UCEM UNIVERSITY COLLEGE OF ESTATE MANAGEMENT

AUDIT COMMITTEE
4TH MARCH 2021

REDACTED MINUTES FOR PUBLICATION

A Meeting of the Audit Committee was held via Zoom video conference from 14.00-16.00pm on Thursday 4th March 2021.

Present:	Mrs W Appleby (WA)	
	Mr C Costigan (CC)	
	Mr A Fraser (AF)	
	Professor K Miller (KM)	
	Dr S Jackson (SJ)	(Chairman)
	Mr A Martin (AM)	

In attendance:	Mrs L Downey (LD)	(for item 4.5 only)
	Mr G Edwards (GE)	(for items 3.1 and 3.2 only)
	Mrs H Edwards (HE)	(for item 2.2 only)
	Mrs J E Fawkes (JEF)	(UCEM Secretary)
	Ms R Grindey (RG)	(for item 3.1 and 3.2 only)
	Mrs L Hughes (LH)	(Note taker)
	Mr Mike Speight (MS)	(for items 4.3 and 4.4 only)
	Mr A Wheaton (AW)	(Principal)
	Mr D Wyatt (DW)	(for item 4.5 only)

Apologies for absence:	None

590   **1.1/ DECARATION OF ANY CONFLICTS OF INTEREST**

591   There were no conflicts of interest reported.

592   **1.2/ TO RECEIVE APOLOGIES FOR ABCENCE**

593   There were apologies for absence from Alastair Martin up to 3.20pm when he was then able to join the meeting.

594   **1.3/ TO WELCOME WENDY APPLEBY TO THE COMMITTEE**

595   The Chair welcomed Wendy Appleby to the Committee for her first meeting since being appointed to the Board and the Audit Committee membership in November 2020.

596   **1.2/ TO NOTE THE LATEST VERSION OF THE AUDIT COMMITTEE TERMS OF REFERENCE**

597   The Committee noted that the Nominations & Governance Committee had re-approved all Board and Sub-Committee Terms of Reference in January 2021. For the Audit Committee the amendments approved were the updating of a linked document and the updating of the Committee membership. The Committee **NOTED** the current Audit Committee Terms of Reference V8.0.

598   1.5/ TO APPROVE THE MINUTES AND THE REDACTED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22ND OCTOBER 2020

599   The minutes of the Audit Committee meeting held on 2nd October 2020 (as included at paper 1.5) were **APPROVED** as a true record and signed by the Chair.

600   The redacted minutes of the Audit Committee meeting held on 22nd October 2020 were reviewed and **APPROVED** as a true record and signed by the Chair. They will be published on the UCEM webpage immediately after the meeting.

601   1.6/ TO APPROVE THE MINUTES AND THE REDACTED MINUTES OF THE JOINT AUDIT AND FINANCE MEETING HELD ON 11TH NOVEMBER 2020

602   The minutes of the Joint Audit and Finance Committee meeting held on 11th November 2020 (as included at paper 1.6) were **APPROVED** as a true record and signed by the Chair.

603   The redacted minutes of the Joint Audit and Finance Committee meeting held on 11th November 2020 were reviewed and **APPROVED** as a true record and signed by the Chair. They will be published on the UCEM webpage immediately after the meeting.

604   1.7/ TO CONSIDER MATTERS ARISING FROM THE MINUTES NOT INCLUDED ELSEWHERE ON THE AGENDA

605   The summary showing the outcome of actions from the meeting held on 22nd October 2020 (paper 1.7) was taken as read with all actions being closed and/or due for discussion within the meeting.

606   The Committee was reminded that at its meeting on 22nd October 2020, it has discussed the new CUC Code of Practice for Higher Education Audit Committees and UCEM's compliance with this. The Committee had noted its general compliance with the code but requested that the Nominations and Governance Committee consider the ongoing Chairmanship of the Audit Committee by the Vice Chair in terms of appropriate levels of independence. The Audit Committee **NOTED** that the Nominations and Governance Committee had determined that it would not request a change in Chairmanship of the Audit Committee at the current time but would continue to review this decision annually, if guidance changes at all or if roles/individuals on the UCEM Board change at all.

607   The Committee had also requested that UCEM considers its internal audit function, which does not exist as a formally constituted team, but does take place through the role of the Deputy Principal/University College Secretary. It suggested UCEM prepares a statement to outline the ways in which it does perform the core functions of an internal audit team and complies with the expectations of the code, albeit in a less formal capacity.

608   Since the meeting of the Audit Committee in October, it has been approved by the Quality, Standards and Enhancement Committee (QSEC) to put in place a formalised mechanism for internal audit, and the Paper that was approved by QSEC with regards to internal audit and oversight of this by a new Quality Audit Group was provided in Paper 1.7c. This function will be put in place from Spring 2021.

609   The Committee queried the Quality Audit Group's membership and status, which was not included in paper 1.7c. JEF confirmed that membership is all internal staff with leadership provided by Helen Edwards, Director of Academic Quality, The Group formally reports to QSEC but the Audit Committee, and where appropriate the Academic Review Committee, will also receive it's reports for review and oversight. The Group's first piece of work is to review UCEM's CMA compliance for the Board of Trustees to review on 25th March 2021. It is intended the group will oversee two internal audits per year, determining if the work of the relevant teams is appropriate and to the required standards.

610   It was suggested the Group may wish to engage some external representation in its membership. The Committee **NOTED** the limited capacity and resource associated with this new Group's work and role.

   ACTION: **Circulate the full Terms of Reference for the Quality Audit Group to the Audit Committee for information, once the membership has been amended to include an external member. [JEF]**

611   The Committee welcomed and **APPROVED** the new approach to internal audit being adopted by UCEM and the links between this function and the activities of the Audit and Academic Review Committees. With the implementation of internal audit, UCEM will be able to evidence full compliance with the CUC Higher Education Audit Committee Code of Practice.

612   The Committee **APPROVED** the following statement:
   '*UCEM Audit Committee has adopted the CUC Higher Education Audit Committee Code of Practice and seeks to comply with all elements of the Code, including an annual review of compliance with the Code and assessment of the effectiveness of the Audit Committee'.*

613   **2.1/ TO REVIEW RISK AT UCEM**

614   The Audit Committee considers risk strategically and operationally at each of its meetings, reviewing both a Strategic Risk Register and an Operational Risk Register at each meeting (see papers 2.1a and 2.1b). The Committee was reminded that in October 2020, it had requested it spend increased time at the next meeting reflecting on risk and how the institution deals with it.

615   The Committee was requested to note the items of highest institutional risk on the registers and to discuss whether the mitigating actions are appropriate. The Committee was also requested to note that the requested amendments from the last meeting on risk E01 (delivery of Transform) had been considered but not incorporated following an internal review, as the current score is considered valid until the launch of the second semester modules in Spring 2021.

616   The Committee **NOTED** that the primary change on the Strategic risk register was that the highest-level risk is no longer the impact of Covid-19 (UCEM's ability to

manage through this is ongoing and not getting any worse so the risk has been reduced). The primary risk has become potential for reduction in Apprenticeship Levy funding given the growth of UCEM's apprenticeship provision and its significance as the primary institutional source of funding. The Committee accepted that the immediate concerns of Covid-19's impact have reduced but recommended that UCEM retains a focus on the longer-term impacts, including on the functioning of the higher education sector as a whole and the impacts of the Built Environment industry UCEM serves.

617   The Committee **NOTED** that as far as possible the risks on the Strategic Register have been mitigated and that the strategic risks identified on the register are measured and appropriate.

618   The Committee **NOTED** that the Operational Risk Register has been reviewed in detail by the Senior Leadership Team and that the key operational risks for UCEM currently are compliance with ESFA funding rules, Ofsted apprenticeships inspections at Levels 6 and 7 (noting that the risk at Level 3 has dropped as this programme is taught out), cybersecurity and compliance with OfS Conditions of Registration. The Committee also **NOTED** that risks related to the ongoing impact of Covid-19 on the operations of UCEM and on staff wellbeing had been added to the register as per the Committee request in October 2020, though not at a particularly high risk level.

619   The Committee **NOTED** that the risk related to OfS compliance remains high until the revisions to the Access and Participation Plan are approved, ensuring UCEM meets condition A1. The Committee **AGREED** the risks on the register and the mitigating actions were appropriate and that the ways in which UCEM reviews risk through delegation to the Audit Committee remained applicable.

620   **2.2/ TO CONSIDER UCEM COMPLIANCE WITH THE PREVENT DUTY**

621   Helen Edwards, Director of Academic Quality, joined the meeting for this item. At the last meeting of the Audit Committee, the Committee undertook a brief review of UCEM's ongoing compliance with the Prevent Duty. Reassurance was provided to the Committee of UCEM's ongoing commitment to meeting its Prevent Duty obligations, however, the Committee agreed it had spent insufficient time on this matter in the last twelve months and requested that a more substantive discussion on Prevent be held at the next meeting so that it can reassure itself and the Board that UCEM is discharging its duties appropriately.

622   HE reported that UCEM has now been informed that Prevent will not be a significant focus of Ofsted inspections for levels 6 and 7 apprenticeships, it will be considered only within the context of the age of apprentices studying. This risk will therefore be reduced on the Prevent Risk Register.

623   The Committee **NOTED** that the overall risk of non-compliance with the Duty continues to be at a low level, particularly post mitigation. The Committee **NOTED** that the risk post mitigation has been increased for item 4.4 as it relates to the embedding of British Values.

624   The Committee **NOTED** that good progress is being made with completing the actions identified for the year on the Prevent Action Plan. The only action that has not progressed is the creation of guidance on what should happen in case of an

incident at a workshop, but this item is on hold as UCEM is not holding any physical workshop sessions at the current time.

625   The Committee **NOTED** that UCEM recently had its first Prevent case which it referred to the police on the recommendation of the DfE Prevent Coordinator; however, the police decided to take no further action. It was positive that UCEM could test out its Prevent Procedures and that the case had been referred to the Designated Safeguarding Lead by two members of staff.

626   CC reported that in his capacity as the Board's Safeguarding Lead, he attended UCEM's monthly safeguarding meeting earlier this week, commenting that the UCEM team is strong and dedicated and has woven prevent into how it deals with safeguarding in a sophisticated way. In addition, the Academic Team is very aware of issues to identify and report. The Committee was reassured by this positive feedback and recognised the work and commitment in this area.

627   The Committee **NOTED** that the OfS had just launched a consultation on Prevent and the Protect Duty.

628   The Committee **AGREED** it was satisfied that UCEM is compliant with the government's Prevent Duty and the Office for Students Prevent Duty Framework.

629   The Chair thanked HE for the update and invited her to leave the meeting.

630   **3.1/ TO REVIEW UCEM COMPLIANCE WITH OFS CONDITION OF REGISTRATION F1 – TRANSPARENCY RETURN**

631   Gethin Edwards, Director of Regulatory Compliance, and Ruth Grindey, Director of Development, joined the meeting to present paper 3.1, which provides an overview of UCEM's compliance with Condition of Registration F1, Transparency Information. This Condition requires registered providers to submit OfS information pertaining to student applications and registrations. REDACTED

632   REDACTED

633   REDACTED

634   UCEM was due to submit the next transparency data return in April 2020 and June 2020; however, due to the Covid-19 pandemic these returns were suspended by OfS. OfS issued an update to Accountable Officers on 23 February 2021 on what providers need to do to comply with condition F1 in 2021. The Committee **NOTED** that the letter states that providers will not be required to submit to OfS data pertaining to student applications and registrations in academic year 2020-21 due to the ongoing disruption caused by the Covid-19 pandemic. However, providers will be required to publish by 10 June 2021 information made available by OfS relating to the number of students who attained a particular degree or other academic award, or a particular level of such an award, on completion of their course by gender, ethnicity and socio-economic background. OfS intends to review the approach for the longer term.

635   **3.2/ TO CONSIDER UCEM COMPLIANCE WITH OFS CONDITION OF REGISTRATION F4 – DATA RETURNS**

636   RG and GE remained in the meeting to present paper 3.2, which provides a further update to the Committee on UCEM's ongoing compliance with Condition of Registration F4, data returns. The report provides details on compliance in a RAG rating (paper 3.2a) as requested by the Committee at its February 2020 meeting and provides the outcomes report of consultancy support UCEM received in September 2020 on data governance (paper 3.2b).

637   RG reported that the approach to regulation during the ongoing pandemic has now stabilised with reporting deadlines now enforced. RG also reported that it has been confirmed with OfS that the institution has formally opted-out of undertaking the Estate Management return for this reporting period.

638   The Committee **NOTED** that UCEM had met the deadlines for two significant data returns in February 2020, the higher education early statistics survey (HESES) and annual financial return. It has also made eight other data returns since the last meeting of the Committee, with three further returns due within the next two months. The Committee welcomed the confirmation that UCEM has met the conditions of registration for all data returns in this period and that as a result the register shows all items as green, except the variation to the Access and Participation plan, which is shown as amber.

639   The Committee **NOTED** that in follow-up to the error summary on the HUSID data that was reported to the Committee in October 2020, the OfS has now formally notified UCEM that no further action is required given that UCEM had taken action to rectify the error.

640   The Committee was reminded that UCEM had received data governance consultancy support from Andy Youell during 2020 and advised that he has been commissioned to undertake further work with UCEM and that a plan of development activities has been devised. Paper 3.2b outlined the planned activities. The focus is now on establishing roles and governance procedures for policies, compliance, security, incident management and quality assurance. The Audit Committee will continue to be informed of progress. The Committee thanked GE/RG for their leadership in ensuring this area of UCEM compliance is appropriately managed and thanked the team producing the data for the returns, which is continuing to grow in confidence and maturity. It was noted just how small UCEM's data management team is in comparison to other institutions of greater size with the same reporting burdens and that UCEM also has significant data reporting responsibilities for apprenticeships on top of its OfS reporting.

641   The Committee **NOTED** the update provided on UCEM's data governance processes and procedures and welcomed UCEM's evolving maturity on data management and use.

642   The Chair thanked RG and GE for the updates and invited them to leave the meeting.

643   4.1/ TO REVIEW AND REFINE THE ANNUAL AUDIT PLAN

644   The Committee was presented with an overview of audit planning (papers 4.1 and 4.1a). The Committee **NOTED** that the schedule forms a 3-year plan linking the relevance of the audit back to the compliance and regulation requirements of the institution. It also provides indicative timescales for each audit. The Committee was reminded that in October 2020 it had agreed it would reduce the burden of further

external audits during the ongoing pandemic, noting the other significant institutional priorities faced in this period, and instead focus on implementation of existing audit findings.

645 The Audit Committee discussed whether an audit could occur on CMA compliance at its last meeting. Since this meeting the OFS has placed an increased emphasis on the importance of institutions complying with CMA requirements, and delivering the programmes advertised, specifically due to the impact of Covid-19 on the student experience. A report will be presented to the Board of Trustees in March 2021, in relation to the specific request received from the Universities Minister. However, it was recommended that separately to this the newly formed UCEM internal audit team undertake an audit of CMA compliance, which is reported to Audit Committee later in the year.

646 The Committee **APPROVED** that the UCEM internal audit team should undertake an audit with relation to CMA compliance in 2021.

647 The Committee **APPROVED** the Audit plan as presented.

648   **4.2/ TO REVIEW PROPOSALS FOR A VALUE FOR MONEY AUDIT**

649 It was agreed in October 2020, that UCEM could usefully scope out an audit on Value for Money related to the use of public funds received from OfS as part of demonstrating good governance and due diligence in this area. UCEM has discussed options for this audit with UNIAC (full proposal is presented in paper 4.2a). It has also considered the internal capacity for such an audit and the most beneficial outcomes of this.

650 The Committee **NOTED** that the Executive had reviewed the draft Terms of Reference and is happy with what has been proposed. The plan is for UNIAC to hold focus groups with current students and recent alumni to compare the feedback and views on value for money. Whilst a suggestion had been made to consider the impact of Covid-19 on the student experience it was felt this could make the feedback from the two groups of respondents incomparable as it would not be relevant to alumni.

651 The Committee considered whether better value for money in carrying out the audit might be achieved through the use of the internal audit team but ultimately considered that the externality of UNIAC will bring credibility and independence to the work. In addition, there is not internal capacity to undertake this work. The outcomes will be reviewed at all relevant Sub-Committees of the Board, not just Audit Committee.

652 The Committee **AGREED** the proposed approach to the Value for Money audit, noting that the outcomes would be reported back to the Committee in May 2021. The Committee **APPROVED** the draft Terms of Reference for the audit.

> **ACTION:**   **Liaise with UNIAC to set-up the Value for Money audit, such that it can report back to the next meeting of the Audit Committee. [JEF/LH]**

653   **4.3/ TO REVIEW THE ONGOING COMPLIANCE OF UCEM WITH ESFA FUNDING RULES (FOLLOW-UP TO THE AUDIT ON CONTROL OF PUBLIC MONEY)**

654   The Committee invited Mike Speight to join the meeting.

655   The Chair reminded the Committee that it had continued to receive regular updates on the work underway to improve UCEM processes and ensure compliance with ESFA funding rules as a result of the first audit undertaken on control of public money in 2019. MS provided a further update to the Committee in accordance with the report at paper 4.3.

656   REDACTED

657   MS reported that new ways of working are being rolled out across the Apprenticeships Team which focus on embedding compliance in the day job. As a result, MS feels the risk level is now under control and more manageable. The risk cannot, however, disappear in full as, it will take time for the changes adopted to embed over each intake and ongoing compliance to become a fully shared responsibility.

658   The Committee queried whether it should conduct a further external audit of the data to test the embedding of changes across the department. MS said this would be appropriate after a minimum of six months when the new ways of working have had time to fully embed. JEF suggested in 12 months the longevity of the changes being bedded in fully and continuously can be tested.

659   The Committee **NOTED** the update provided and thanked MS for his work to reduce risk in this area. MS will provide a further progress update to the Committee in May 2021.

660   **4.4/ TO REVIEW UCEM OFSTED READINESS**

661   MS provided an update to the Committee on UCEM's preparations for Ofsted inspection in 2021 (see paper 4.4). MS reported that UCEM anticipates a full inspection of its provision at all levels after April 2021 and UCEM continues its preparations accordingly. UCEM continues to anticipate it will be high on the list of institutions to be inspected so must be ready as soon as Ofsted reopens for inspections.

662   MS also reported that Ofsted now plans to recommence Progress Monitoring Visits with immediate effect and that UCEM's Level 3 provision would be in scope for a remote two-day inspection. The Board of Trustees agreed on 25th February 2021 that should UCEM be notified of such an inspection it would request a deferral of this on the basis that the programme is closing and no useful purpose would be served.

663   As there is no guarantee a deferral would be awarded, UCEM is preparing for Ofsted on a twin-track basis. MS presented a full timetable of activities to ensure readiness for inspection. MS reported that weekly meetings are taking place and action is progressing to ensure completion and testing before end of March 2021.

664   MS reported that the current Self-Assessment Report (SAR) and Quality Improvement Plan (QIP) both currently still focus on Level 3 provision however the

readiness activities, risks and mitigations already identified will remain relevant regardless of the level of inspection. The updated position statement to cover all levels will be presented to the Board on 25th March 2021.

665   The Ofsted focus within level 6 and 7 apprenticeship delivery is on those elements outside of the degree content itself and the work of UCEM's Apprenticeship Outcomes Officers in delivering against the apprenticeship standards. In this regard, the focus on new ways of working for the team will also pay off in the event of an Ofsted inspection. MS's primary concern currently is the initial assessments of learners and how these inform learner journeys. UCEM is working hard to explain how it meets this criterion in terminology that resonates between both the UCEM actual activity and the expectations of Ofsted.

666   The Committee noted the importance of employer relationships with UCEM to the outcome of an Ofsted inspection and noted that UCEM can have some influence over who Ofsted will meet. It was felt that he Talent Manager relationships with the UCEM Business Development Team are positive, but some line manager relationships may be less so.

667   The Committee **NOTED** the updated provided and that UCEM is well prepared and could now cope with inspection of its apprenticeship provision at short notice. As time moves on, the levels of confidence about the outcome of inspection will only enhance further. The Committee **NOTED** that MS is UCEM's Ofsted Nominee regardless of level of provision being inspected.

668   The Chair thanked MS for the updates provided and invited him to leave the meeting.

<u>669</u>   **<u>4.5/ TO RECEIVE AN UPDATE ON THE OUTCOMES OF THE CYBERSECURITY AUDIT</u>**

670   The Committee invited Lynne Downey (Vice Principal Digital Education and Professional Services) and Dan Wyatt (Head of Technology and Systems) to join the meeting.
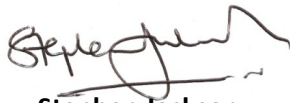
671   The Committee was reminded that Cybersecurity continues to pose a significant threat to the continuity of business operations for companies throughout the world, and the threat remains unusually high for education providers following the COVID-19 pandemic which has seen learning and teaching move to an online delivery model for schools, colleges, and universities throughout the UK. UCEM commissioned UNIAC to assess its resilience in this area during 2020 and the initial findings of this audit were presented to the Committee in October 2020. UNIAC made 5 recommendations to UCEM as a result of the Audit and DW provided a progress update against the resultant action plan (paper 4.5).

672   DW reported that most actions are progressing or complete since the plan was adopted. The crucial outstanding action is to implement mandatory staff training in Cybersecurity, but this is unfortunately not yet in place due to competing priorities for internal resource to develop the module. The cooperation of staff in undertaking the training and implementing the policies and advice received is essential to overcoming cybersecurity issues.

673   The Committee **NOTED** that a rationalisation of IT security policies is underway and will be approved through the Information Governance Working Group ahead of being launched to all staff through a comprehensive communications plan. The Committee also **NOTED** that DW is drafting a Technology Strategy for UCEM which will incorporate ongoing cybersecurity management.

674   The Committee **NOTED** that the status and wider governance structures of the Technical Risk Register has yet to be determined in relation to the wider UCEM Risk Register. DW will provide a further update on this and the completion of the recommended actions at the next Audit Committee meeting in May 2021.

675   The Committee **NOTED** that all recommendations given by UNIAC, except for the mandatory training, have either been implemented or are in the final stages of implementation. The Committee **AGREED** that UCEM should take additional time to implement the training programme (up to end of the current financial year) to ensure that it is relevant for UCEM employees, has a strong interactive experience to engage thinking, and will ultimately deliver better outcomes of cybersecurity awareness across the UCEM workforce.

676   The Chair thanked LD and DW for their contributions and invited them to leave the meeting.

677   **5/ ANY OTHER BUSINESS**

678   The Chair thanked the Committee for the discussions and there being no other business, the Chair closed the meeting at 15.59pm.

Date of next meeting:
20th May 2021

Signed

Name   **Stephen Jackson**

Position   **Chair of Audit Committee**

Date   **17th June 2021**