

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Wednesday 10 June 2020 6 pm – by Zoom

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

In attendance: Zoë Lawrence, Amanda Thorneycroft, Richard Weighell (BDO), Anthony Higginson (BDO), Claire Collins*, Katherine Patel* (Buzzacott)

(*relevant agenda items only).

1	<p>Welcome and apologies for absence JK welcomed everyone to the meeting. There were no apologies - 100% attendance.</p>	
2	<p>Declarations of Interest in the agenda items There were no interests declared.</p>	
3	<p>Minutes of meeting joint meeting held on 4 March 2020 The minutes were approved as an accurate record for signing.</p> <p>Matters Arising The majority of actions were completed or covered elsewhere on the agenda. There was one item that was due to be actioned in the Autumn term that was carried forward.</p>	
4	<p>STRATEGIC</p> <p>i. Risk Register <i>(Risk Registers had been provided in advance)</i> AT presented the updated risk register and the action plans, which had been circulated that day. The movement arrow included on the registers indicated the change since the previous assessment of the risk. The Committee reviewed the majority of risks which had increased since the previous meeting. These were largely as a result of the impact of the coronavirus pandemic on the College's financial position, uncertainty on student enrolments which were being planned to be done online, and managing the delivery through a blended learning approach to maintain social distancing requirements. Members also noted the recent pause due to coronavirus on the property project at Wembley and the associated risks surrounding that. AN asked if enrolment was still planned to take place earlier this year? Originally it was thought that as there were no physical exams this Summer that the results would have been issued earlier. However, the exam boards had since decided that the results would be issued at the usual time for A levels and GCSEs in mid-August. As the majority of enrolments were dependent on these exam results, it was not possible to bring enrolment earlier and it would take place in from 13 August. Re-enrolment of progressors would be done as soon as possible. It was noted that the results were being assessed and ranked for some exams by teachers. The exam boards would also moderate results against the previous achievement levels of the college.</p>	

	<p>DB queried if there was likely to be a spike in demand towards the end of the furlough period (Oct) as there was likely to be a material increase in the levels of unemployment which would lead to individuals seeking to retrain and reskill. AT acknowledged that this was a valid point and that it was being considered by the SLT. There was also an increase in the 16-19 demographic coming through this year, which may also boost enrolment numbers.</p> <p>Members noted the expected financial loss of around £900k this year generally as a result of loss of income due to coronavirus from areas including lettings and tuition fees. As the college has cash from the sale of Queen’s Park last year, this loss would not affect it as a going concern, though it was likely that the banking covenants would require review before the year-end. Members also noted the increased fraud risk due to remote working which generally related to the work of the finance team to be alert to any anomalous transactions. An internal audit for fraud was currently being scoped out and would take place later this year.</p> <p>Members agreed to move on to the EA and IA items of the agenda due to time constraints and consider any further queries on the risk register at the end of the meeting.</p>	
5	<p>INTERNAL AUDIT & EXTERNAL AUDIT</p> <p>i. External Audit Plan <i>(This Plan was circulated in advance)</i></p> <p>KP explained that this EA Plan had been developed based on initial discussions with AT, and a review of the financial reforecasts in response to coronavirus. The plan was provided in the usual format and set out the services being provided which included regularity assurance, financial statements audit and the TPS audit. This year’s Post-16 Audit Code of Practice was yet to be published by the ESFA and was due over the Summer. This would provide clarity on the processes to align FE with HE on regulatory self-assessment. A carbon reporting disclosure was included this year, which was new, and further guidance on this was also awaited from the ESFA.</p> <p>KP set out that the risks being assessed would include the impact of coronavirus, particularly costs and income, and the level of adult funding that may be deferred to the following year. The expected loss due to coronavirus in 2019/20 would not impact on the college as a going concern due to the proceeds of the Queen’s Park sale. However, KP noted the expenditure on the Wembley Project which was in the region of £2.3m to date and that a decision would need to be made on whether this was carried forward or written off in the 2019/20 accounts, pending the outcomes of further negotiations with Quintain and Lone Star. The inherent audit risks were set out on p10 of the paper and were included for completeness.</p> <p>AN asked how the audit would be conducted with remote working and social distancing. KP said that she was confident that this work could be done on a remote basis with planning and sampling numbers done in advance. It was noted that some</p>	

members of the finance team were working on a rota basis from Paddington already which would allow for access to the required documentation. If a site visit was necessary in the Autumn term this would be done under social distancing requirements. RW agreed that in most cases it was possible to conduct audits remotely, including the use of video links. NW was in agreement with the EA plan.

The Audit Committee approved the External Audit Plan for 2019/20. KP left the meeting at 18.22.

ii. Update on Workforce Development Audit

(An update paper was provided in advance)

CC explained to the Committee the programme of work that had been taken forward in response to the recommendations of the Workforce Development Audit. This included a restructuring of the HR team, reviewing processes and setting up SLAs. The HR Organisational Development Plan would be prepared over the Summer, linked to the Strategic Plan. Improvements to the recruitment processes which had already been put in place, were now not incurring delays and there was now clarity on the establishment of teaching staff. Support was also being provided to staff to be able to implement the appraisal process, with returns being tracked.

Members sought assurance on pre-employment checks in response to recommendations from the safeguarding audit. CC said that this was an area where significant progress had been made. Weekly exception reporting was undertaken and currently there was no items missing. Work was progressing on evidence for qualifications and completing any mandatory training. As part of the review of this area it had become apparent that additional unnecessary checks were also being carried out. This practice has stopped to ensure best use of resources and improved experience for prospective employees.

AN commented that there had been significant progress made and the committee congratulated CC on the impact she had made in a short time. AN asked how many employees' checks remained outstanding. CC confirmed that there were currently none, and that the DBS checks now being done were renewals (which were done every three years). CC said that she hoped that following the sign off of the workforce and organisational development policies, that the audit actions would be completed by the October half term 2020. JK commented that this progress was more than the committee had hoped for and thanked CC for her hard work.

CC left the meeting.

iii. IA reports

a) Data back-up and recovery

(IA report circulated in advance)

AH explained that this audit had not been undertaken by the college previously and had concluded in a moderate assessment with 3 significant

recommendations and one low recommendation. He reported that the audit did identify some good practice particularly that back-ups were conducted weekly, were off site and used third party software. However, the key findings were that the back-up policies were not in place. These policies would demonstrate the college's assessment and that the systems would sufficiently protect against the risk. It was noted that in practical terms however, back-ups were taking place and the college was not exposed.

AN sought clarity on the timelines for the implementation of the management response. AT explained that as work was progressing on the IT strategy, decisions which would come from that would inform the policies, in particular the extent of cloud storage that would be used. AN asked that the date for implementation be made clear for the next meeting when this would be more certain.

Members noted the report.

b) Governance Structures and Management Information.

(IA report circulated in advance)

AH explained that this audit had not been undertaken since before the merger in 2017, and there had been significant changes to the governance arrangements during that time. Moderate assurance had been provided with two medium recommendations and one low. The audit reported high standards of transparency and rigor in the governance practices and identified good practice for board and committee composition, clarity of roles and responsibilities, reporting and documentation. The medium level recommendations referred to the timely provision of data and the ability to use this for longitudinal analysis. The recommendations were accepted by the SLT, and would be taken forward in the short term through a new business intelligence process, and in the longer-term as part of the wider IT strategy. It was noted that the management information was mostly student performance data, as the financial data was standardised and reported monthly, though the management accounts were often late. AN asked who was the owner of the recommendations. AT said that this spanned a number of responsibilities on the SLT and was key to the wider college improvement plans. There were current pressures on the IT team due to remote working and development for online enrolment. AN said that he had not seen this pressure included as a risk on the risk register. He suggested that IT resources and security be included as a risk.

Members noted the report.

iv. Follow up audit

It had not been possible for this report to be brought to the Committee as BDO were still awaiting management responses. This would be carried forward to the next meeting.

v. Audit Plan for 2020/21

(Plan circulated in advance)

RW explained that this Audit Plan for 2020/21 had been the result of a review of the audit universe, risk assessment discussions with the college, and other sector wide risk

	<p>considerations, including coronavirus. Given the current position with the Wembley Project it was not considered of value to complete an audit of the project at the current time, but this may be re-prioritised should events change. The chosen areas as set out in the plan were the policy framework, health and safety, partnerships, IT change management and tuition fees. The H&S audit would look at fire safety and safety in respect of returning to buildings post-coronavirus pandemic lockdown including when social distancing measures are in place and when to intervene. This would be done in September 2020 when the outcomes would be of most value.</p> <p>AN welcomed the plan but queried whether IT security should be on the plan, and that a significant breach in this area could significantly affect business continuity for remote learning. It was noted that previous business continuity audits had not included IT security in detail as there was a limited level of remote IT use at that time and it was more focused around the buildings. AT said that she considered it a point well-made and suggested that this replaced partnerships or tuition fees audits on the plan. AN sought clarity on what the drivers were for the partnerships audit. AT said that increased partnership working was envisaged as part of the strategic plan and the audit was proposed in response to that. This however may be less if adult provision was brought 'in-house' with less sub-contracting. It was agreed that an IT security audit would replace a proposed audit in the plan and that RW would work with the SLT to agree which one it would replace pending further information. Members thanked BDO for the draft plan. RW and AH left the meeting.</p>	
6	<p>AOB</p> <p>i. SCR Investigation – Action Plan This item had been covered under item 5ii.</p> <p>ii. Health & Safety Update (Coronavirus) <i>(Regular H&S Termly report and C19 Update provided in advance)</i> AT introduced this item and set out the management groups which had been established to manage the college's response to the coronavirus pandemic. NW commented that he was content that the majority of relevant health and safety aspects were being identified through the risk assessments being undertaken. These included risk assessments for PPE, hygiene, frequency of cleaning, catering arrangements – all take away, and contractor/visitor management. He noted that arrangements for deliveries to college sites were not included in this document. Members noted the recognition given to the cognitive and psychological well-being of staff working from home and that access to support was provided.</p> <p>AN asked if work station risk assessments were being undertaken for staff working from home. AT explained that there was a home working policy that was being reviewed and would be rolled out going forward.</p> <p>The committee commended the level and comprehensive nature of the work being done on health and safety in response to the coronavirus and the assurance that this provided to the Corporation.</p>	

	<p>AN asked what the status and purpose was of the H&S Termly Update Report. AT said that it was prepared for governors and the H&S committee to be able to review for any trends to be able to highlight any compliance matters. NW was the governor member of the H&S committee. Members noted the Health and Safety Reports.</p> <p>No further questions were posed about the risk register.</p>	
7	<p>Date of next meeting TBC Meeting closed at 8.15 pm</p>	

Minutes taken by Zoë Lawrence 11/06/2020

SIGNED: **Date:**

Jan Knight, Chair

ACTIONS

Ref	Action	Owner	Status
5iii(a)	To confirm the completion date for the back-up policies to be in place.	AT	
5iii (b)	For IT resources and security to be considered for inclusion on the risk register.	AT	
5iv	Follow Up Audit Report to be brought to the next meeting of the Committee in October 2020	AT	On agenda
5v	For and IT Security Audit to be included on the Audit Plan for 2020/21 replacing either the partnerships or tuition fees audit.	AT	On agenda
5ii (04/03)	To retender for the EA in the Autumn term 2020 for the accounts for 2020/21 (YE 2021), and for the IA to be retendered the following year. (Carried forward)	AT	