

IEG GROUP AUDIT COMMITTEE

25 September 2024

17:30 - 19:00

Remote

ATTENDANCE

PRESENT

Tony Keeling (Chair)
Martin Ballard
Gemma Roger
Gillian Beasley

IN ATTENDANCE

Rachel Nicholls (Chief Executive Officer)
Louise Perry (Chief Financial Officer)
Julia Bates (Chief Curriculum Officer)
Ed Thomas (Chief Operating Officer)
Linda Westwood (Note Taker)

ABSENT

Joanne Ulyatt (Governance Director)
Qun Yang

1. WELCOME

Standing item

Speaker: Chair

Time: 17:30

- a. Apologies for absence
- b. Eligibility, quorum, interest and hospitality disclosure
- c. Requests for urgent business

- a. Apologies for absence; apologies were noted.
- 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. It was noted that the Gifts and Hospitality Report for 2023/24 will be presented at the November meeting.
- d. Requests for urgent business; None.

2. MINUTES

Decision item

Speaker: Chair

Time: 17:35

- a. Minutes of last meeting (18.06.2024)
- b. Matters arising from the minutes
- c. Actions from the minutes

- a. Minutes of last meeting; Minutes of last meeting (26.03.2024) were confirmed for electronic signature. **(ACTION 1)**
- b. Matters arising from the minutes; There were no matters arising.
- c. Actions from the minutes; All actions were complete.

3. APPOINTMENT OF CHAIR/VICE CHAIR

Decision item

Speaker: Governance Director

Time: 17:40

The Audit Committee proposed to reappoint Tony Keeling as Chair and proposed Gillian Beasley as Vice-Chair, Martin Ballard will move to a supportive role and the Chair thanked him for his commitment to the committee.
Proposal to be shared with Board for ratification.

4. INTERNAL AUDIT

Decision item

Speaker: Internal Auditors/CFO

Time: 17:45

- a. 2023/24 Internal Audit Annual Report
- b. 2023/24 Internal Audit Recommendations Update
- c. Review of Block 3 Final Reports
 - i) Cyber Security Review
 - ii) Procurement
 - iii) Strategic & Business Planning
 - iv) Work Experience
 - v) Campus Management

- vi) Follow Up
- vii) Performance Management
- d. Draft Internal Audit Plan 2024/25

a) The Governors reviewed the report that indicated adequate and effective risk management, governance and controls, although there are some reported issues around income recognition which require further work. It was confirmed that the Income Recognition audit was discussed a number of times last year and was shared in June and will be tested this year in terms of follow up. Most of the actions were for immediate change and they have been completed, with certain items being deferred to this year as they are changed annually.

Governors **noted** that the report is impressive and gives a high level of assurance that the Governors need to know. Anything highlighted in the reports were not a surprise, teams know where the issues are and are addressing them.

b) Internal audit recommendations tracker – The Chair queried the APT bank account as discussed at the last Audit Committee. The CFO informed the meeting to review paper 4bi. The CFO gave an update informing the Governors of the background details relating to how and why the monies had been repaid to the Treasury and that we are working with a specialist company to help retrieve the monies which may take 20 weeks. A formal complaint will be made to NatWest. The Chair assumed that the Finance & Resources Committee will be tracking the impact on the accounts going forwards, and queried if it carried a risk? The CFO confirmed that it will not have any impact on in-year accounts except if we do not get the money back we would then have to write the cash off at some point, however we have not had any indication from any advisors that we would need to write it off. The Chair noted the position.

Governors suggested that management keep a record of time and cost involved in this process and also an account of the interest lost through NatWest's inefficiency.

c) Review of Block 3 Final Reports - All reports are green apart from Work Experience which is amber.

The Chair questioned the testing of lockdown procedures which was not completed over summer and queried if it is included in the forward plan programme. It was confirmed an external company has been engaged to complete this for us over half-term, either October or February. Governors noted that it is being addressed.

Revaluation of the reserve – It was confirmed that this is not a revaluation as such, this has been in the accounts for many years. The auditors ask that we review it, and to do this we need to check PWC's accounts at 2012/2013. The Finance team have carried on releasing it every year back in to the I&E reserve, but we are unsure where it came from and are unsure if we still have the assets that it relates to. It was noted that it is hoped to be finalised this year but it does not have any affect on the accounts.

The Governors **accepted** the Annual Report and the seven subordinate reports that sit with it and thanked the IA and CFO and her team for delivering the great outcome. Governors noted what is in the internal tracker, discussing APT, revaluation of reserve and the lockdown procedures.

d) Draft Internal Audit Plan – The CFO informed the meeting that the Executive Team have reviewed the plan and are supportive of it and request that the Audit Committee endorse it.

The IA summarised the report stating that it focuses on year one as years two and three are where we think we might be but will review again at the end of 2024/25. The IA

queried if the plan covered the areas required for review and the Governors commented it was a well balanced audit programme for the start of the three-year cycle. No concerns and the priorities for future years are correct at this point too.

It was queried whether the Audit Committee would like to keep Apprenticeships on their radar and focus on it in a separate area at some point, but it is important to have the balanced approach across the different areas of the business. The Chair stated that an addendum is in place to the Internal Audit Plan to include the Apprenticeship Student data if, after discussion, the main Board think it is necessary.

The Governors **accepted** the Audit Plan as presented and recommends it to Board with the possibility of changing the plan if anything is raised at Board.

5. ANNUAL FRAUD REPORT

Decision item

Speaker: CFO

Time: 18:20

- a) The report was presented covering the period from 1 August 2023 to 31 July 2024.
- b) No major concerns, it has been relatively consistent across the year with low level activity and no high level attempted fraud.
- c) The merit of publishing a list of spend with our suppliers was discussed.

Governors **noted** the report stating how good it was and how it provides the necessary reassurance that Governors require. Thanks to the teams involved.

6. CYBER SECURITY REPORT

- a) We are experiencing more sophisticated cyber attacks based around email and phishing, especially with the use of AI.
- b) Targeting staff who have fallen for our internal campaign on phishing emails with extra training.
- c) We are proud to have achieved Cyber Essentials Plus accreditation. This rigorous certification demonstrates the strength and sophistication of our cyber security systems and reflects the hard work of our IT team.
- d) Governors **noted** a good report and that it was reassuring how cyber security is dealt with. The achievement of Cyber Essentials Plus is a great validation to the dedication of the team and it would be worthwhile informing Board of how difficult it is to achieve.
- e) The Chair queried why the strategic priority of Harnessing Technology had been used for the intent/relation to strategic objectives as it is more about protecting data and resource and asked if there was a strategic priority that properly links to cyber security. The CEO stated that it is a new template and as we now have nine priorities, a number of papers could have a relationship to two or more priority areas. The CEO thanked the Chair for raising and she will speak to the Governance Director and Chair of Board about the complexity of the nine themes in relation to papers.

7. GDPR

Decision item

Speaker: CFO

Time: 18:25

- a. Annual Review of GDPR & FoI
- b. GDPR Policy and Procedures

a) The Annual report was presented noting that there has been a huge increase (over 100%) in SAR and data breaches. It was noted that we do not believe we are having more data breaches, it is due to staff being more aware of what a data breach is and therefore reporting it. A number of training sessions have been held with staff about data breaches.

b) It was noted that students are also requesting SARs as they are more aware of their rights.

c) We have received four FOIs from 1 August 2024.

d) The CEO discussed that the work the CFO does on managing FOI/SARs is very thorough and rigorous but also very time consuming for a senior member of staff to cover. As this is a serious matter, it is proposed to look at a new post to manage this aspect of the organisation if the budget allows.

e) The Chair queried whether something could be added to the Audit Plan regarding the Student Records audit around data breaches/SAR requests, it would be to review whether our records are structured to be efficient when requests are received. The CFO stated that this could be added as part of the systems review, although the majority of data breaches are human error rather than systemic. Governors commented that in their experience, when staff have more knowledge and information about data breaches there are more received and the quality of the response for FOIs is vital as you are broadcasting information about your company to others.

f) The Chair asked the IA if any audits had been completed in other organisations that could help? The IA informed the meeting of a colleague who deals with IT, Governance, FOI and Data protection. The CEO will arrange a meeting with the auditor about whether internal audit knowledge may support the recruitment of someone to help manage an increasing burden of SARs/FOIs.

Governors **noted** and supported the report.

8. POLICY REVIEWS AND MODERN SLAVERY STATEMENT

Decision item

Speaker: CFO

Time: 18:35

- a. Anti-Fraud and Corruption Policy (Biennial Review)
- b. Modern Slavery Policy
- c. Modern Slavery Annual Statement

a) The Anti-Fraud and Corruption Policy, Modern Slavery Policy and Modern Slavery Annual Statement were presented for review and feedback, these will then be presented for approval at Board.

b) The Committee **recommended** the Anti-Fraud and Corruption Policy, Modern Slavery Policy and Modern Slavery Annual Statement to the Corporation Board for approval.

9. RISK REPORT

Discussion item

Speaker: CFO

Time: 18:50

- a. Board Assurance Framework
- b. Contingency Risk Register

a) It was noted that have been no changes in risks/scores for the new year.

b) The Committee were informed that a peer review of all of the risks is held which gives good challenge across the organisation. The Chair confirmed that collaborating with staff on the risks shows a good risk awareness in the organisation.

c) Two new risks have been added, Supported Delivery Model and Industrial placements for T Levels due the increase in students, 36 last year to 345 this year that need to be placed. The CEO informed the meeting that our risk is around placement, whereas other colleges have added a risk about not hitting their targets and therefore revenue clawback. The Chair raised that we need to deliver and find placements to ensure students are clear about what their learner roles are once in their placement.

d) The CEO stated that the audit around the new Strategy raised linking our new Strategy plan to the risk register, therefore we have added banners to the BAF to show how they relate to the Strategic Plan.

Governors noted that the strategic tagging is very positive to show internal awareness and the relevance of the risk, the banners were found to be very helpful, giving the Governors a good insight how the risk is being managed.

e) The CFO informed the meeting that the Risk Policy is due to be reviewed but given that risk is on the audit plan, anything raised from the audit will be added to the policy. The review is purposefully delayed and not overlooked.
The Chair **requested** the IA to challenge the group in the risk audit.

10. ANY OTHER BUSINESS

Standing item

Speaker: Chair

Time: 19:00

a) A discussion was held around the progress of incorporating the UCP Audit Committee into IEG Audit Committee. The CEO stated that more work needs to be completed with the Office for Students (OfS) and the Academic Director (AD) and Governance Director (GD) have been leading discussions with the OfS to agree the new governance model. It was noted that the GD had planned to diarise UCP Audit meetings before IEG meetings, to ensure that they were in the diary if the integration had not been in place. The Chair commented that a UCP Audit meeting needs to be held to handover the artefacts of their committee to IEG. The CEO will speak with the AD to follow up.

b) The CFO stated that it is unsatisfactory that the Committee received the Internal Audit Reports so late in the year and therefore it is more difficult for the final report to be finalised in time. The IA has passed our account to an Audit Manager who is aware of the issues this year and there will be more oversight and escalation from the CFO and managers who are having audits next year to ensure the reports are completed in a timely manner.

11. DATE OF NEXT MEETING: WEDNESDAY 27 NOVEMBER 2024

Information item

Speaker: Chair

Time: 19:00

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

Information item

Speaker: Auditors

Time: 19:00

None requested.

The Chair thanked the IA for his time and the excellent reports provided.

There being no further business, the meeting closed at 18:40.