

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Wednesday 12 October 2022 6 pm – by Zoom

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

In attendance: Zoë Lawrence, Amanda Thorneycroft, Paul Goddard (Scrutton Bland), Leisyan Cox (Scrutton Bland), Alex McDonald (BDO)

1	<p>Welcome and apologies for absence</p> <p>GB left the meeting at 18.45 due to Wi-Fi issues. NW joined the meeting at 18.34. The meeting was quorate throughout.</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 27 June 2022</p> <p>The Minutes of the meeting held on 27 June 2022 were approved as an accurate record.</p> <p>Matters Arising</p> <p>Matters arising were mostly complete or covered elsewhere on the agenda. AT provided an update on fire drills, including their frequency at each campus, staff and student induction training and the agreement of personal evacuation plans.</p>
4	<p>STRATEGIC</p> <p><i>(Papers circulated in advance)</i></p> <p>i. Audit Committee Annual Report (Draft)</p> <p>ZL explained that this was the current version of the Annual Report which still had gaps which could not be completed until all the internal audit reports had been received and discussed by the Committee. The Annual Report was to be submitted to the ESFA with the Financial Statements at the end of December. ZL welcomed any comments at the meeting but was also content to receive these outside of the meeting. The next version would be reviewed at the November meeting. PG commented on a couple of areas from the Post 16 ACOP which could be further expanded.</p> <p>ii. Risk Register</p> <p>AT highlighted some of the highest risks from the strategic risk register. These included the difficulties with recruitment, and student achievement. AN commented that the risk descriptions did not sufficiently explain what was driving the risk. For student achievement there may be multiple factors including attendance, data, and accountability in some teaching areas for example. Members agreed that the risk registers were extensive and it was difficult for the committee to consider all the content in any detail. It was agreed that the committee would focus on the strategic risks for two of its meetings and review the entire risk register at its third. Deep dives into risk areas were agreed to be a good way forward. Data and MIS was considered to be one area. Estates and Facilities could be a</p>

	<p>second. LC was conducting the risk internal audit at the time of the meeting and reported that she was comfortable with the approach being taken by risk owners, and that the Risk Control Group was effective in moderating risks. It was acknowledged that the approach currently being taken was new and there would be refinements and improvements as it was implemented.</p> <p>DB asked to what extent the SLT was considering existential risks in terms of government reductions in public spending and how that might impact the college. AT acknowledged this and said that this element of financial control was covered in the financial risk register concerning income.</p> <p>PG referred to the ONS' possible reclassification of FE colleges as public sector rather than private sector organisations and the inability thereafter to retain reserves. AT said that the college was looking at options to move assets into an Arm's Length Foundation, but currently it was considered unlikely to be able to obtain permission from Barclays within the timescales. A paper had been discussed on this at the F&R Committee and it was also on the Corporation agenda the following week.</p> <p>AN asked about the potential for escalation in revenue costs. AT said that these had been discussed at the F&R Committee the prior week. They included an increase of approx. £1m on energy costs and staff pay, against a back drop of no growth on income from 16-18 year old enrolment. It was expected that a deficit budget would be agreed once the reforecast had been prepared.</p> <p>AN asked if the college had preparations in place in the event of power outages. AT said that she was currently unsure, but would take this up with facilities. She was aware of work ongoing to reduce the college's energy usage and possibility of generating our own energy from biomass. Members noted the risk register.</p>
5	<p>INTERNAL AUDIT & EXTERNAL AUDIT</p> <p>i. Internal Audit Reports <i>(Documents circulated in advance)</i></p> <p>AMc explained that three reports were being brought to Committee at this meeting and three were outstanding and would be on the agenda for the November meeting. DB reiterated this and requested that reports be finalised including management comments by 23 November to be issued with the papers for 30 November meeting. AT acknowledged that the delay to the Tuition Fee audit was on the college's part, the Enrolment audit was still undergoing quality assurance by BDO, and there was disagreement with the findings of the cyber security audit conducted about a year ago which were still yet to be resolved. It was noted that a further cyber security audit was to be completed by the incoming internal auditors in November.</p> <p>a) Procurement</p> <p>AMc reported that the assurance for this audit was moderate for design and substantial for operational effectiveness. The main issues concerned the lack of a formal due</p>

	<p>diligence process for new suppliers and the central depository for storing signed contracts. AN asked what arrangements were in place for verifying contractors' change in bank details. AT assured AN that training in fraud had been provided and thorough checks were completed in these instances.</p> <p>b) Timetables This audit had received substantial assurance with only 3 low risk recommendations. These concerned a lack of central guidance and process notes, access rights not correctly restricted, and code management issues. These issues were covered by mitigating actions.</p> <p>c) Follow Up AMc presented this follow up audit. Of the 42 outstanding recommendations 25 were now implemented in full, 10 partially complete and 7 had been disregarded as the issues were no longer current or valid. The areas of partial completion included business continuity, GDPR and cyber security where the recommendations' implementation were longer-term. The outstanding items would be included in this academic year's follow up audit by Scrutton Bland in April 2023. AN asked if the presentation of the items could be by date first raised (age order) so that the report was easier to understand. The appropriateness of the term risk acceptance was discussed and that accepted levels of risk would need discussing with the Audit Committee. Members welcomed the progress made on completing recommendations in this audit.</p> <p>ii. IA Plan for 2022/23 <i>(Update report circulated in advance)</i> One of the actions from the previous meeting was to compile a three year mapping of the IAs undertaken. PG said that was not yet completed as they were awaiting the completion of all the IA reports from BDO and it would come to a future meeting. The paper from Scrutton Bland set out the schedule of agreed audits and dates some of which had already started.</p>
6	<p>AOB</p> <p>I. Health & Safety Annual Report <i>(Draft Report circulated in advance)</i> AT presented this report which was in the same format as the termly ones. She said that there was currently no significant issues to highlight and that H&S work was generally progressing well. H&S audits in high risk areas such as workshops and science laboratories supported by external contractors had been under taken and the outcomes were reported to the H&S Committee. First aid was now on a rota basis for which remuneration had been increased. Members noted the Health and Safety Report.</p> <p>II. Whistle Blowing Policy <i>(Policies circulated in advance)</i> ZL presented the policy for review. There were very few updates from the previous version. AN asked if there had been any whistle blowing incidents raised. ZL said none had been made in the past 2-3 years. (Whistle blowing was included in the Audit Committee Annual Report). However, some members of staff had come forward to raise</p>

	<p>issues, but none of these qualified as a wrongdoing in terms of public interest disclosure and were usually taken forward through another more appropriate policy such as staff grievance. It was noted the policy should be viewed together with anti-fraud, anti-bribery and the Standing Financial Instructions. Members agreed to recommend the policy to the Corporation for approval.</p>
<p>7</p>	<p>Date of next meeting 30 November 2022 (Joint with F&R)</p> <p>Meeting closed at 7.35 pm</p>

Minutes taken by Zoë Lawrence 13/10/2022

SIGNED:

Date:

Derrick Betts, Chair