IEG GROUP AUDIT COMMITTEE

November 26, 2025

5:00 PM - 6:30 PM

Remote

ATTENDANCE

PRESENT

Alison Davies	
Gemma Roger	*(from Item 5)*
Peter Walker	
Tony Keeling	Chair
Vishy Srinivasan	

IN ATTENDANCE

Liz Knight	
Roopa Patel-Harji	Validera
Louise Perry	
Rachel Nicholls	
Jane Spurgin	Governance Director
Claire Sutherland	RSM
Edward Thomas	

ABSENT

None

1. WELCOME

The Chair welcomed Vishy Srinivasan, new IEG Governor, to the Audit Committee and members introduced themselves. Members noted that Gemma will be moving to the Finance & Resources Committee from the new year.

(a) **Apologies for absence**: No apologies were received.
(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**: None

2. MINUTES

(a) **Minutes and Confidential Minutes of last meeting (24th Sep 2025)**
Whilst the contents of the minutes were approved for signature **(ACTION 1)** it was drawn to the attention of the Committee that the meeting had not been strictly quorate having been attended by three governors where the Terms of Reference advise that there should be 4 governors in attendance (2 x IEG and 2 x UCP). A meeting without the required quorum cannot legally pass binding resolutions and any decisions made are technically invalid. Therefore the minutes are considered a record of an informal discussion.

(b) **Motion to ratify decisions made on 24th Sep 2025**
In order to address the above, a motion was received by the Committee to formally ratify the decisions taken at that meeting - the following decisions were **ratified**:

- The Minutes of the last meeting (18.06.2025) were **approved** as an accurate record for signature by the Chair.
- Confidential Minutes review: members **approved** the recommendation that the confidential minutes relating to staff pay remain confidential.
- Members **approved** the further appointment of Tony Keeling as Chair of the Audit Committee for 2025/26.
- Draft IEG Audit Committee Annual Report 2024/25 – the first sentence to be amended.
- Draft Internal Audit Strategy 2025/26 - The Committee **noted and endorsed** the plan as proposed, subject to the discussed considerations.
- Members recommended the Procurement Policy (and associated appendices) to the Board for approval.
- Cyber security report – to be reported as a confidential item in the minutes.
- The Committee **recommended** the revised Anti-Bribery Policy and procedures to the Board for approval.
- The Committee **recommended** the revised Anti-Fraud & Corruption Policy and the Anti-Fraud and Corruption Procedures to the Board for approval, subject to two amendments as discussed and noted.
- The Committee **recommended** the revised Fraud Prevention Procedures to the Board for approval, **subject to** Validera reviewing the policy and procedures to propose any amendments prior to submission to the Board.
- The Committee **recommended** the revised Modern Slavery Policy to the Board for approval.
- The Committee **recommended** the revised Modern Slavery Statement to the Board for approval
- Contingency Risk Register: The Committee **approved** the closure of the CGT risk.

(c) **Matters arising from the minutes**: None other than the above

(d) Actions from the minutes (Action Tracker): Members **noted** the completed actions and commented on the following:

Action 2 – APT: action to be closed down as process is underway and deemed business as usual
Actions 8,9,10 – Lockdown: rehearsals did not take place in November due to a local incident but are rescheduled for January. An update report on lessons learned will be brought to the next meeting. **(ACTION 2)**

3. REVIEW OF AUDIT COMMITTEE TERMS OF REFERENCE

The Committee reviewed the Audit Committee terms of reference (TOR) noting that it is best practice to review these each year for continuing appropriateness and relevance. The Board last approved the Audit Committee TOR on 25th March 2025 when the IEG and UCP Audit Committees merged but they were reviewed again to bring the annual process into line.

The Committee considered the following amendments to amend Item 3(a):

3(d) '*consider and (if appropriate) recommend the Annual Financial Statement (AFS) Accounts with reference to the External Audit Management Letter*'. This point has been moved from the Finance & Resources Committee TOR and added to the Audit Committee TOR.

7(c) removal of reference to the *Post-16 Audit Code of Practice* and updated with the *Framework for auditors and reporting accountants of colleges* which has replaced it.

With no other amendments proposed, the Committee recommended the amended TOR to the Board for approval. **(ACTION 3)**

4. INTERNAL AUDIT

Roopa Patel-Harjj presented the Validera reports and members noted and discussed the following:

(a) Review Audit Briefs (Block 1/2/3/next academic year)
The eight audit briefs were received and noted, covering the internal audit plan approved for 2025/26.

(b) Information Governance Audit Report
The report provided a positive assurance level of Adequate with 2 x Amber, 6 x Green and 1 x Blue findings. Members were reassured that the target timeframes were appropriate and realistic with full review and completion by Dec 2026. They also noted that the CFO may have capacity between Jan – Mar 2026 to action some of the points when the new post holder is in place for hand over of the CFO role.

In relation to the GDPR recommendations, the Committee asked that the frequency of reporting should not be tied to an annual timeframe, rather to focus training on specific teams where the need for training is greatest. It also suggested that the Data Asset Register and Subject Access Request reviews are woven together, rather than as separate reviews. This was agreed by Validera. **(ACTION 4)**

(c) Student Records Audit Report
The report provided an assurance level of Substantial with 1 x Green and 2 x Blue findings. Noting that there were no cost implications associated with the recommendations, the Committee was pleased to read such a positive report, reflecting robust and good compliance.

Considering the above two reports, the Committee was **pleased** with the thoroughness of the audits, reflecting an in-depth review of the areas.

(d) Internal Audit Recommendations Tracker

This paper received provided a progress review against the recommendations identified as outstanding at the last Audit Committee date, and three recommendations as presented to the September Audit Committee.

It was noted that progress to date is generally very positive, with twelve of the twenty outstanding recommendations being closed by management during this period. Eight are in progress, and two are not yet started, but not due. Within the twenty recommendations there are four amber rated recommendations on the tracker - in this period three have been completed, and one is not yet due.

In addition to the above, there is one 2023 recommendation relating to People Services on the tracker that management have recommended to close, while systems and processes are undergoing a root and branch review. The Committee **agreed** that this closure is deemed sensible as the People Services area is on the 2025/26 internal audit plan, and therefore an updated view of the controls within the team will be provided to the committee later this year. **(ACTION 5)**

The tracker was received and Members noted that good progress has been made with everything either started as due or completed. The actions will be followed through, and the Committee will receive an update report in February. **(ACTION 6)**

(e) IEG Annual Report – Final Draft (review of previous year)
The Annual Report was positive and provided 'a reasonable assurance there are no major weaknesses based upon the work undertaken' which is the most that the Audit Service can provide. Validera reserved the right to amend their annual opinion as a result of reviewing the External Audit Management Letter 2024/25, once this further source of assurance is available.

(f) UCP Annual Report – Final Draft (review of previous year)
As above

Validera thanked the Committee for their scrutiny of the two Annual Reports and were pleased to submit their highest opinion, congratulating management on all fronts.

The Committee **noted** the above reports and **thanked** Validera and the management teams for their hard work in achieving such a positive year end position.

5. EXTERNAL AUDIT

Claire Sutherland from RSM, presented the external audit reports, drawing attention to the following:

(a) Draft Financial Statements 2024/25 for IEG

The status of the report viewed is as follows:

- the draft circulated was closed down at the end of last week
- progress has been made since last week with some last details to be finalised and then these will be consolidated
- the bulk of audit work has been reviewed by managers – last bits will not lead to a change of view
- work on income is complete but the regularity audit is still in progress – severance payments to be resolved this week
- sample sizes were similar to the prior year
- the report is in a good position and, whilst there is still work to be done there is nothing material and the draft audit opinion will stand which is that: *'In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2024 to 31 July 2025 has not been applied for the purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.'*

In terms of the findings, the following was reported:

- Internal Controls: No issues identified.
- Specialist Income: Review is complete; no material impact was found, but a number of comments have been raised.
- Local Government Pension Scheme (LGPS): Work completed. The asset shown by the scheme has not been recognised in the financial statements.
- Going Concern: The CFO is performing an updated assessment, which we will review prior to sign-off. This assessment is not expected to change the conclusion.
- Fixed Assets: Minor findings were identified, but all necessary adjustments have been made and are included in the presented financial statements.
- Accounting Judgements and Estimates: No changes from prior years.
- Recommendations on Controls (Journal Review): This is a repeat finding from the prior year, specifically concerning the lack of formal review for journals. Management's response is that the issue is system related.
- Assets Under Construction: Seeking a more structured review process for depreciation when projects are finalized and assets are transferred out of construction.
- Data Type Funding Recommendations: Recommendations have been issued and incorporated by management. Management Information Services (MIS) is yet to provide a formal response (this will be in the final version). No material findings, but issues were noted, particularly regarding the complexity of apprenticeships.
- Unadjusted Misstatement: Identified and is not material, consisting primarily of a reclassification issue.

The CFO advised that the Financial Statement position was largely better than had been anticipated at P12 – due to an accounting adjustment around interest on CGT, positive variances on the R14 return at the of end October and one adjustment for Learning Curve – all positive. Whilst the college accounts are correct, the income/expenditure figures will be amended in final accounts and front section amended. **(ACTION 7)**

(b) Draft Financial Statements 2024/25 for UCP

- UCP financial statements are complete and reflect a small surplus for the year
- With only consolidation work into the IEG accounts to complete, the audit opinion is as reported above for IEG
- Members noticed that the narrative about Audit Committee needs to be updated to accurately reflect the 2024/25 position **(ACTION 8)**

(c) Draft Financial Statements 2024/25 for QRS

- This financial statement always comes back to zero as QRS is a sole customer that does not make a profit out of the parent company
- The audit opinion is as reported above for IEG

On behalf of RSM, Claire Sutherland formally thanked the CFO for all her work reflecting that it was her last audit cycle with RSM before her retirement. Whilst there had been some delays in receiving information from the MIS team to complete the reports, generally responses had been timely. The CFO reflected that she is happy with the work that has been done by RSM.

The Committee noted that there would be no changes to the risks identified and that the outstanding testing was substantially complete. Members also noted that the delays in providing information, not normally so bad, will be reviewed as part of the debrief with management.

Subject to the finalisation of the reports, the Committee:

- **recommended** the UCP Draft Financial Statements to the UCP Council, requesting the Council to recommend them to the IEG Board; **(ACTION 9)**
- **recommended** the IEG and the QRS Draft Financial Statements to the IEG Board. **(ACTION 10)**

The Committee commented that viewing incomplete accounts made full scrutiny challenging, despite noting the unqualified opinion. It welcomed a proposal from management about how reoccurrence can be prevented so that the Committee can consider accounts in full at Audit Committee annually, prior to the Board meeting **(ACTION 11).**

6. IEG AND UCP AUDIT COMMITTEE ANNUAL REPORTS

The Committee noted that each year the Audit Committee is requested approved the Audit Committee Annual Reports (ACARs) to inform consideration of the IEG Annual Financial Statements (AFS) and the UCP Annual Financial Statements for recommendation to the UCP Council and the IEG Board.

The draft ACARs were considered by Members at the last meeting held on 24th September and, following the inclusion of suggested amendments and the final findings from the internal and external auditors, both reports were presented for the Committee's attention. It was noted that a final audit opinion from RSM is awaited for inclusion, subject to the finalisation of information

The Committee approved the IEG Audit Committee Annual Report 2024/25 and the UCP Audit Committee Annual Report, recommending them to the IEG Board and the UCP Council, subject the inclusion of a statement at the Regularity Audit item referring to the Management Letter **(ACTION 12)**

7. PROCUREMENT REPORT

The Committee received a report providing it with a summary of the key work undertaken by the Procurement function in IEG from 1 September to 31 October 2025.

It considered that:

- The top 20 suppliers' have changed significantly between 2024/25, in which it was dominated by capital construction spend. In 2025/26 the top 20 has returned to much more operational expenditure, and covers:
    - IT (capital)
    - Subcontracting
    - Transport Services
    - Awarding/Exam Body Fees
    - IT services and supplies
    - Utilities
    - Educational Costs
- Generally, 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 we are continually looking at ways to reduce and make savings where possible.
- There were eleven single supplier justifications approved during the period, which has reduced against the prior year. This is to be expected as capital investment 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. IEG will continue to explore the market for appropriate alternative suppliers.
- There was one large tender awarded in the period however, this did not need further Board approval as the value was within the internal senior team limit. Three further tenders are currently out awaiting conclusion and award.

Members discussed that procurement this year looks significantly different in terms of focus – much more around operational spend. When asked about quotes, management

advised that difficulty in obtaining three quotes is localized to the smaller, lower-value spending in the immediate market, primarily due to the size of IEG, which causes local firms who are unsuccessful once to be reluctant to quote again. However, a formal justification and audit trail process is in place for these exceptions, and larger quotes are not an issue.

The Committee was happy to **note** the report.

8. FRAUD REPORT

The fraud report and risk review from 1 August – 31 October 2025 was presented to the Committee, summarising the known frauds and attempted frauds suffered by IEG during that period.

In summary it was discussed that there were minimal incidents to report and catering outlet theft is considerably lower than the same period last year – cameras in those areas were changed a couple of years ago which has made a difference. The IT and People Services team always attempt to recover IT equipment from the very few staff who leave without returning their devices.

The Committe **noted** the effectiveness of controls against fraud during the reporting period, commenting that membes are getting used to seeing these reports with very few issues. **Congratulations** were extended to IEG as it was felt that the low level of fraud says much about the culture**.**

9. CYBER SECURITY & DIGITAL REPORT

Confidential Item reported in Confidential Minutes

10. RISK REPORT

The Committee received a report summarising the November review of the risk environment for 2025/26. Members noted the following:

IEG Group Board Assurance Framework
Since the last iteration reviewed at Board in October, two residual risk ratings have been increased - Enrolment and Financial risks, both related to the student enrolment numbers for 2025/26 not reaching the financial plan target, and the consequential financial impact on 2026/27. Work is well underway looking very carefully at 2026/27 plans and reforecasting.

Other areas were highlighted:

> **HE** remains the highest score - enrolment has improved, though not met target. A financial recovery plan is underway.
> **Enrolment** has increased from a residual score of 18 to 30, as likelihood of missing targets from September enrolment has materialised. January intakes are a possibility to mitigate this position and will be reviewed.
> **Finance** has increased from a residual score of 12 to 20, as a result of both the 16-19 and HE enrolment in September 2025. For HE there is an in-year impact, and for FE the enrolment numbers are below curriculum plan, and the risked down financial plan target.

UCP Board Assurance Framework
There remains the three key strategic risks for UCP: enrolment, finance and staffing. The scoring for all of these risks has remained constant, as the elevated risk has existed for the last year. Action plans have been updated to reflect the current work being undertaken to ensure financial sustainability.

IEG Contingency Risk Register

The risks have been updated and reviewed by the Risk Committee. Details of those risks with changes were considered:

Risks with an increased residual risk score

- GW1 - Failure to plan for the uncertainty in costs, supply chain, staffing and student enrolments

  This scoring has been increased as a result of 16/19 and HE enrolment in September 2025. While both grew, neither met target, and as a result additional planning is now underway.

Risks with a decreased residual risk score

- IT2 - Key Data Systems Failure, Data loss, Malicious attack or security breach
  Due to the automated identification of critical vulnerabilities through continuous monitoring and immediate isolation of vulnerable hardware and software. this risk has been reduced.

- P3 - Failure of supported delivery model to achieve quality outcomes for IEG students
  This risk has been reduced as this is not year three of this contract, with increased achievement rates achieved in 2024/25.

- Q2 - Failure to harness the development of Learning Technologies so that staff digital skills are further enhanced
  Resource in this area is being reviewed, and digital enhancement roadmaps being developed. As a result, this risk has been reduced.

The Committee **received** and **noted** the risk reports, commending the robustness of the risk management system.

11. URGENT BUSINESS (ITEM 1C REFERS)

As the meeting was in progress, Members were advised of a road traffic incident outside Borderville where a student had been seriously injured. Members hoped that the situation has a good outcome. Members sent their very best for a swift and full recovery. **(ACTION 13)**

12. DATE OF NEXT MEETING: WED 25 FEB 2026

The date of the next meeting was noted following which the Chair:

- thanked Gemma for her valuable contribution to the Audit Committee;
- welcomed Vishy and is looking forward to working together; and
- thanked both auditors in the work that they do in governance and performance terms to support us.

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

None

Meeting closed at 18:22