IEG GROUP AUDIT COMMITTEE

September 24, 2025

5:00 PM - 6:30 PM

TEAMS online

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PRESENT

Tony Keeling	(Audit Committee Chair)

Gemma Roger	
Peter Walker	
Roopa Patel-Harji	(Validera, Internal Auditor)
Lee Glover	(Validera, Internal Auditor)

IN ATTENDANCE

Julia Bates	
Liz Knight	
Rachel Nicholls	
Louise Perry	
Edward Thomas	
Jane Spurgin	(Governance Director)

ABSENT
Alison Davies

1. WELCOME AND APOLOGIES FOR ABSENCE

Welcome to the first Audit Committee of the year.

a. **Apologies for absence**: Apologies received from Dr Alison Davies.
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 no new interests were declared.
c. **Requests for urgent business**: No requests for urgent business had been received

2. MINUTES OF PREVIOUS MEETING

a. **Minutes of last meeting (18.06.2025):**   the minutes were **approved** as an accurate record for signature by the Chair. (**ACTION 1**)
b. **Matters arising from the minutes**: None
c. **Actions from previous minutes**: the action tracker was received indicating the status of actions. Of those items remaining open, not on the agenda, the following was noted:

- HMRC QRS Minimum Wage Audit: this is now **closed** with no issues reported.
- APT Cash Recovery: The CFO provided a verbal update that the funds have been recovered, and the company will now be closed. **(ACTION 2)**
- UCP GDPR breach: Reported at agenda item 9.
- DfE Financial Statement - external auditor's statement: happy with responses and closed from their perspective. RSM colleagues have taken it forward with the DfE independently – it appears the DfE are saying it is done correctly but clarification in writing is awaited
- Confidential Minutes review: members **approved** the recommendation that the confidential minutes relating to staff pay remain confidential.
- Governor recruitment: once new governors are appointed, individual committee membership will be considered and proposed.
- Unique action numbering system: Members asked management to **consider** implementing a unique numbering system for actions **(ACTION 3)**

3. APPOINTMENT OF CHAIR

Members **approved** the further appointment of Tony Keeling as Chair of the Audit Committee for 2025/26.

4. INTERNAL AUDIT

Presented by Validera and the Chief Financial Officer respectively, the Committee noted and discussed the following reports:

a. *Review of Block 3 Final Reports: Financial Controls*
- Positive audit opinion – adequate overall assurance.
- Findings: 1 x Amber, 3 x Green and 2 x Blue (good practice recommendations).
- Management agreed all of the action points in this report. In respect of the amber action relating to debt reminder letters that should be stored in a way that ensures correspondence with individual debtors can be promptly identified and accessed, it was identified that letters are system issued in batches, and due to nature of the system it is time consuming to save them to each individual file. It is a known system weakness. IEG are currently tendering for a new system and improving this aspect is one of key requirements.
- There was some discussion around whether this specific audit covered UCP - it was confirmed that it did not. However, the CFO explained that as this was a

system issue the same principles apply across the Group with the same system used for both ledgers.

- It was confirmed that, when auditors look across the organisation systems, they include UCP for sampling where this is agreed in the Internal Audit Plan.

b. *Draft 2024/25 Internal Audit Annual Report*
- Validera provided a positive assurance view in respect of the work completed to date – a good outcome.
- The report was received as drafted with gaps to be closed off with final two reports (Block 3), to come to the Audit Committee in December.
- Members congratulated the team for the positive outcome.

c. *2024/25 Internal Audit Recommendations Update*
- In effect, the audit service is a consultancy service and has identified 52 opportunities to do better.
- Some substantial changes underway due to audit activity, including some quite complex ones (e.g. BCM/Martyn's Law) and changes to policies/procedures/forms.
- Good progress has been made with all actions either in progress or completed.
- Members expressed their appreciation of the work undertaken.

d. *Draft IEG Audit Committee Annual Report 2024/25*
- The final report, which will be presented at the December Audit Committee meeting, will close the remaining gaps.
- The first sentence to be amended to read: This Annual Report of the Inspire Education Group (IEG) Corporation Audit Committee (AC) covers the period for 1 August 2024 to 31 July 2025; the Report is submitted by the IEG Audit Committee to inform consideration of the IEG Annual Financial Statements (AFS) for recommendation to the Inspire Education Group (IEG) Corporation Board. **(ACTION 4)**

e. *Draft UCP Audit Committee Annual Report 2024/25*
- The final report will come to the Audit Committee in December and be presented for approved by the UCP Council in December when the draft report is finalised.

f. *Draft Internal Audit Strategy 2025/26*
- The strategy has been updated and drawn up in collaboration with the Executive.
- Some terminology has changed slightly around independence and compliance (e.g. reference to the Chief Audit Executive).
- There is new requirement for organisations to have an Internal Audit - this has been in place for some years at IEG.
- It was noted that there is reference to a specific UCP audit within the plan itself and that this is an area to be discussed and confirmed.
- The suggestion provided for the specific UCP audit is a Conditions of OFS Registration – good area which has not been done before and key to test now. This will be put forward in the final plan that is presented to UCP Council and IEG Board.
- 3 audits that have been assigned a specific UCP day (Financial Controls, Business Continuity and H&S, and Student records) UCP committee members confirmed that they were content with this allocation.
- It was explained that in other audits UCP may be covered within random samples - it was confirmed that they will not be explicitly excluded from samples and may or may not come up. If UCP not covered, it was agreed that this will be stated in the report **(ACTION 5)**
- Members are content with 8 audit days for UCP (5% of the business of the Group but more than 10% of the audit days allocated)

The Committee **noted and endorsed** the plan as proposed, subject to the above considerations.

5. PROCUREMENT REPORT

The Committee received a revised Procurement Policy (with appendices) and a report on the key work undertaken by the Procurement function in IEG during June to August 2025 to round off the year. The following key points were noted:

Procurement Policy

- The Policy has been reconfigured to align with other IEG policies, alongside a full review of forms and guidance undertaken to reflect relatively new legislation and feedback from users.
- It incorporates the changes that came into place February this year.
- A number of changes were highlighted for members in terms of the governance soles and responsibilities in procurement:

    - updated responsibilities for Governors, referencing the Anti-Bribery Policy, conflict of interest and approval levels;
    - the inclusion of specific procedures for procurement activity, including the requirements of the new Public Procurement Act 2023, which applies to all tenders let after February 2025 with a contract value in excess of £5M (some 3 or 4 year tenders may tip over the £5m ;
    - proposal that the first formal threshold be moved from £2,500 to £5,000; and
    - an exemption from procurement rules for registrations, subscriptions and memberships that are an integral part of operating in the FE sector. Such as the Association of Colleges membership, the Office for Students fees, the Copyright Licensing Agency costs, etc.

Members recommended the Procurement Policy (and associated appendices) to the Board for approval **(ACTION 6).**

Procurement Report (June to August 2025)

- With large capital projects in year Lindum, Cleggs and Princebuild were the top suppliers in terms of value in IEG during 2024/25.
- The top 20 suppliers included those for Construction (capital), Subcontracting, Transport Services, Awarding/Exam Body Fees, IT services and supplies and Utilities.
- The costs incurred in the top suppliers above were fixed for the year. Going forward there are still inflationary pressures across some of these expenditure streams which are continually reviewed to seek ways to reduce and make savings where possible.
- There were eighteen single supplier justifications approved during the period, which has reduced against the prior year. This is to be expected as capital investment by Summer 2025 has reduced. The lack of being able to obtain three quotes continues to be an issue, despite trying, in some cases in excess of three months – management will continue to explore the market for appropriate alternative suppliers.
- Two large tenders were awarded in the period and three further tenders are currently out, awaiting conclusion and award.
- In July IEG received a significant and unexpected credit against utility costs.

Members discussed whether IEG actively checks suppliers against the IEG Supplier Code of Conduct. However, following discussion it was agreed that companies were generally willing to sign up to this document and thereby were offering a demonstration of intent, negating the need to audit or police.

Requesting that future reports include a conclusion on the cover sheet **(ACTION 7)** and having **noted** the information, Members were **content** to receive the Procurement Report.

6. ANNUAL FRAUD REPORT

Members received the Annual Fraud report from 1 August 2024 to 31 July 2025 which included a summary log of known frauds and attempted frauds suffered by IEG. It was reported that, in reviewing the year, there have been no significant losses to IEG, and it is the management view that internal controls against fraud are effective.

It was noted that, in summary, actual fraud/theft has fallen into four specific areas during 2024/25:

- Cyber threats are by far the greatest in number and potential value
- Attempts to impersonate suppliers
- Employee fraud and theft
- Student theft of IT devices or low level at catering outlets

The Committee commented that, as a College Group with a large student body, the reported fraud attempts are largely trivial and speaks to the IEG culture. It further noted that:

- the report is summary of the entire year and, as such, it is not risk rated;
- fraud reporting will be extended in 2025/26 and IEG will be doing more work around the fraud risk in terms of its response to the ECCTA directive.

Members **welcomed** the report and advised that it is a heartening report in terms of where IEG is at. Management was **congratulated** on creating an environment at IEG that thrives, with such a low level of fraud.

7. CYBER SECURITY REPORT

The Committee approved that this item is to be reported under the Confidential Minutes.

8. BUSINESS CONTINUITY MANAGEMENT PLAN 2025/26 – UPDATE

The Chief Operations Officer presented a detailed report updating the Committee on the Business Continuity Management (BCM) Plan and associated arrangements for 2025-26, with a focus on the implementation of the terrorist event response AG Lockdown system. The report outlined that the BCM has been updated in all aspects reflecting a step change in approach following risk assessment and developments over the past 21 months.

The report covered the following key aspects which were noted by the Committee:

Core Principles of BCM
- the BCM aims to ensure the organization can continue operating during and after disruptions. This includes natural disasters, cyberattacks, and other unforeseen events. It involves creating plans and procedures to minimize downtime and maintain critical functions;

IEG's BCM Plan 2025/26
- the Plan is the key document outlining how IEG deals with an emergency and the processes to follow. The comprehensive plan has been developed to ensure the college can continue operating during various disruptions;
- The plan includes:

- a Primary Response Team that is responsible for coordinating the response to a disruption;
- procedures for dealing with a variety of emergencies, such as bomb threats, fires, counter terrorism, lockdown and major health scares;
- a list of key personnel and contacts information - consent to share contact numbers has been obtained from all individual listed in the BCM;
- a list of key suppliers and vendors;
- a business impact assessment; and
- a disaster recovery plan.

- The plan has been designed to be flexible and adaptable to a variety of situations. It is reviewed and updated regularly to ensure that it remains relevant and effective.

Martyn's law legislation
- Martyn's Law, also known as the Terrorism (Protection of Premises) Bill, is upcoming UK legislation aimed at enhancing public safety by requiring certain premises and events to take steps to mitigate the impact of terrorist attacks;
- in terms of mitigations, previously IEG was going for the 'standard tier' but is now going for the 'enhanced tier' to provide greater levels of assurance against terrorism attack;
- as part of meeting the requirements of the 'enhanced tier', IEG has produced a risk assessment and a security plan in addition to staff training, drills and awareness. These actions, coupled with the implementation of a dedicated lockdown system, ensure IEG meets the requirements;

AG lockdown System
- IEG have partnered with company Ag Lockdown to provide a dedicated lockdown and counter terrorism management system. As part of the Group's drive to ensure it is compliant with the Terrorism (Protection of Premises) Bill, the software will facilitate lockdown drills and scenario planning providing the ability to test the BCM arrangements;
- staff training and the implementation plan is being rolled out, with lockdown drills on campus sites;
- full details of the lockdown process were shared with the Committee;
- there is an option to exit the contract after 12 months if the company does not deliver as planned.

Members asked what arrangements were in place with close neighbours in terms of communication in the event of a terrorist attack and were reassured that a communications plan is being developed with every single neighbour - landscape of contacts **(ACTION 8)**.

The Committee Chair offered to be available on 3 Nov for lockdown drills if helpful **(ACTION 9)**.

The Committee **welcomed** the revised BCM Plan and lockdown arrangements and will be interested to see what happens as the implementation plans are rolled out, **agreeing** that it is good to have a comprehensive response plan in place. A feedback report on lockdown drills will be provided to the next meeting of the Committee **(ACTION 10)**.

9. ANNUAL REVIEW OF GDPR & FOI 2024/25

The Committee received a report covering GDPR and FOI activity for the 2024/25 year and, in summary, for FOI most requests were answered in full. For those answered partially, or refused, details were provided in the report. For GDPR (covering Subject Access Requests and Data Breaches) there was a reduction in Subject Access Requests, and an increase in Data Breaches. It was pleasing to note there were no high-risk system breaches in year.

Members noted the activity volumes below and the action taken in response to each request:

	2024/25	2023/24	
Subject Access Requests (SAR)	26	30	
Freedom of Information (FOI) requests	22	15	
Data Breaches	17	11	*14 Low Risk; 2 Medium Risk; 1 High Risk*

It considered in particular that one data breach, relating to one student where information was shared with a parent who had provided fraudulent permission by setting up a fake email address. This had been reported via the fraud report in year – this breach was self reported to the ICO, who accepted the report and did not investigate further.

It also considered another instance, where a person had been making repeated FOI and subject access requests for approximately 15 years and complained to the ICO in year that IEG had refused to respond to their request. The ICO considered the complaint firvolous and has closed the case. Members commented that it was good to see that the ICO is supportive in the territoy of vexaious complaints.

Having **noted** the details within the report, the Committee expressed its **thanks** for the work undertaken in responding to requests in a systematic and transparent manner.

10. GIFTS & HOSPITALITY ANNUAL REPORT 2024/25

The Committee received the annual report on gifts and hospitality received during 2024/25. The report provides a list of staff and/or governors across Stamford and Peterborough campuses and UCP that have received a gift or hospitality from an external stakeholder, student and/or parent in the academic year 2024/25.

Staff and governors are reminded annually of the need to disclose any gifts or hospitality over the threshold value of £50 and a record of such is kept.

Members **noted** the report and were **content** with the details disclosed which reflect an honest and transparent approach to disclosure.

11. REGISTER OF SEALS ANNUAL REPORT 2024/25

The Committee received a report on the use of the Corporation Seal during 2024/25.

A record of the use of the Corporation Seal is kept by the Governance Director, detailing the date, document name, document purpose, and the name of the signatories. This summary is presented to the Audit Committee for review annually.

For the 2024/25 academic year the following applications of the seal were approved:

1. Grant Funding Agreement in respect of Adult Skills and Free Courses for Jobs Funding between IEG and the CPCA

2. Grant Funding Agreement in respect of Wave 6 Skills Bootcamps between IEG and the CPCA

Members received the report with thanks and requested that it is checked whether UCP has a seal and should its use therefore be included in the annual report. **(ACTION 11)**

12. NEW LEGISLATION AND POLICY REVIEWS

A report on new legislation, new and revised policies was presented by the Chief Financial Officer. All of the policies presented are part of the key policy requirements covered by various parts of IEGs regulatory framework, and the Modern Slavery Statement is due to be published within six months of the year end, after gaining Board approval.

Members noted the following key points and the recommendations requested:

Economic Crime and Corporate Transparency Act (ECCTA) 2023
- Due to its size, IEG is required to comply with the above (newly implemented) Act. The act introduces a new crime of 'failure to prevent fraud'. As a result all policies, procedures and reports related to this area have been reviewed.
- Members were invited to comment on various points highlighted for governance oversight and risk assessment.

The Committee **noted** the new act and its contentment with the actions being taken to ensure compliance. The Internal Auditors were asked to provide some feedback on the implementation of the new act, which will be considered and included into final versions of all of the policies and procedures listed below **(ACTION 12)**.

Anti-Bribery Policy and Procedures
- This policy has been reviewed to incorporate the requirements under ECCTA 2023 which puts new duties onto the organisation, as bribery is regarded as a fraudulent activity.

The Committee **recommended** the revised Anti-Bribery Policy and procedures to the Board for approval.

Anti-Fraud and Corruption Policy
- Whilst this policy review was not due until September 2026, it was accelerated to ensure it reflects the new ECCTA 2023 legislation. It has required both a fundamental re-write, and the formalisation of fraud prevention within a set of newly constructed (Fraud Prevention) procedures which bring together the rules set out in the Anti-Bribery Policy, the Anti-Fraud & Corruption Policy, the Procurement Policy and the financial regulations into one coherent set of procedures.

Having been reassured that the risks around coercion and bribery are comprehensively covered under other policies across the Group, the Committee **recommended** the revised Anti-Fraud & Corruption Policy and the Anti-Fraud and Corruption Procedures to the Board for approval, **subject to the following**:

- Appendix 1 of the policy: amend first sentence - The Fraud Act 2006 defines ~~three~~ four classes of fraud
- References to the ESFA to be amended to the DfE

(ACTION 13)

Fraud Prevention Procedures
This is a new set of procedures created to ensure all aspects of the new legislation have been considered within the IEG Governance Framework. The Procedures clearly define a fraud reporting procedure for all staff to follow.

The Committee **recommended** the revised Fraud Prevention Procedures to the Board for approval, **subject to the following**:

- Validera to review the policy and procedures to propose any amendments prior to submission to the Board

Modern Slavery Policy

- The policy has been updated with housekeeping changes only - there are no legislative updates. However the policy now references a new government assessment tool IEG has completed to inform the Modern Slavery Statement, and the safer recruitment policy.

The Committee **recommended** the revised Modern Slavery Policy to the Board for approval.

Modern Slavery Statement
- The re-write of this annual statement was undertaken using the feedback gained from the Government's new online assessment tool, completed in August 2025.

The Committee **recommended** the revised Modern Slavery Statement to the Board for approval.

13. RISK REPORT

The Committee received the first report for 2025/26 providing a summary of the August/September 2025 review of the risk environment, encompassing three distinct risk registers:

- **IEG Group Board Assurance Framework (BAF):** Focuses on strategic risks that could impact the Group's ability to achieve its objectives.
- **UCP Board Assurance Framework (BAF):** Similar to the IEG BAF, but specifically for UCP's strategic objectives.
- **IEG Group Operational Risk Register:** Details risks related to the day-to-day operations of the entire IEG Group.

Members recognised that, while there is some overlap, this duplication is intentional to ensure each register can be fully reported to the respective UCP Council and IEG Board.

Members noted the following key issues:

Board Assurance Framework
- there have been no amendments to the residual risk scores over the summer period, all remaining as reporting in June 2025;
- there has been a full review of the action plans, ready for implementation during 2025/26, and the removal or preparation to remove actions completed during 2024/25;

UCP Board Assurance Framework
- there are three strategic risks for UCP - enrolment, finance and staffing;
- the staffing score has increased in this iteration, as a result of a number of QRS staff not wishing to continue their contracts;
- finance and enrolment risks have remained the same, awaiting the outcome of October 2025 enrolment;

Contingency Risk Register
- the risks have been updated over Summer period, however the first risk management committee does not meet to peer review until early November;
- that first meeting will start with risk management training;
- there are updates to action plans, and some amendments to residual risk scores in this version of the risk register;
- Members reviewed the details of the rationale for the following adjustments:

  Risks with an increased residual risk score
  A1 - Apprenticeship Provision – Risk of fall in overall achievement for apprenticeships.

F2 Breach or disregard of financial processes and controls through malicious intent or lack of training.
F5 Failure to comply with funding and taxation rules

Risks with a decreased residual risk score
P3 Failure of supported delivery model to achieve quality outcomes for IEG students

New Risks
None, however, fraud and AI risks will be considered over the autumn term for the next iteration.

Removed Risks
ES3 Failure to deliver Centre for Green Technology (CGT)

The Committee **approved** the closure of the CGT risk reflecting that it is a good example of active risk management delivering positive change in the business as it evolves. **(ACTION 14)**

The risk report was **noted** and the Committee **look forward** to reviewing any proposed changes after next Risk Committee meeting.

14. URGENT BUSINESS (ITEM 1C REFERS)

No urgent business.

15. DATE OF NEXT MEETING: WED 26.11.25

Members noted the date of the next meeting.

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

None.

17. ANY OTHER BUSINESS

The Chair extended his congratulations to Executive on the recent successful governor recruitment exercise and the selection of a new Chief Finance Officer who will be working alongside Louise Perry prior to her retirement at the end of March 2026.

Meeting closed at 18:27