

CORPORATION BOARD of UNITED COLLEGES GROUP
Minutes of the Audit Committee
Wednesday 11 October 2023 6 pm – by Zoom

Members Present: Derrick Betts (Chair), Grainne Brankin, Amish Nathwani, Stephen Grainge, Andrew Dowsett.

In attendance: Zoë Lawrence, Amanda Thorneycroft, Paul Goddard (Scrutton Bland), Paul Bradley*

*for relevant agenda item only

1	<p>Welcome and apologies for absence DB welcomed everyone to the meeting. There was 100% attendance.</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 12 June 2023 The minutes were approved as an accurate record.</p> <p>Matters Arising</p> <p>i. Health and Safety Training Update AT acknowledged that the detail on this was missing from the H&S report. She explained that it was intended for this training to be included on the CPD days in the Summer term, but this was replaced by a staff conference and there was not time for it in that schedule. Online training was being rolled out and completion would be monitored by HR. This was to take place after half term. H&S training for senior management had been completed.</p> <p>ii. Frequency of Cyber Security IAs PB advised that cyber security IAs should take place every two years. PG noted this for the IA plan.</p> <p>Audit Committee Terms of Reference (ToR) ZL explained that it was timely to review the ToR and that the changes largely reflected the updates to the strategic plan and reference to the ONS reclassification of colleges. GB queried the change in quorum and ZL explained her rationale for that. The Committee resolved to recommend the amendments to the ToR to the Corporation for approval.</p>
4	<p>INCIDENT REPORT <i>(Paper circulated in advance)</i></p> <p>iii. Cyber Security DB introduced this item referring to detailed discussions which had taken place at the P&I Committee and a separate meeting with between governors and the executive. He suggested that the focus for this committee should be on risk and business continuity. PB presented his paper which made clear that the recommendations from the most recent cyber security audit would not have prevented or mitigated against this cyber-attack. A student's credentials were compromised via the VDI system and it was promptly identified that it was not the student but an alias, following which the accounts were deleted. A forensic investigation followed, and additional defences were also put in place. The full impact assessment was available to the committee on request.</p>

	<p>SG asked what arrangements were in place should the attack have been successful. PB said that the incident was informing business continuity processes and plans. A lessons learnt analysis would also be completed.</p> <p>DB noted the delay in the BDO cyber security IA being presented to the committee and asked if that delay had any effect on the incident. PB said that it did not as it centred on a student's account. He confirmed that there was not a deficiency in the college's systems or controls.</p> <p>DB asked the committee what action it should take in response to this in respect to risk and internal audit plans. PB said that the incident had been reflected in the risk register. It was noted that access rights was now part of the external audit, though this was limited to finance and MIS. Members noted the report and valued being alerted to the incident.</p>
<p>5</p>	<p>STRATEGIC <i>(Papers circulated in advance)</i></p> <p>iv. Audit Committee Annual Report DB introduced this draft report which he had reviewed and his comments had been included. ZL said that the report had been drafted in a similar format to the prior year based on the requirements set out in the Post 16 Audit Code of Practice. SG commented on a slight adjustment to the wording at para 27 which ZL said she would incorporate. AD suggested that reference to the external auditor's opinion be included. Members were asked to forward any other comments to ZL separately and then the next version can be reviewed for recommendation to the Corporation at the November meeting.</p> <p>v. Strategic Risk Register AT presented the risk register which included 7 risks covering recruitment of staff, quality of teaching and learning, staff and student engagement, and the capital project. There was some positive news on staff recruitment following a successful campaign over the Summer, but there continued to be a higher than target proportion of agency/HPL posts with some difficult posts to fill so it remained on the risk register. GB commented that the capital projects risks may concern risks around the developer and the viability of their scheme rather than a planning risk. Members noted the risk register.</p> <p>vi. Deep Dives for 2023/24 It was agreed deep dives for 2023/24 would be the major capital projects risk register for the February meeting and student experience and outcomes risk register for the June meeting of the committee.</p>
<p>6</p>	<p>INTERNAL AUDIT & EXTERNAL AUDIT</p> <p>i. Internal Audit Reports <i>(Documents circulated in advance)</i></p> <p>a) ESFA Student Funding / Learner numbers PG explained the nature of the audit and that it had achieved significant assurance. The recommendations had been accepted by management. SG asked about the arrangements for bursaries. It was explained that this funding provided by the ESFA was provided to students who fulfilled the criteria set out in the bursary policy. A previous audit had shown</p>

some discrepancies against the policy so it was being reassessed as part of this funding audit. The issues had since been resolved. Members noted the report.

b) HR Sickness Absence Audit

PG explained that this audit had achieved significant assurance and he noted the wider support for staff for mental health and well-being generally. The recommendations referred to additional rigor to ensure that the policies and procedures were fully implemented including the provision of fit notes and completion of return to work interviews. The recommendations had been accepted. DB asked for clarification on the definition of average number of sick days per employee. It was noted that this may be skewed by a very small number of people on long term sickness absence. The generous sick pay was noted. Members also noted that comparisons may be difficult with the pandemic years, and that the AoC were soon to be issuing their latest figures which may form useful benchmarks. Members noted the report.

c) Internal Audit Annual Report

PG said that this was their first annual report which summarised the opinions given and confirmed that there were adequate and effective controls. H&S and cyber security training amongst staff were highlighted, plus that the follow up report only received reasonable assurance. Benchmarks with other colleges showed UCG in a favourable position. The maths and English IA planned for 2022/23 had been moved to 2023/24 due to the timing of the audit being too late in the academic year. It would now take place in October 2023. Members welcomed this report.

d) Subcontracting Audit

PG explained that there had been new contracting rules introduced by the ESFA in response to poorer practices in the sector. This audit was often included in the EA scope but had been carried out as an additional IA by Scrutton Bland on this occasion. The new rules state that if a compliant judgement was made then a further audit does not need to take place for 3 years, unless the position changed, or the level of subcontracting was increased. The standards being audited were binary and UCG was compliant on 2 out of 10, and 10 recommendations were made in total, which were all accepted in full. One of the key recommendations concerned a contract management policy which may also help to fulfil other recommendations made. AT confirmed that good progress was being made and the recommendations were being implemented. She also mentioned that the college would be moving away from subcontracting the to degree it had previously due to the loss of the £2m GLA contract. Members discussed two of the existing contracts with Arsenal and Community Systems.

ii. Age Analysis for recommendations in Follow-up report

The Committee went through the outstanding audit recommendations and received an update from PB and AT for each. A number had been resolved which was appreciated by the committee. PB agreed to further assess the recommendations on the IT change management and GDPR IAs. It was noted that the real time monitoring of cyber incidents was dependent on an investment decision. It was agreed that this table would be updated and included on the agenda on an ongoing basis.

iii. IA Plan and Progress Report

The changes to the plan discussed at the previous meeting concerning the general ledger and procurement were noted, plus the change of date for the maths and English audit. AT mentioned that there may be some fine tuning to dates following discussion at the Internal

	<p>Audit Control Group to fit around academic holidays. Members noted the IA Control Group and thought this was good practice and a helpful forum for taking this work forward.</p> <p>iv. OfS 2020/21 ILR Reconciliation Exercise</p> <p>AT explained that this was a funding audit for 2020/21, carried out in 2022 and the letter was received in 2023. The letter specified that it be shared with the Audit Committee. The letter states that discrepancies of actual numbers against plan were found. The data has since been corrected and the level of difference has been reduced. The letter referred to potential funding adjustments and whether conditions of registration had been breached. AT said that only a small amount of money was received from the OfS each year so any potential claw back would be immaterial. She expressed concern that the potential breach of registration conditions may be a reputational risk. Members discussed the seriousness of this issue particularly as this letter was from one of UCG’s regulators (though not the main one). AT suspected that the difficulties in 2020 would have stemmed from the pandemic and an inexperienced MIS team at that time. The latter had now been resolved so she would have more confidence in the data quality now and that it was unlikely to reoccur. It was uncertain what next steps would be as the letter left things open and unclear. GB felt that the underlying issues about registration with the regulator shouldn’t be ignored and asked that a check against the registration conditions be provided for the next meeting.</p>
6	<p>AOB <i>(Report circulated in advance)</i></p> <p>I. Health and Safety Annual Report</p> <p>H&S training had been covered elsewhere on the agenda. AT explained that this report brought together the termly reports into an annual review of the key areas for information, and that the reports were discussed at the H&S Committee meetings. SG noted the fire drills and that one had not taken place at Maida Vale. This was planned to take place soon. It was harder to evacuate the Madia Vale Campus as this usually involved more disabled students and those with high needs. GB commented that there should be more drills at Maida Vale for these reasons not fewer. Many students would have personal evacuation plans.</p> <p>GB commented that the H&S report looked to be an improvement on the previous year. AN suggested that RAAC be mentioned and that this was not an issue for UCG. He also noted an injury still under investigation from the June report and asked for this to be followed up. AT agreed to look into these issues.</p>
7	<p>Date of next meeting 29 November 2023 (Joint with F&R Committee)</p> <p>Meeting closed at 7.59 pm</p>

Minutes taken by Zoë Lawrence 12/10/2023

SIGNED:

Date:

Derrick Betts, Chair

ACTIONS

Ref	Action	Owner	Status
6 (March 2023)	To explicitly acknowledge mental health in the Health and Safety policy and cross reference other relevant policies such as safeguarding, first aid, and well-being strategies for the next iteration.	AT	For next year's review of the policy
6ii	Age analysis for recommendation to be updated and brought back to the next meeting	ZL	On agenda
6ii	A check against the compliance with the OfS conditions of registration to be brought back to the next meeting.	ZL/GM	For March meeting