN would be attending. The Committee noted the risk register.</p> <p>iii. Risk Management Policy and Procedure</p> <p>AT explained that this policy had been in place for approximately a year and it was timely for review. The policy and process had not significantly changed other than the tolerance levels, and additional risk categories with different risk tolerance levels had been introduced for the capital project to make this more sensitive to the changes and complexity of the project. This was a direct result of governor challenges at the Property & Infrastructure Committee on 8 February.</p> <p>GB welcomed this and commented on the improvements to risk management over the preceding year or so, and asked if this new policy had been helpful within the organisation. AT confirmed that it has initiated a sea change within the organisation where there was now a focus on risk management, regular risk control meetings and links with the internal audit reports. LC confirmed this as a finding of the recent IA on risk management which was reported at an earlier meeting. AF asked AT how cash and the risk of insolvency was being reconciled under this approach as it differed from income and expenditure risks. AT said that in every incidence to date the cash flow plans were completed sufficiently in advance that mitigation for cash flow pressures was always put in place early, so the risk was effectively managed. The Audit Committee were content to recommend this policy to the Corporation for approval.</p>
5	<p>INTERNAL AUDIT & EXTERNAL AUDIT</p> <p>i. Internal Audit Reports <i>(Documents circulated in advance)</i></p> <p>a) Cyber Security</p> <p>LC reported that this audit had been given reasonable assurance. Various aspects of the security framework had been assessed including anti-virus protection, patch management and back up. Some areas highlighted for improvement included password setting and complexity for students, multi-factor authentication, fire wall logs and completion of training for all staff. She was assured by the management responses received and that the recommendations were being implemented.</p> <p>GB asked what the level of non-compliance was for the mandatory cybersecurity training. LC said that at the time of the audit this was at 25%. AT said that there had been a series of staff training days recently and this was pushed at those events. She assured the committee that it was taken seriously.</p> <p>PB said that the recommendations from the audit report were fully accepted and were being taken forward. For example the replacement of the firewalls had been implemented. He added that had the audit taken place slightly later the outcome may have been more positive as many of the actions were already being planned. The plans to achieve cyber essentials accreditation was still on track for May 2023. The plans were intended to be proportionate to the risk and within available resources.</p>

GB said that she thought the Cyber Essentials accreditation for May was very encouraging and should be celebrated particularly as this was across the whole organisation. She accepted that in this area there were things outside the college's control and it wouldn't be sensible to compare the college to the commercial sector where there was the opportunity for more investment. However, she did consider the cyber security training as an action within our control and that it would be disappointing if a cyber-incident occurred due to poor implementation of this. PB said that it was not onerous to complete. It was agreed that this would be taken back to the SLT for ways to ensure compliance, in a similar way to that of safeguarding and prevent training. AF agreed with this and that it was imperative that this was led by the SLT. It was agreed that reference within performance reviews was one mechanism, but it may also be useful if it was a requirement of being able to log into the system.

DB asked LC's view on the progress made since the previous cyber security audit completed by BDO. LC said that there was not a direct cross over but there were a number of areas which were re-assessed. She was able to confirm the progress made and that the same issues were not found. PB said that the delay to BDO's report being concluded was in part due to disagreement with the recommendations. He confirmed that there had been substantial changes since that audit which Scrutton Bland had been able to evidence. It was anticipated that the recommendations would be completed within the next 2-3 months.

b) Funding Assurance 16-19 Provision

LC provided a summary of this audit which had achieved a significant audit opinion. The audit had been completed to comply with the external audit requirements and a further one was scheduled to take place this academic year. The only issues identified concerned internal transfers which had been corrected and controls put in place. This did not involve any funding errors. DB asked what UCG would need to do to achieve a strong audit opinion. LC said that there would be no errors on transfers. Members were assured by this report.

ii. GLA Audit

AT explained that this funding audit related to 2021/22 though the report was not received until Jan 2023. It reported that UCG was materially accurate and any data errors identified had been corrected within the year. The error rate was below the accepted rate of 5%. No clawback has resulted from this audit. The reconciliation showed an over-delivery against the AEB allocation. Members were assured by this report.

iii. IA Plan for 2022/23

LC provided a quick overview of progress against the audit plan. Five reports would be on the agenda for the June meeting, with the learner numbers audit for October 2023. DB commented on the layout and benchmarking of the Scrutton Bland IA reports and that these were clearer and easier to understand. Members noted the plan.

iv. IA Three Year Mapping

This paper provided a mapping of the audit universe and the audits and their outcome for the previous three years. This would inform planning for future years against the assessment of risk. Members liked and appreciated this overview which had been provided for information.

6 AOB

	<p><i>(Policies circulated in advance)</i></p> <p>I. Business Continuity /Disaster Recovery Policy AT presented this policy for review. She explained how the Business Continuity Plan was consistent with this policy including the process and levels of responsibility. Updates had been made to the nomenclature. AF asked if the BC plan had been recently updated. AT confirmed this and that business impact assessments had been conducted. She explained that the highest risk area for business continuity was IT and that the IT team had responsibility for the business critical processes and plans for back up if needed. This linked with the risk register. There was a business continuity group which included facilities and IT. The Audit Committee were content to recommend this policy to the Corporation for approval.</p> <p>II. Health and Safety Policy AT said that this policy had been reviewed to ensure that it was still current, consistent with legislation and fit for purpose. There were no significant changes to it. GB asked where mental health fitted into this policy as it was becoming a more significant issue. She thought that it would be of benefit to acknowledge mental health in the policy and cross reference other relevant policies such as safeguarding, first aid, and well-being strategies. The Audit Committee agreed to include an explicit statement and cross referencing for the next version, but were content to recommend this version of the policy to the Corporation for approval.</p>
<p>7</p>	<p>Date of next meeting 12 June 2023</p> <p>Meeting closed at 7.30 pm</p>

Minutes taken by Zoë Lawrence 02/03/2023

SIGNED:

Date:

Derrick Betts, Chair

ACTIONS

Ref	Action	Owner	Status
5i a	For SLT to consider ways to ensure the compliance for staff to complete cyber security training.	AT/PB	In progress
4ii	For further consideration of the completion of the risk register in terms of descriptions and scoring at the next meeting.	AT/ZL	
4ii / 6	For the policies to be recommended to the Corporation for approval.	ZL	Complete
6	To explicitly acknowledge mental health in the Health and Safety policy and cross reference other relevant policies such as safeguarding, first aid, and well-being strategies for the next iteration.	AT	For next year's review of the policy