

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Wednesday 20 October 2021 6 pm – by Zoom

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

In attendance: Zoë Lawrence, Richard Weighall (BDO), Amanda Thorneycroft.

1	<p>Welcome and apologies for absence DB welcomed everyone to the meeting. GB had been delayed and joined the meeting at 18.59.</p>
2	<p>Declarations of Interest in the agenda items No interests were declared.</p>
3	<p>Minutes of the Audit Committee held on 10 March The minutes were approved as an accurate record for signing.</p> <p>Matters Arising</p> <p>(a) Policy Framework Audit ZL provided a brief update on the progress made since the previous meeting based on the papers provided by Jim Gallagher. Jim is the Head of Quality and had been asked to conduct a review based on the audit’s recommendations. A limited amount of progress had been made. Members expressed concern about the lack of intent in the leadership at resolving these issues, all target dates had been missed and there were no revised timescales. There was a lack of clarity on leadership and who was responsible for the policy framework and on the differentiation between policies and procedures. ZL explained that she kept a record of all the essential policies that were approved at Corporation or Committee level and their review. Out of the 46 essential policies 12 were either out of date or not in place. There was no monitoring of policies which were approved by the SLT. Members were of the view that the organisation was exposed to unnecessary risk and the lack of priority given to this was unacceptable. ZL agreed to pursue this further with the SLT expressing the views of the Audit Committee. The Audit Committee requested a clear plan of action for each policy with dates and named individuals for each and progress made for the meeting on 1 December.</p> <p>(b) The workshop on Risk Appetite had been arranged for 24 November and would report to the Corporation at the December meeting.</p>
4	<p>Audit Committee Terms of Reference The Audit Committee ToR had been amended in track changes to take account of the updates to the Post 16 Audit Code of Practice which had changed as a result of the FE White Paper and subsequent Skills Bill. The paper set out the main points.</p> <p>AN asked for clarification on subcontractors. AT explained that 4 subcontractors were used by UCG and each had quality control and audit measures in place. The External Audits also included them in their annual audit activity and produced an assurance certificate which was published on</p>

	<p>UCG’s website. AN also asked for some briefing on the underpinning audit documents referred to in the ToR. ZL committed to doing this. It was agreed that anti-bribery would be included in para 11, and that the wording of the IA plans and framework would be checked. Pending these amendments, the committee agreed to recommend the ToR to the Corporation for approval.</p>
<p>5</p>	<p>STRATEGIC</p> <p>i. Audit Committee Annual Report <i>(Draft report provided in advance)</i></p> <p>ZL introduced this item explaining that the current draft of the report set out the audit activity of the previous academic year, and it was based on the format of the previous year’s report to which members were mostly familiar. AN suggested that more reference be made of the Coronavirus pandemic and how it had impacted relevant risks including Health and Safety and IT security. He suggested some emphasis be made of how the Audit Committee members continued to have full engagement despite the pandemic conducting the meetings by Zoom. The members agreed that reference to the IA recommendations not being addressed in a timely manner, despite numerous revisions of completion dates should be included and that further focus on these from management was needed. This related to the policy framework and business continuity audits in particular.</p> <p>Members discussed some of the recommendations in the follow-up report that were made 2-3 years ago. AT commented that in some of the instances the management team had been too willing to accept the recommendations and should have proposed alternative mitigating actions, and those recommended in the IAs were unlikely to be possible within the timescales proposed. Risk acceptance as part of the management response with the agreement of the Audit Committee was also an option to be considered. AT explained the position on the BCP recommendations that these had not been addressed. However, the pandemic had demonstrated that the college was capable of business continuity in unprecedented circumstances as business had continued through two lockdowns online. It was agreed that the BCP recommendations still needed to be completed and it would be useful to incorporate any lessons learnt from the lockdowns.</p> <p>DB asked if the change of personnel in the SLT was included in the risk register and sought for this also to be included in the Annual Report. ZL thanked members for their contributions to the report and committed to making the necessary changes for the next meeting of the Audit Committee in December. The report would be approved by the Corporation in December.</p> <p>ii. Risk Register <i>(Risk Registers circulated in advance)</i></p> <p>AT provided commentary to the risk register focusing on those risks which had increased since the previous meeting. These included risks on the changes to the SLT, failure to improve achievement in English and Maths, failure to provide a safe environment for staff and students due to gang influences at Paddington, failure to attract high calibre staff to permanent positions, inconsistency on case work due to lack of appropriate staff resources in HR, failure to make business process improvements for student records.</p>

	<p>GB was concerned that the difficulties with HR casework were not being seen as a financial risk, particularly as it was a result of an operational matter rather than as a response to an external influence.</p> <p>AN commented that there were no target dates included on the risk register, so it was difficult to understand the degree of progress and intent. He asked about IT security which had recently been reviewed by a third-party assessor. It was agreed that the report of the first part of this review would be included in the papers for the 1 December meeting. The ownership of risks may be included in the Risk Appetite Workshop. The members noted the risk register.</p> <p>ZL asked members if they would like to conduct deep dives into certain areas of the risk register again this year. It was agreed that the HR risk register would be the subject of a deep dive for the March meeting. A further area would be selected for the June meeting.</p>
6	<p>INTERNAL AUDIT & EXTERNAL AUDIT</p> <p>i. IA Reports (<i>Reports provided in advance</i>)</p> <p>(a) IT Change Management</p> <p>RW said that the limited assurance that was provided in this draft report was because the management processes were not defined in any way. He explained that this did not mean that there were not checks and approvals, but there was no consistent process in place, and it was down to the individuals what happened. He was unable to provide any assurance with confidence that due process was being followed in a controlled manner. AT said that she did not disagree with the recommendations made in the report, but the implication as currently drafted was that there were no controls, which was not true. There were various forums including governance, the SLT and Group Operational Team which oversaw the IT programmes and there were controls on capital expenditure. It was agreed that the tone of the report was unhelpful and that it should recognise the controls that are in place despite their inconsistency in application. AN said that it would be useful to understand the samples that have been used and the range of projects for context. RW said that he would be happy to amend the report on those lines, but the assurance would remain limited as the evidence for consistent controls was not there. It was agreed that an updated report with management responses would be included on the agenda for the December meeting.</p> <p>(b) Follow up</p> <p>RW acknowledged that some of the main themes of this report had already been discussed earlier in the meeting. Some of the recommendations were still in progress, others closed out, but a number yet to be implemented. AN acknowledged that the pandemic had been disruptive but that this was not to be used as an excuse for recommendations that were 2-3 years old. AN suggested that some of the comments discussed earlier in the meeting about the current relevance of old recommendations and alternative approaches be included in the report. RW agreed to do this. Whilst it was acknowledged that BCPs had been tested during the pandemic, there was now greater</p>

	<p>reliance on the IT systems with increased remote working. This needed to be tested and be a key aspect of BCP going forward.</p> <p>ii. Internal Audit Plan 2021/22 <i>(Plan provided in advance)</i></p> <p>RW said that this IA Plan had taken account of the feedback from the previous meeting in June and included tuition fees and timetabling audits. RW demonstrated the audit universe and explained how the list of audits had been selected. AT commented that there were some audits that had been specifically requested. GB said that audits were usually done on a rotation basis and escalated where there was additional risk. RW agreed with this and that this was usually on a 3–4-year cycle. Members agreed the Internal Audit Plan for 2021/22.</p> <p>ZL asked about the two outstanding audits for 2020/21. These were the Learner Records and IT Security audits. It was anticipated that the learner records audit would be completed during November and the IT security one in December. It was agreed that the reports for these audits if not ready for the December Audit Committee meeting would be circulated to members for comment outside of the committee cycle and not wait until the March meeting.</p>
7	<p>AOB</p> <p>Health & Safety Termly Report <i>(Report circulated in advance)</i></p> <p>AT updated the committee on the new arrangements for first aiders and that a rota system was being implemented at Paddington. Fire drills would be taking place at the campuses before half term. NW asked if the security guards were fire trained. AT said she would find this out and confirm.</p> <p>GB asked what other oversight was in place for Health and Safety as this was a key issue for the Corporation. AT set out the arrangements for the Health & Safety Committee (of which NW was a member) and the reporting arrangements including the SLT and governors. She felt that Health & Safety needed more scrutiny as it was so important for organisations. Members noted the Health & Safety Update.</p>
8	<p>Date of next meeting 1 December 2021 (Joint with Finance & Resources)</p> <p>Meeting closed at 8.04 pm</p>

Minutes taken by Zoë Lawrence 21/10/2021

SIGNED:

Date:

Derrick Betts, Chair

ACTIONS

Ref	Action	Owner	Status
3a	To provide a clear plan of action for each recommendation of the Policy framework audit with dates and named individuals and progress made for each for the meeting on 1 December.	AT	
4	ZL to provide briefing on the underpinning Audit documents referred to in the ToR.	ZL	Complete
4	ZL to make the amendments to the ToR and prepare these for Corporation approval on 15 December	ZL	Complete
5i	ZL to incorporate comments on the Annual Report into the next draft for the meeting in December.	ZL	Complete
5ii	ZL to invite Claire Collins to the March meeting for a deep dive into the HR risk register.	ZL	Complete
6i(a)	RW to redraft the report in relation to comments made. AT to co-ordinate management responses. Further draft of report to be provided for the December meeting.	RW/AT	On Dec agenda
7	AT to find out if the security guards were fire trained and confirm.	AT	