



## **31/22 PROCUREMENT REPORT**

- a. The Procurement Report showing an up to date view of key procurements was presented, including a review of the top 20 suppliers. A large increase in use of SSJ was noted and the procurement processes have been tightened up to address this. It was explained that where 'less than 3 quotes' has been used as the basis for justification, this does not mean they have not been requested, it simply means less than 3 were received back. It is becoming challenging to get suppliers to quote in some instances. It was agreed at the Group Exec meeting this week that further detail will be added to future reports to note how many requests were made so that this can be monitored more closely.
- b. There have been no large tenders to report that have reached a Board approval threshold, however at the next Board meeting there will be a contract to sign off for £1.3m as part of the refurbishment plan. IEG went out to tender twice and only had one supplier quoting so special dispensation has had to be sought from the DfE. This has been a widespread issue particularly in the south of the country and it may be necessary to expand the searches further, however the sustainability and regional aspect must also be kept under consideration too. Overnight costs can drive up the cost of bids considerably.
- c. It was noted that there has been one contractor who did not sign the Supplier Code of Conduct which was deemed low risk and only £500 in value. Generally, IEG looks to use only UK suppliers and everything possible is done in terms of sustainability and modern slavery.
- d. Purposeful conversation around transport and conscious decision to be made by Board to either tolerate or be the leader of change. Sustainability targets to be put in as direction of travel. Scope 3. One supplier heavily involved in sustainability and some tweaks in contracts to move towards certain suppliers. Internal discussion following Feb board as to what sustainability strategy should look like.
- e. The Howick machine and Virtalis wall were discussed and are both fully funded by SDF projects. It was confirmed that there are local qualified maintenance companies that can service them.
- f. The increasing costs of utilities was discussed and the balance between investment and return in terms of projects. A budget principles paper was taken to FRC with an added 15% for utilities. Some big projects underway as part of the DfE refurbishment plan, including replacement boilers at PC, are expected to see an immediate 30% return. The replacement windows will also be complete by winter which will provide better insulation, so the 15% uplift in budget is felt to be sufficient. Capital is being focused where it can have the most impact and that is why the DfE refurbishment plans were revisited and changed once the impact of the energy crisis became known. IEG also now has an energy grant which is planned to be used to tackle a building at SC with the aim of getting it as close to net zero as possible. Tackling one whole building will make a significant difference.

**The information was received and noted.**

## **32/22 INTERNAL AUDIT**

### **a. 2022/23 Internal Audit Progress Report**

The IA Progress Report was presented, updating on amendments since the strategy was approved in September. HWCA, at management's request, undertook the Annual Certification of Expenditure in relation to the Centre for Excellence in Maths which went smoother this year and was a good process. One day for UCP has been added to each of the reviews within the Group strategy to do UCP specific testing to cover off the audit requirements of the entity. Progress against the annual plan was summarised, with lots of planning and initial meetings in place for March/April to then start the work in earnest. A slight update to the 3-way letter of engagement between IEG, HWCA and ESFA was noted.

### **b. Final Report – Application to Enrolment**

The finalised report for Student Systems was presented with an Adequate overall opinion. There were some expected outcomes in terms of developing the Group wide approach to some of policies following merger to align external facing documents. It was a generally good outcome with just three recommendations for improvement detailed in the action plan, all accepted by management. There had been prior acknowledgement that it was likely HWCA would find differences in practice between SC and PC so there were no surprises. The CFO noted that the review of policies is drawing to a close with less than ten left to be reviewed and it is anticipated that they will all be aligned by the end of the academic year.

Admissions are currently without a Group Manager and once this position is filled it will also generate some actions around this. All major policies are aligned.

**c. Final Report – 2021/22 Follow-Up**

The report was presented with Adequate assurance overall. Of 23 recommendations on the tracker, a sample of 10 was taken for testing to verify implementation; 9 were completed and 1 was awaiting information. Areas of improvement were noted.

Governors requested some dashboarding of the 40-page tracker in order to provide a front-page summary of performance within the tracker; this could include the dashboard information that is included in the overall governance dashboard. **(Action 12)**

**d. Final Report – Centre for Excellence Maths**

This is a prescribed format of letter regarding the terms and conditions of the grant scheme and demonstrates that funding has been spent in the correct manner.

**e. Audit Brief – Financial Controls**

A draft audit brief was presented, proposing a deep dive into certain areas of the financial controls based on discussions with management. These areas include changes to bank details in relation to fraud risk, payroll authorisation of overtime and variable hours, authorisation of miscellaneous expenses and fixed asset additions and disposals. The proposal covers areas of concern.

The Key Financial Controls Audit Brief was **approved** by the Audit Committee.

**The information was received and noted.**

## EXTERNAL AUDIT

**f. CPCA Draft Audit Report**

- i. A report detailing the findings and conclusions arising from the CPCA funding review for the funding year 2021-22 was provided. The ESFA clawback conversations linked to MIS, and particularly apprenticeships, had been discussed at a number of prior meetings and financial provisions had been made.
- ii. Governors felt it would be a sensible addition to in-year work to add some additional audit days to commit to reviewing the processes in order to be able to assure the Corporation Board that there are no gaps in the defences going forward. In order to give the team the opportunity to put in place any system amends over the summer it was requested that this be completed by the end of June so that Audit Committee can be appraised of any significant concerns and allow time for any corrective actions before the new academic year.
- iii. LG confirmed that they could accommodate the additional work but that it is complex due to so many variables, therefore 6 days were recommended and agreed.
- iv. CFO to scope with LG and come back to governors out of committee to get the brief signed off. In terms of scoping, CFO to share the ESFA report with LG to target issues identified and ensure that they do not persist going forward. **(Action 13)**

## MONITORING

**g. Audit Recommendations Tracker**

The increasingly large recommendations tracker had already been discussed under 32/22c and an action taken to add a front-page summary to aid in monitoring progress.

**The information was received and noted.**

**Actions had been noted.** (Register at end of document).

## 33/22 RISK MANAGEMENT REPORT – BOARD ASSURANCE FRAMEWORK & CONTINGENCY RISK REGISTER

- a. The report was presented, showing the BAF to be largely unchanged. It was noted that the report was written before the Ofsted inspection and there may some changes to reflect and reference any action plans arising from the report once it is available.
- b. A new risk relating to the defunding of BTECs and introduction of T Levels was noted as it causes a risk of loss of students, however there is no difference between the inherent and residual risk because although the Group can lobby, it is ultimately a political decision and not within the control of the organisation.

- c. It was noted that Brexit is still recorded as a high risk on the contingency risk register. The inherent risk is still high as it continues to affect a number of operations, including the impact on food supply chains and costs, intake of students in terms of eligibility for education and also impacting on ability to recruit staff from Europe and further afield. Governors felt that to position this ready for next year, it should now be considered business as usual and the risks should be reframed as Brexit is now done and COVID risks need to be flushed out and reframed as macroeconomic uncertainty and infrastructure risks. CFO to action. **(Action 14)**

**The information was received and noted.**  
**Actions had been noted.** (Register at end of document).

#### **34/22 FRAUD REPORT**

Details of all known incidences were shared in the report and discussed.

**The information was received and noted.**

#### **35/22 URGENT BUSINESS**

The CFO noted the 3 + 2 contract in place for the current EAs, RSM, and a preference was expressed to terminate at this 3 year point and go out to tender. The Committee approved the request and at the next meeting in June will consider short-listed candidates.

TK/GB/QY volunteered to be involved in long listing if dates allow. CFO to begin tender process. **(Action 15)**

**The information was received and noted.**  
**Actions had been noted.** (Register at end of document).

#### **36/22 DATE OF NEXT MEETING: THURSDAY 22 JUNE 2023**

#### **37/22 ITEMS AUDITORS WISH TO RAISE**

None.

#### **ACTION REGISTER**

<b>See referenced minute for full action.</b>		<b>Resp</b>	<b>Date</b>
<b>Action 11</b>	<b>29/22a</b> Minutes of last meeting (29.11.22) confirmed for signature	<b>GD</b>	<b>wie</b>
<b>Action 12</b>	<b>32/22c</b> Dashboarding of the Audit Recommendations Tracker requested to provide a front page summary for governors	<b>CFO</b>	<b>June 2023</b>
<b>Action 13</b>	<b>32/22f (iv)</b> CFO to share CPCA Funding Review Audit Findings report with LG in order to scope and prepare audit brief for additional audit days; brief to be agreed outside of committee for implementation by end of June.	<b>CFO</b>	<b>June 2023</b>
<b>Action 14</b>	<b>33/22c</b> CFO to reframe risks relating to Brexit and COVID to reflect business as usual position	<b>CFO</b>	<b>June 2023</b>
<b>Action 15</b>	<b>35/22</b> CFO to begin tender process for appointment of EAs.	<b>CFO</b>	<b>June 2023</b>