



IEG AUDIT COMMITTEE

March 26, 2024

5:30 PM - 7:00 PM

Remote

ATTENDANCE

PRESENT

Tony Keeling (Chair)

Gemma Roger

Gillian Beasley

Martin Ballard

Qun Yang

IN ATTENDANCE

Joanne Ulyatt (Governance Director)

Rachel Nicholls (Chief Executive Officer)

Louise Perry (Chief Financial Officer)

Ed Thomas (Chief Operating Officer)

Lee Glover (Validera)



— Inspire Education Group —

28. WELCOME

Standing item

Speaker: Chair

Time: 17:30

a. Apologies for absence; No apologies were received. GR was welcomed to her first meeting of the IEG Audit Committee.

b. Eligibility, quorum, interest and hospitality disclosure; No notice had been received of any Member becoming ineligible to hold office, the meeting was quorate and there had been no unregistered interests declared.

c. Requests for urgent business; None.

29. MINUTES

Decision item

Speaker: Chair

Time: 17:35

a. Minutes of last meeting; Minutes of last meeting (28.11.2023) were confirmed for electronic signature. **(ACTION 10)**

b. Matters arising from the minutes; There were no matters arising.

c. Actions from the minutes; Most actions were complete. Action 9 to review the Procurement Report is underway but further work is still to be completed.

30. INTERNAL AUDIT REPORTS

Decision item

Speaker: Validera/CFO

Time: 17:40

Internal Audit:

- IA Progress Report

a. Governors noted that the IAs are only approximately 18% of the way through the work agreed for the academic year and sought reassurance that they are on track for timely completion; there are plans underway to deliver all of the work in year, with audit briefs issued for all of the work and meetings booked in with relevant managers. The Income Recognition audit is well underway and will shortly be finalised following receipt last week of further information that was required. The Work Experience audit is also underway. The plan is a little backloaded in order to strike the correct balance with the availability of data, but there is high confidence that it will be achieved. LP concurred that backloading is required and all relevant personnel have this diarised in order for work to be completed in a timely fashion.

b. The report was presented, noting that Validera became the newest independent member firm of DFK UK & Ireland on 1 December 2023, which expands their access to a greater wealth of skills and resources.

c. Two reviews had been brought together to form the Income Recognition review at no additional charge.

d. Sector updates were noted, highlighting in particular the simplified funding pilot which may bring some welcome changes at the end of next year.



Monitoring:

- IEG Internal Audit Recommendations Tracker

e. Regarding the Recommendations Tracker, governors asked whether the action regarding the review of subcontracting which notes that it will be weaved into the broader review of the IEG Strategic Plan currently being updated should be kept open or whether it should be closed as it is now wrapped up elsewhere; normally the actions are kept open until complete, so this would be left open until summer. RN outlined the work underway on the strategic plan, noting engagement from staff and students, and how it dovetails with the duty to review. This work is on track and a draft is expected to be shared with governors in May.

f. The ESFA/CPCA/RSM funding audit recommendations were discussed, noting also the separate piece of work on apprenticeship funding. All recommendations are underway and delivering benefits and it is essential to keep these under review due to the level of materiality around this which is almost a zero tolerance, with even marginal error triggering 100% audit. Internally the teams are carrying out a mock audit after Easter in some other areas of funding to ensure everything is in place. Overall an awful lot of work has been ongoing to ensure the teams are on top of all paperwork around funding.

31. RISK MANAGEMENT REPORT

Discussion item

Speaker: CFO

Time: 17:55

- Board Assurance Framework
- Review of Contingency Risk Registers

a. Governors questioned regarding issues possibly emerging regarding Borderville; there are ongoing conversations with the Chair of Stamford Association Football Club. There is often some degree of tension when sharing a building and using it for different purposes, and discussions around the Stamford North development and how it will impact the Borderville site have raised some issues that could potentially be a little contentious. Governors were assured that conversations are in hand.

b. The strategic risks remain very static between the version recently presented to Board and this version. At the Risk Management Committee all risks underwent strong scrutiny and at this point, halfway through the academic year, the operating environment changes so this version observes that.

c. Governors noted some really good conversation at the recent Governor Development session and were pleased to see that the teams are alive to the issues that governors were discussing.

d. Governors asked whether the increased risk around lack of teaching space expands into a wider risk in terms of staff, etc. It is predominantly an issue of space; student growth has been above expectation leading to a requirement to identify 17 new classroom spaces for the next academic year. 11 have already been found for PC. This issue will be faced year on year, hence why the estate master planning is so pivotal. A decision was taken at the recent Finance & Resources Committee meeting to close the MOT centre in order to give back student space. A full review will be undertaken in April against the curriculum planning.

32. PROCUREMENT REPORT

Information item

Speaker: CFO

Time: 18:15



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- a. A summary of key procurement work undertaken was provided within the report. Single Supplier Justifications have been a key area of concern for governors; the year on year analysis requested is not yet complete because the change between the current year and last year is considerable due to capital grants received which are skewing the data for comparison. In spending T level money, some of the guidance is very specific in terms of what is required and therefore shrinks the pool of suppliers that can be approached. Trying to find 3 suppliers that can meet the specification is extremely difficult and has led to a significant jump in the use of SSJs. Just 4 of the justifications listed account for 80% of the spend, with 3 of them being for curriculum-based items that are grant funded with very specific guidelines.
- b. In relation to the software company that keeps the IT network safe, IEG did go out to market but chose not to proceed with the cheapest option due to the small cost difference and the excellent relationship that has been established. With so many systems that segway into the existing managed detection system, this was considered the best option.
- c. Governors were content that it is clear there is an open and transparent approval processes in place and were pleased to see the level of detail and analysis that goes alongside it. The Committee were reassured by the excellent justifications provided, noting that the challenges that result from specialised requirements will always be encountered and it is about how the process is controlled when the use of SSJs is unavoidable.

33. CYBER SECURITY REPORT

Decision item

Speaker: COO

Time: 18:25

- a. There have been no significant threats or direct attacks in the current period. The IT team continue to raise awareness around phishing campaigns and have introduced Multifactor Authentication across the Google Workspace platforms. The support contract with a comprehensive cyber security service to protect digital assets has been renewed for a further 3 years.
- b. Detections of cyber-attacks at a local network level continue to be monitored and four cases that were identified and escalated were noted.
- c. LP flagged up that a successful ransomware attack on the cloud-based finance system had been omitted from the November report and was included in the Fraud Report for completeness. Governors questioned on the impact, route in and lessons learned; the route in is not known, but it was an attack on a cloud-based system only, not a cyberattack on the IEG infrastructure at all. The isolated back up was successful leading to a loss of only several hours of data and, with the exception of the purchase order system, everything was back up and running within days. A manual purchase order system had to be employed for a few weeks which was inconvenient. IT staff were cognisant and liaising with contacts at the shared service centre.
- d. Governors questioned whether IEG vulnerability relating to other organisations' systems is tracked, noting that it is not recorded as a risk. The transfer of data between systems is where much of the risk sits. The problem did not spread to other parts of the IEG network and the team are confident that everything is in place to ensure that the IEG network is very secure and well protected. The IT team liaise with partners and monitor all alerts, and they are increasingly vigilant, notifying relevant departments and the COO to any such issues as they arise. In terms of whether to add this to the Risk Register, it is unclear what mitigations could put in place as it is not within our gift, but the Exec team are really confident in the work IEG do with cyber security and the levels of experience within the team. This was a low-level issue apart from a little work to catch up once resolved, but serves as a good reminder that really carefully considered due diligence and decision making would be necessary before ever taking a decision to go cloud-based. Governors agreed that there is always an acceptance of a certain level of risk in outsourcing, and that it must always be a conscious risk.



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e. Governors commended the excellent report and asked that thanks are conveyed to the team for keeping the organisation safe from the volume of threats presented.

34. FRAUD REPORT

Information item

Speaker: CFO

Time: 18:35

a. The aforementioned cyber-attack had already been discussed within the previous item. The level of fraud/attempted fraud was in line with prior periods and consisted mainly of several low-level thefts, the numbers of which are very low given the size of the organisation and the number of students enrolled.

b. Governors congratulated IEG on the low level of challenges faced, particularly in light of the cost of living crisis which could have driven up incidents, noting that this suggests the tone and culture of the organisation are positive. The discretionary bursary and free breakfast for staff and students helps impact on the culture, ensuring that people who need some help are able to access it.

35. URGENT BUSINESS (ITEM 28C REFERS)

Standing item

Speaker: Chair

Time: 18:45

None requested

36. DATE OF NEXT MEETING: TUESDAY 18 JUNE 2024 (REMOTE)

Information item

Speaker: Chair

Time: 18:50

CFO and GD to liaise with Chair ahead of next meeting to plan for agenda timing, taking into account the backloading of IA work that will need to be reported on **(Action 11)**

There being no other business, the meeting closed at 18:21.

37. ITEMS AUDITORS WISH TO RAISE WITH GOVERNORS WITHOUT STAFF PRESENT

Information item

Speaker: Auditors

Time: 18:50

None requested.