

**CORPORATION BOARD of UNITED COLLEGES GROUP**  
**Minutes of the Audit Committee**  
**Wednesday 2 March 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 Bradley\*, Claire Collins\*, Stephen Davis\*.

\*relevant agenda items only

<b>1</b>	<p><b>Welcome and apologies for absence</b></p> <p>DB welcomed everyone to the meeting. NW joined the meeting at 18.56.</p>
<b>2</b>	<p><b>Declarations of Interest in the agenda items</b></p> <p>RW declared an interest in item 5i Internal Audit Tender and left the meeting for this item.</p>
<b>3</b>	<p><b>Minutes of the Audit Committee held on 1 December 2021</b></p> <p>The minutes were approved as an accurate record for signing.</p> <p><b>Matters Arising</b></p> <p><b>(a) Policy Framework Audit</b></p> <p>SD apologised that the progress in responding to the recommendations in this IA had been slow coming. He confirmed that all but two of the essential policies would be completed and uploaded onto the staff intranet by the end of that week and all the recommended policies would be completed by the end of March. He acknowledged that some of the policies required Corporation approval or consultation with trade unions and the status of each policy would be indicated on the published version. DB asked if there were any policies missing. SD confirmed that all the essential policies set out in the Eversheds guidance were complete (except for 2). Advice was to be taken on which would be included on the externally facing website. AN congratulated SD on the good progress made and sought assurance that the policies were now group-wide and there were not different policies for different campuses. SD confirmed that the policies now being prepared were group-wide with no duplication, or differing versions. AN asked how any new policies or changes to existing policies were being communicated to staff. CC said that this was being done through the staff intranet, newsletter and all staff emails. GB acknowledged the significant amount of work which had gone into this exercise and congratulated the executive on their positive and consistent approach. The policy framework was important in ensuring compliance and managing risk across the organisation.</p> <p><b>(b) Data Breach - Update</b></p> <p>AT updated members following the small data breach which was reported to the Committee in December 2021. The ICO had responded providing some recommendations to prevent reoccurrence, but would not be taking any further action and would be closing the case. No individual was considered to have been harmed by the incident and there were no outstanding issues from communicating with those affected. Audit Committee</p>

	<p>members welcomed the update and sought assurance that the recommendations had been implemented and that there was no repeat.</p>
<p><b>4</b></p>	<p><b>STRATEGIC</b></p> <p><b>i. Approach to risk appetite / Revised risk management policy</b>  <i>(Draft policy provided in advance)</i></p> <p>Following the workshop on risk appetite SD had reconsidered the existing risk management policy and procedure and had reworked it to include risk tolerance and revised risk categories. He thought it would be better to focus on fewer strategic risks and improve their moderation. He sought advice from the committee on the policy and what risk tolerance to apply to each category.</p> <p>GB welcomed the new policy and advised against being too prescriptive about risk tolerance in the policy as it was an element that was frequently subject to change. She suggested that the roles of risk owners and leadership could be made clearer; that it was the role of leadership to make sure the mitigation happened. She welcomed the risk control group and the wider understanding of risk appetite.</p> <p>DB asked how the procedure would work in practice. SD explained that if a risk score was above the tolerance level that mitigation would be needed. If it continued to be above risk tolerance following mitigation then the risk need escalating to the Corporation.</p> <p>AN welcomed the introduction of new elements to the policy but also expressed concern about how it would work in practice and asked to see worked examples. He was more comfortable with numbers for measures that qualitative descriptors. He was interested to see the results of the implementation of the policy and procedure and to check its meaningfulness.</p> <p>GB expressed caution in following the procedure to the letter and that it was important to review and reality check that the organisation was concerned about the right things. She highlighted that it was often the case that risks identified from a bottom up process were often different to those external to the organisation and that this should not be lost. The existential risks should be reported to the Corporation in any case.</p> <p>SD said that he had amalgamated some of the operational risk registers so there were fewer of them and less duplication. AN said that it would be helpful to include the roles of the other committees in reviewing their risk registers as well as the role of the Audit Committee in the policy.</p> <p>Overall, it was agreed that the revised policy and procedure were helpful in improving UCG's risk management process. The policy and procedure should be amended to take on board the views of this committee which would then be content to recommend them to the Corporation for approval on 6 April 2022. The Summer term would be used as a transition period to bring in a re-modelled risk register template which would be implemented fully from September 2022.</p>

	<p>It was agreed that the risk management internal audit planned for the Summer term would not take place in light of the revisions to the policy and procedure, and that this would be deferred to the following year.</p> <p><b>ii. Risk Register</b> <i>(Risk Registers circulated in advance)</i></p> <p>AT highlighted the risks that had increased since the previous meeting and set out the reasons for this and their mitigations. She mentioned that as part of the work on the risk management policy that there had been some moderation of the scoring and that it had shown that some risks had been scored too highly. GB said that overall it looked like the right risks were being reported, but queried the inclusion of governance risks under the strategic category. ZL acknowledged this and that the categories needed to be revised.</p> <p><b>iii. HR Risk Register – Deep Dive</b> <i>(Paper circulated in advance)</i></p> <p>CC presented her paper providing detail on each of the HR risks. DB queried whether the staff retention issues were a result of staff moving to other FE colleges or moving out of London? It was acknowledged that retention was an issue in many industries not just FE. GB was pleased to see that there were not issues with staff returning to the office after the Covid restrictions had been lifted. CC said that for some staff it was reasonable for them to have a different working pattern than before the pandemic and the option of working remotely some days. This was dependent on the role and whether the person could operate effectively from home. AN asked what the policy would be after 1 April on isolating if a member of staff contracts Covid. CC said that it would be treated in the same way as any other infectious disease and staff would be encouraged not to come into work. GB did not consider the HR risks to be reputational and sought that the risk category be reconsidered.</p> <p><b>iv. Counter Fraud Policy</b> <i>(Draft Policy circulated in advance)</i></p> <p>ZL made the case for a separate Counter Fraud Policy from the section included in the Standing Financial Instructions as set out in her paper and sought the Committee’s agreement to recommend the policy to the Corporation for approval on April 6. AN asked how a fraud incident would be initially reported. ZL confirmed that this could either be direct to the CFO or to the Director of Governance via the Whistle Blowing policy. Members agreed to recommend the policy to the Corporation for approval.</p>
5	<p><b>INTERNAL AUDIT &amp; EXTERNAL AUDIT</b></p> <p><b>i. Retender for Appointment of Internal Auditors</b></p> <p>AT set out the process which had been followed for the re-tender of the internal auditors. 4 tenders had been received, 3 of these were taken forward to interview stage. DB and AN were on the interview panel with AT. The successful company were Scrutton Bland who had demonstrated a sound approach to IA, were knowledgeable of the sector particularly in London, provided some aspects of added value and were considered to be the best VFM. The Audit Committee agreed to recommend Strutton Bland to the Corporation for approval pending the receipt of satisfactory references.</p>

**ii. IA Reports** (*Reports provided in advance*)

**(a) IT Change Management**

RW explained that assurance on the IT change management framework was limited because there was insufficient documentation as evidence. However, IT change management had moderate assurance overall in the way it was being managed, but there would be merit in formulating and documenting a framework. PB considered this a reasonable summary and commented that the absence of a framework has not necessarily caused an issue to date but acknowledged that it would be of benefit to stability and improved practice if these policies and procedures were in place. AN asked if a framework would be introduced. PB confirmed this.

**(b) Learner Records**

RW recognised that UCG had had good Learner Records audits in the past and that it had been subject to two ESFA audits in recent years which had not identified any significant issues or resulted in any degree of financial claw back. The issues identified in this audit were largely the result of the Covid pandemic and the enrolment process in 2020 transferring online. AT confirmed that the student data checks that were audited had been completed, but due to GDPR the evidence had not been retained. Many of the recommendations made in the audit had already been addressed for the August 2021 enrolment process which was a hybrid method, with improved documentation and entitlement checks for fees. PB confirmed that new checks and controls had been introduced together with greater emphasis on recording attendance and withdrawals in accordance with policy. RW suggested that this area be revisited in the Autumn term following the 2022 enrolment process to provide assurance to the committee. GB asked which method of enrolment would be used this coming Summer. PB confirmed that a hybrid approach was being adopted which helped with access but also gave a much needed connection for students with the college which would help improve retention rates.

**6 AOB**

**I. Health & Safety Policy Review**

*(Draft policy circulated in advance)*

AT explained that the policy had been updated with changes to naming and related policy links only. The Committee agreed to recommend the policy to the Corporation for approval.

**II. Health & Safety Termly Report**

*(Report circulated in advance)*

AT highlighted areas of improvement in the report which related to first aiders, fire wardens and H&S training. Additionally, an external company had been commissioned to assist with risk assessments and H&S audits. Priority was being given to teaching areas in preparation for an Ofsted Inspection.

GB asked for Health & Safety to be more prominent on the agenda and suggested that a deep dive into this area of risk be included on the June Committee agenda. AN noted the increase in the number of epileptic episodes, whether this was a single student or many, and if a medically trained person needed to be present. AT said she was not sure and

	would investigate this and report back. She reminded members that H&S also included safeguarding and estates/ facilities management which was beyond the remit of this particular report.
<b>7</b>	<b>Date of next meeting</b> <b>8 June 2022</b>  Meeting closed at 8.03 pm

Minutes taken by Zoë Lawrence 03/03/2022

**SIGNED:** .....

**Date:**

**Derrick Betts, Chair**

**ACTIONS**

<b>Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status</b>
<b>4i</b>	Comments made about the risk management policy and procedure to be incorporated into the next version and for this to be circulated to the Audit Committee ahead of the Corporation meeting. For the Audit Committee to recommend the revised policy to the Corporation for approval on 6 April 2022 and the policy be adopted fully from Sept 2022.	<b>SD</b>	<b>On Corporation agenda</b>
<b>4iv</b>	For the Counter Fraud Policy to be recommended to the Corporation for approval at the next meeting on 6 April 2022	<b>ZL</b>	<b>Complete</b>
<b>5i</b>	For the Audit Committee to recommend Strutton Bland as UCG's internal auditors from Sept 2022 to the Corporation for approval on 6 April 2022	<b>AT/ZL</b>	<b>Complete</b>
<b>6i</b>	For the Audit Committee to recommend the Health and Safety policy to the Corporation for approval on 6 April 2022	<b>AT</b>	<b>Complete</b>
<b>6ii</b>	A deep dive into the Health & Safety risk register to be included on the agenda for the June meeting of the Audit Committee	<b>AT/ZL</b>	<b>June agenda</b>
<b>6ii</b>	AT to investigate and report back on the increase in epileptic episodes reported in the H&S update	<b>AT</b>	