

AUDIT COMMITTEE

17TH JUNE 2021

REDACTED MINUTES FOR PUBLICATION

A Meeting of the Audit Committee was held via Zoom video conference from 09.00-11.00am on Thursday 17th June 2021.

Present:	Mrs W Appleby (WA) Mr C Costigan (CC) Mr A Fraser (AF) Professor K Miller (KM) Dr S Jackson (SJ) Mr A Martin (AM)	(Chairman)
In attendance:	Richard Bott (RB) Carol Davey (CD) Mrs L Downey (LD) Mrs J E Fawkes (JEF) Ms R Grindey (RG) Mrs L Hughes (LH) Mr P Marshall (PM) Ms K Matthews (KMa) Mr I Musgrave (IM) Mr Mike Speight (MS) Mr A Wheaton (AW) Mr D Wyatt (DW)	Auditor – Observing full meeting Auditor – Observing full meeting (for item 4.5 only) (UCEM Secretary) (for item 3.2 only) (Note taker) (for item 4.2 only) (for item 5.2 only) (for item 4.2 only) (for items 4.3 and 4.4 only) (Principal) (for item 4.5 and 5.2 only)
Apologies for absence:	None	

1) GENERAL MEETING GOVERNANCE

679 1.1/ DECARATION OF ANY CONFLICTS OF INTEREST

680 There were no conflicts of interest reported.

681 1.2/ APOLOGIES FOR ABCENCE

682 There were no apologies for absence.

683 1.3/ MINUTES AND THE REDACTED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 4TH MARCH 2021

684 The minutes of the Audit Committee meeting held on 4th March 2021 (as included at paper 1.3) were **APPROVED** as a true record and signed by the Chair.

685 The redacted minutes of the Audit Committee meeting held on 4th March 2021 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.

686 1.4/ MATTERS ARISING FROM THE MINUTES NOT INCLUDED ELSEWHERE ON THE AGENDA

687 The summary showing the outcome of actions from the meeting held on 4th March 2021 (paper 1.4) was taken as read with all actions being closed.

688 The Committee **NOTED** the Quality Audit Group Terms of Reference as included at paper 1.4a. The Committee was reminded it had requested to see the final version of the Terms of Reference at the last meeting, having requested a minor amendment to the membership to include an external representative. The Committee was also reminded that the group is an internal function focussed on quality assurance procedures but will share its work with the Committee as relevant, starting with a Consumer Markets Authority compliance review in autumn 2021.

ACTION: Share the Quality Audit Group's work on CMA compliance with the Audit Committee in November 2021. [JEF]

2) RISK MANAGEMENT

689 2.1/ TO REVIEW RISK AT UCEM

690 The Audit Committee considers risk strategically and operationally at each of its meetings, reviewing both a Strategic Risk Register and an Operational Risk Register (see papers 2.1a and 2.1b). The Committee was requested to note the items of highest institutional risk on the registers and to discuss whether the mitigating actions are appropriate.

691 The Committee **NOTED** that there had been no changes to the Strategic Risk Register and the highest-level risk remains the 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.

692 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.

693 **REDACTED**

694 The Committee **NOTED** that the risk related to OfS compliance had remained deliberately high until the revisions to the Access and Participation Plan were approved, ensuring UCEM meets condition A1. The Committee **NOTED** that since the paper was written and issued UCEM has now received approval of the plan from the OfS and that consequently this risk would now be reduced.

695 **REDACTED**

- 696 The Committee **NOTED** that UCEM is subject to multiple risks concurrently in Autumn 2021 with an anticipated Ofsted inspection and the Quality Assurance Agency assessment of UCEM's permanent degree awarding powers application. Many key staff would be required for both processes, and some are those who have recently resigned from UCEM, placing increased pressure on the remaining staff in the key teams. At the same time, UCEM is seeking to transition staff back to Horizons and reinstate the institutional culture of working collaboratively in Horizons and is currently planning to run two graduation ceremonies in September 2021. If any or all of these matters coincided in timing it would pose institutional challenges, though each individual risk is being managed and mitigated as far as possible.
- 697 The Committee **AGREED** that 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.

3) OFFICE FOR STUDENTS COMPLIANCE

698 3.1/ CONDITION E2 – VALUE FOR MONEY

- 699 JEF reminded the Committee that it had approved the overall format for the UCEM Value for Money (VfM) Statements in June of 2019 and that to date statements for 2017-18 and 2018-19 had been published on the UCEM website. Following this same format, UCEM has now prepared its 2019-20 statement for publication, and this was presented in paper 3.1a for the approval of the Committee.
- 700 Through the process of preparing the report, JEF did some comparison and sense checking of UCEM data with other institutions, noting that UCEM was on a par with many institutions and that the statement follows the format recommended by Universities UK. The 2019-20 VfM data presented a similar split to 2018-19 and includes a reduced expenditure on Horizons due to the Covid-19 pandemic period and staff working at home.
- 701 The Committee was pleased to see that Student and Academic Services accounts for over 50% of the funding allocation and considered this is a good benchmark to retain. The Committee commented that it is difficult to contextualise UCEM's data as good, bad or average without comparators and requested that an overview of this be presented, even acknowledging that UCEM is a slightly unique institution in terms of fully online delivery.

ACTION: Present comparator Value for Money statements from other institutions to the Committee to allow for UCEM benchmarking when the next VfM statement is prepared. [JEF]

- 702 The Committee **APPROVED** the proposed 2019-20 Value for Money Statement for publication on the UCEM website.

703 3.2/ UCEM COMPLIANCE WITH OFS CONDITION OF REGISTRATION F4 – DATA RETURNS

- 704 RG joined 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 as requested by the Committee at its February 2020 meeting.

705 RG reported that the impact of Covid is negligible and the UCEM team and OfS are operating on a business-as-usual basis now. UCEM continues to rate itself green on all data returns excepting the Access and Participation Plan due to the volume of work required on delivery against the condition.

706 UCEM has returned two significant data returns in 2021 so far – staff and finance and has commenced work on the next staff return already. UCEM has also commenced work on a new return called Data Futures which UCEM will be subject to in 2022/23. This is a significant mandatory new return, being piloted by 10 universities currently, for which, planning and preparation is already required.

707 Finally, the Committee **NOTED** the governor data error summary issue which was rectified swiftly in April 2021.

708 The Committee **NOTED** that UCEM had met the deadlines for all significant data returns in the last three months. The Committee **NOTED** the update provided on UCEM’s data governance processes and procedures, the healthy RAG rating of all activity in this area, and UCEM’s growing maturity on data management and use, albeit this area of work remains a significant burden on a small institution.

709 **REDACTED.**

710 The Chair thanked RG for the update and invited her to leave the meeting.

711 3.3/ OTHER CONDITIONS FOR ANNUAL MONITORING

712 The Committee was reminded that UCEM has a Cycle of Business for detailed Board oversight of all Conditions of Registration and that these are monitored through a delegation of authority to the various Committees. As a result, Audit Committee reviews compliance annually with several conditions, five of which were reported on in paper 3.3 – Conditions E5, C1, C2, C3 and G3.

713 The Committee **NOTED** UCEM’s updated Student Protection Plan as provided in paper 3.3a as evidence of meeting Condition of Registration C3.

714 The Committee **NOTED** UCEM’s full compliance with the five Conditions of Registration – E5, C1, C2, C3 and G3.

4) AUDITS

715 4.1/ THE ANNUAL AUDIT PLAN

716 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. It was now appropriate, however, to consider audit planning for 2021-22.

717 To date audits have been selected related to areas of risk identified on the Risk Register, and the audits have added value to mitigating risk in these areas.

718 The Committee **AGREED** an audit on procurement would not add significant value at this time to the institution due to the small amount of procurement that occurs.

719 The Committee did consider that working with the Finance Committee to evaluate the profitability and costs of individual programmes and modules and modes of study such as apprenticeships vs non-apprenticeships. The data would be a means of assessing whether to continue to deliver non-performing modules or not, as part of the drive towards financial sustainability, would be of value. The Committee **AGREED** this could be a joint project of work with the Finance Committee and that a full proposal for this work should be presented to the next meeting of the Committee for approval. The Audit Committee could focus on the governance of the work carried out rather than manage the detail of the work itself in order to provide distinct roles between the two.

ACTION: Prepare a project proposal for joint Audit and Finance Committee work on profitability of programmes, modules and modes of study at UCEM. [JEF]

720 The Committee **NOTED** that the Consumer Protection audit would be carried out internally by the Quality Audit Group and presented to the Committee in November 2021.

721 It was suggested that audits should continue to relate to high-risk register items, possibly including staff retention as discussed in minute 695, though the challenge of what could actually be audited was noted as UCEM already monitors all available data in this area. It is important that any audits commissioned can add additional value to the institution. It was also suggested UCEM should look to map audits against data, governance and finance so it links directly to what the auditors need to report against for UCEM at year end.

722 The Committee **AGREED** that an audit on the fulfilment of expectations relative to Data Protection would be welcome in 2021-22.

722 The Committee **NOTED** the Audit plan as presented, and the feedback on where to focus attention for 2021-22.

723 4.2/ OUTCOMES OF THE VALUE FOR MONEY AUDIT

724 Ian Musgrave and Paddy Marshall of UNIAC joined the meeting to present this item.

725 It was agreed in March 2021 to proceed with the UNIAC proposal for 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. The outcomes report from this audit, which took place during May 2021, were presented to the Committee in paper 4.2a.

726 The Committee was reminded of the format of this audit. UNIAC held focus groups with current students and recent alumni and compared feedback and views on value for money, framed within the OfS Conditions of Registration related to quality, teaching and learning. Students were very positive about UCEM course design,

structure of programmes, support and accessibility/ease of use. They were also positive about employment outcomes offered. There was more variable feedback on inconsistent feedback from and quality of tutors.

727 The Committee considered the report reassuringly positive in general and welcomed the high degree of student satisfaction with the UCEM experience, noting that the government's wider context focuses on career and earning potential as a result of having paid fees. The comparisons and benchmarking against other institutions was also particularly reassuring for the Committee. Finally, the Committee was reassured in that there were no new areas of concern raised to UCEM, any areas for improvement were already known to UCEM, consistent with other sources of feedback to the institution and being worked on. The Committee suggested UCEM seeks permission to use some of the quotes in the report in future marketing materials and within the next Value for Money statement.

ACTION: Seek permission from the students who participated in the VfM audit to use their quotes in marketing collateral and in the next VfM statement. [JEF]

728 The Committee **AGREED** that Academic Review Committee would take on oversight of implementing the actions identified in the Report.

729 The Chair thanked IM/PM for their work and for joining the Committee to present their finding, then invited them to leave the meeting.

730 4.3/ ONGOING COMPLIANCE OF UCEM WITH ESFA FUNDING RULES (FOLLOW-UP TO THE AUDIT ON CONTROL OF PUBLIC MONEY)

731 The Committee invited Mike Speight to join the meeting.

732 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.

733 MS reported that UCEM is in an improved position due to the roll out of new ways of working across the apprenticeships team which continues to embed compliance in the day job. **REDACTED**. MS is confident that all learner cohort data from Autumn 2020 onwards is correct, thus the risk is under control and manageable. UCEM now also regularly audits its own work for compliance and to monitor that all processes and working practices are being correctly followed. It also has clear practices to follow when any apprentice withdraws so that the learner files are accurate.

734 **REDACTED**.

735 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 November 2021.

736 4.4/ UCEM OFSTED READINESS

- 737 MS provided an update to the Committee on UCEM's preparations for Ofsted inspection in 2021 (paper 4.4). MS reported that UCEM is now in scope for a full inspection of its provision at all levels and continues its preparations accordingly. MS believes an inspection will not be until September to allow for a visit at least partially face to face.
- 738 MS outlined the key risks for UCEM at inspection as it currently stands. Work is currently focused on staff briefings and preparing staff to fluently and confidently present the work they do at inspection. The focus is on the added provision above the degree itself and how UCEM works with apprentices and employers through the apprenticeship.
- 739 The Committee **NOTED** the updated provided and consider UCEM to be well prepared for an inspection of its apprenticeship provision. As time moves on, the levels of confidence about the outcome of inspection will only enhance further.
- 740 The Chair thanked MS for the updates provided and invited him to leave the meeting.
- 741 4.5/ UPDATE ON IMPLEMENTATION OF THE CYBERSECURITY AUDIT RECOMMENDATIONS**
- 742 The Committee invited Lynne Downey (Vice Principal Digital Education and Professional Services) and Dan Wyatt (Head of Technology and Systems) to join the meeting.
- 743 The Committee was reminded that Cybersecurity continues to pose a significant threat to the continuity of business operations for companies throughout the world, particularly 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 further progress update against the resultant action plan (paper 4.5).
- 744 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. UCEM has now chosen a training provider and is working to tailor the materials to UCEM before it is launched to all staff.
- 745 The Committee **NOTED** that a rationalisation of IT security policies had been completed since the last meeting and approved through the Information Governance Working Group. It also **NOTED** that the IT risk register is now reviewed monthly by the IT team and quarterly by the SLT.
- 745 Finally, the Committee **NOTED** that additional work outside of the UNIAC recommendations has also been undertaken to enhance UCEM's cyber security credentials, such as an institution-wide VPN upgrade and anti-virus system roll out.
- 746 The Chair thanked LD and DW for their contributions and their leadership in this important work area, then invited them to leave the meeting.

5) OTHER AUDIT COMMITTEE BUSINESS

747 5.1/ COMPLIANCE UPDATE

748 The Committee reviewed paper 5.1, an update on compliance activities, noting that Audit Committee is fully responsible for compliance monitoring as a delegation of authority from the Board. The Committee was reminded it is responsible for overall oversight and need only raise any significant or concerning matters to full Board.

749 The Committee **NOTED** the major updates in the report and that, overall, there are few issues of concern to raise to the Board's attention, though at the next meeting it will include in the Executive Summary of the Committee deliberations that an ESFA audit risk is ongoing given it remains the only item on the register in red.

750 5.2/ BUSINESS CONTINUITY PLANNING UPDATE

751 Kathy Matthews and Dan Wyatt joined the meeting to present this item.

752 The Committee was reminded that Business Continuity Planning (BCP) capabilities were last reviewed by the Committee in 2019 as they were identified as a risk item in 2018. Since then, the plan was tested significantly through the Covid-19 pandemic and the risk levels have been substantially reduced. The report at paper 5.2 provides the latest update on UCEM's plan, institutional risk level and the next pieces of work to be undertaken.

753 KM reported that UCEM was in a strong position and the value of the work undertaken in 2018-19 was evident at the onset of Covid-19. In the last year UCEM has undertaken DSE assessments and focused on supporting colleagues during prolonged homeworking.

754 DW reported that use of systems and changes to how UCEM works has been the IT focus, with a move to cloud-based systems to allow staff to work anywhere.

755 UCEM is now considering the long-term implications of the last 18-months and how it might adapt working practices long term. In terms of other future BCP work, UCEM is preparing for a planned power shutdown at Horizons on 29th July, the return to Horizons transition and incident response activities.

756 The Committee **NOTED** the work undertaken to date and the proposed approach for BCP in the future.

6) ANY OTHER BUSINESS

757 6/ ANY OTHER BUSINESS

758 The auditors referred to the draft Audit Strategy Memorandum, which was shared with the Finance team in the last month. The paper was shared with the Committee as a late paper on 17/06/2021. It provides a plan for the audit process in 2021-22 and highlights areas of increased focus and scope this year. The OfS has not proposed any changes to the audit processes for 2020-21 but there are some changes within the wider context which will bring greater focus on 'going concern',


changes to apprenticeships funding and recognition of income, and furlough scheme compliance.

759 The Audit Committee was asked to review the paper and make any comments by Wednesday 23rd June, at which point, if none are received, the paper will be deemed approved and the auditors notified of this Chair's Action.

760 The Chair thanked the Committee for the discussions and, there being no other business, closed the meeting at 10.53am.

**Date of next meeting:
4th November 2021**

Signed



Name

Stephen Jackson

Position

Chair of Audit Committee

Date

4th November 2021