

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Monday 27 June 2022 6 pm – by Zoom

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

In attendance: Zoë Lawrence, Richard Weighall (BDO)*, Amanda Thorneycroft, Paul Goddard (Scrutton Bland), Shachi Blakemore (Buzzacotts)* Roy Croasdaile*

*relevant agenda items only

1	<p>Welcome and apologies for absence DB welcomed everyone to the meeting. GB joined the meeting at 18.45. NW joined the meeting at 19.14.</p>
2	<p>Declarations of Interest in the agenda items There were no declarations of interest.</p>
3	<p>Minutes of the Audit Committee held on 02 March 2022. AN clarified a point about a preference for quantifiable measures on page 2 which would be amended. The minutes were otherwise approved as an accurate record for signing.</p> <p>Matters Arising All matters arising from the previous meeting had been completed or were included on the agenda except for a health and safety issues relating to several epileptic episodes being recorded in the Paddington campus. It had been identified that these related to a single student and appropriate care and safeguarding arrangements had been put in place.</p>
4	<p>STRATEGIC <i>(Risk Registers circulated in advance)</i></p> <p>i. Health and Safety Risk Register – Deep Dive RC said that he thought the main health and safety risks were student trips and visits and the assessment and implementation of health and safety generally given the levels of change and staff turnover to keeping arrangements up to date. AN asked if he was comfortable with the levels of completion at a local level. RC said that there were issues due to continuous change, handover, and replacement of those with H&S responsibilities. He thought that there was a risk of insufficient activity being completed with an effective audit trail. All staff completed H&S induction training on appointment and detailed supporting material was available on the intranet. Work was underway to ensure requirements were in place for upcoming Ofsted inspections. It was suggested that these issues be reflected in the risk register as they were not included in this version. AN asked if fire drills had been conducted at all UCG college sites. RC said that they had not. Only Wembley, Willesden and Paddington sites had completed fire drills. RC committed to addressing this. It was agreed that actions to amend the risk register with the staffing issues highlighted and a report on the completion of fire drills would be brought back to the next meeting.</p> <p>ii. Risk Register AT presented the risk register and explained that any risk that was at or above the risk tolerance level would be included on the strategic risk register which was provided to the Corporation. AT highlighted that one of the main strategic risks was recruitment and retention of staff which was becoming increasingly challenging across the sector. This was</p>

	<p>impacting on financial risks with inflation and pay awards and that the banking covenants would need to be reset in response to the Wembley project during the next financial year. AN asked about the actions being put in place in response to the recruitment issues. These included an equal pay audit, benchmarking of salaries with similar colleges, the appointment of a recruitment specialist, improving the staff experience of onboarding and induction, and promotion within the organisation. The areas which were struggling with recruitment were MIS, construction and the built environment and health and social care. Training and mentoring were also being implemented.</p> <p>AN asked if in the circumstances inflation should be considered a key risk? AT said that this was being managed within the budget setting process and increases in costs were being absorbed. The Wembley Park project had been re-assessed for this and a smaller building was now being designed and contingency funds had been increased. DB commented that the macro environment had changed considerably in the past year and asked if there was a risk of strike action with the cost-of-living increases. AT confirmed that there was an active union at the college (UCU) and collective bargaining on pay negotiations was currently underway. Several colleges across the country were considering strike action but currently this did not include UCG. AN commented that there would be a limit to what can reasonably be absorbed before having an impact on quality or another aspects of the business. AT acknowledged this and said it was being monitored through a new balance score card. The risk was a lack of control of the income and expenditure to achieve a balanced budget. AN asked if the situation had been recognised by the college's funding agencies. This was confirmed but funding was not being increased despite lobbying from umbrella agencies including the AoC. Members noted the risk register.</p>
5	<p>INTERNAL AUDIT & EXTERNAL AUDIT</p> <p>i. External Audit Strategy <i>(Document circulated in advance)</i></p> <p>SB set out the main points of the EA strategy and mentioned that the IAs would be a key source of assurance as part of their external audit. She noted the banking covenants and AT confirmed that these would not be breached during this current financial year. SB would be looking at the accounting treatments for the redevelopment project at Wembley, the final funding reconciliation for student data from 2021, and income recognition from tuition fees. Buzzacotts have rotated their audit manager this year to uphold independence. DB commented that the report was very helpful and thanked SB for highlighting the key issues for the Committee.</p> <p>ii. IA Plan and Progress report 2021/22 <i>(Update report circulated in advance)</i></p> <p>There were several IA reports outstanding. DB asked when these would be made available to the committee. RW said that in most cases there were outstanding queries or missing evidence and until this had been receive the reports could not be finalised. 4 of the IAs however were substantially complete. It was noted that the review of the risk processes had been deferred due to the implementation of the new risk management policy and that this would need to be picked up by the incoming IA contractors. It was agreed that the completed reports would be shared with the Audit Committee as soon as available. RW would be invited back to the meeting in October for the reports to be discussed. GB commented that the timings of the audits was unhelpful. It was noted that some of these had changed during the year. The time commitment from the audits on the college teams was acknowledged. There had also been an external funding audit.</p>

	<p>iii. Business Continuity Audit – Review from 2019 <i>(Paper circulated in advance)</i> AT provided an update on the actions which had now been implemented in response to this IA which had been reported in 2019 and delayed due to the pandemic. It would also be included in the BDO follow up report. Business Impact Assessments (BIAs) had been completed which had highlighted IT as a critical element of business continuity. Plans had been formulated following the BIAs as an ongoing piece of work. Examples as evidence were included in the papers. GB congratulated AT on this and that she thought the actions were functional and fit for purpose. She asked about testing as this was often the weakest area in BCP. AT said that testing at the moment was limited to desk top exercises and reviews of actual incidents. GB suggested that insurance brokers were sometimes useful in recommending external agencies to assist with testing. Members noted the report.</p> <p>iv. Internal Audit Plan for 2022/23 <i>(IA Plan circulated in advance)</i> PG focused the discussion on Appendix A of his report which set out which audits would be covered during 2022/23. GB thought the approach looked sensible and thought the number of days at 46 was a good balance. AN challenged this and whether it was realistic and how the reduction in the number of days compared to the previous year could be justified. AN appreciated that 46 days was in line with benchmarking with other audit firms and similar sized London colleges, but still considered this to be insufficient. He asked that some more detailed mapping of previous audits from the past three years be provided to better assess audit coverage and understand the areas of high and medium risk to produce a rolling programme. PG offered to do this. AT said that the audits being conducted remotely during the pandemic had slowed operations and delayed some audits being completed. Members asked about scheduling to ensure that the audits were completed within the academic year. ZL said she would share the Audit Committee dates with PG for planning purposes. AN commented that there did not appear to be enough student focused audits and whether the contingency days could be used for this. He also asked about consulting the other committees for their views on audit priorities.</p> <p>v. ESFA Bursary Audit <i>(Audit Report circulated in advance)</i> The report from the ESFA was comprehensive. It included the recommendations and the responses taken to these. Overall, the bursary policy was not being followed, as rounded amounts were being paid instead of actual amounts for travel and the FSM element was not reduced back to £3.50 following the return to college after the pandemic. This would mean that the college would need to replenish £104k, akin to a clawback of bursary funding. GB said that she considered this to be a material amount of money and requested assurance that the remedial actions had been implemented to prevent recurrence. The issues appeared to be systemic. AT said that a new software package to help manage this was being introduced together with improved oversight. DB asked if the adjustment from £5 to £3.50 per day had been made already. AT confirmed that it was corrected in-year. It was agreed that it would be useful for managers to self-assess the improvements made in 2022/23 and for a further IA to take place in the area for 2023/24.</p>
6	<p>AOB</p> <p>I. Health & Safety Update <i>(Draft paper circulated in advance)</i> GB asked about the operational framework for monitoring health and safety. AT confirmed that the reports were reviewed at SLT and CLT level plus through the H&S</p>

	<p>Committee which included governor membership. These mechanisms reviewed trends and addressed specific areas such as first aid and fire safety. AT and CC were members of the H&S Committee. It also included union representation. Members noted the H&S update.</p> <p><i>(Policies circulated in advance)</i></p> <p>II. GDPR Policies Members noted that the DPO for UCG and data protection advice was provided by an external agency, which had conducted a gap analysis, and had been helpful in advising on a recent breach. GB said that she would expect to see a report of the number of incidents and asked about the training which had been provided to staff. AT said that staff GDPR training was mandatory, but there had only been one reported breach to the Information Commissioner. GB said that this may be because the training was not sufficiently effective at reporting breaches. It was suggested that an internal audit for GDPR be considered going forward. Members were content to recommend the GDPR policies to the Corporation for approval.</p> <p>III. Anti-Bribery / Gifts & Hospitality Policy ZL explained that this policy was due for review. There were no changes. The Committee were content to recommend the policy to the Corporation for approval.</p> <p>IV. Freedom of Information Policy ZL explained that this policy was due for review. There were no changes other than nomenclature. The Committee were content to recommend the policy to the Corporation for approval.</p>
7	<p>Date of next meeting 12 October 2022</p> <p>Meeting closed at 8.00 pm</p>

Minutes taken by Zoë Lawrence 28/06/2022

SIGNED: **Date:**

Derrick Betts, Chair

ACTIONS

Ref	Action	Owner	Status
4i	Health and Safety risk register to be amended to include staff turnover and continuity issues	AT	
4i	Report to be provided to the next meeting of the committee on the completion of fire drills at UCG campuses	AT	Complete
5iv	ZL to share committee dates with PG to assist with scheduling IAs	ZL/PG	Complete
5iv	ZL to share the previous three years' IA plans with PG to complete mapping of high and medium risk areas	ZL/PG	Complete