

**AUDIT COMMITTEE**

**3<sup>RD</sup> MARCH 2022**

**REDACTED MINUTES FOR PUBLICATION**

A Meeting of the Audit Committee was held via Zoom video conference from 14.00-16.00pm on Thursday 3<sup>rd</sup> March 2022.

Present:	Mr C Costigan (CC)	
	Mr A Fraser (AF)	
	Professor K Miller (KM)	
	Dr S Jackson (SJ)	(Chairman)
	Mr A Martin (AM)	
In attendance:	Ms H Al-Katib (HA-K)	(for items 2.1 & 2.2)
	Mrs H Edwards (HE)	(for item 4.2 only)
	Mrs J E Fawkes (JEF)	(UCEM Secretary)
	Mrs L Hughes (LH)	(Note taker)
	Mr J Kerr (JK)	(for item 4.3 only)
	Ms R Powley (RP)	(Board Apprentice – Observing)
	Mr M Speight (MS)	(for items 4.4 only)
	Mr A Wheaton (AW)	(Principal)
	Mr A Youell (AY)	(for item 3.1 only)
Apologies for absence:	Mrs W Appleby (WA)	

**1) GENERAL MEETING GOVERNANCE**

**860**            **1.1/ DECARATION OF ANY CONFLICTS OF INTEREST**

861            There were no conflicts of interest reported.

**862**            **1.2/ APOLOGIES FOR ABSENCE**

863            There were apologies for absence from Wendy Appleby.

**864**            **1.3/ MINUTES AND THE REDACTED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 4<sup>TH</sup> NOVEMBER 2021**

865            The minutes of the Audit Committee meeting held on 4<sup>th</sup> November 2021 (as included at paper 1.3) were **APPROVED** as a true record and signed by the Chair.

866 The redacted minutes of the Audit Committee meeting held on 4<sup>th</sup> November 2021 were reviewed and **APPROVED** as a true record and signed by the Chair. They were published on the UCEM webpage immediately after the meeting.

**867 1.4/ MINUTES AND THE REDACTED MINUTES OF THE JOINT AUDIT AND FINANCE COMMITTEE MEETING HELD ON 4<sup>TH</sup> NOVEMBER 2021**

868 Pending one small wording change to minute 159 (completed post-meeting), the minutes of the Joint Audit and Finance Committee meeting held on 4<sup>th</sup> November 2021 (as included at paper 1.4) were **APPROVED** as a true record and signed by the Chair, noting that the Finance Committee had already provided its own approval of these on 10<sup>th</sup> February 2022.

869 The redacted minutes of the Joint Audit and Finance Committee meeting held on 4<sup>th</sup> November 2021 were reviewed and **APPROVED** as a true record and signed by the Chair. They were published on the UCEM webpage immediately after the meeting.

**870 1.5/ MATTERS ARISING FROM THE MINUTES NOT INCLUDED ELSEWHERE ON THE AGENDA**

871 The summary showing the outcome of actions from the meetings held on 4<sup>th</sup> November 2021 (paper 1.5) was taken as read with the Committee noting those actions which remain in progress and will be reported again at the next meeting.

**872 1.6/ AUDIT COMMITTEE TERMS OF REFERENCE**

873 The Committee reviewed the Audit Committee Terms of Reference V8.01 as presented at paper 1.6a.

874 The Committee reviewed some minor proposed changes which relate to UCEM's approach to risk management, the inclusion of Committee oversight of policy related to fraud and irregularity, conflicts of interest and external data returns, and to membership given Wendy Appleby has resigned from the Board of Trustees.

875 The Committee **APPROVED** the Audit Committee Terms of Reference V8.01 for finalisation and publication as V9.0.

**876 1.7/ COMPLIANCE UPDATE**

877 The Committee reviewed paper 1.7, 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.

878 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, particularly given the ESFA Funding Compliance Audit outcome (see item 4.4).

**879 REDACTED**

880 REDACTED

881 REDACTED

882 REDACTED

883 REDACTED

## 2) RISK MANAGEMENT

### 884 2.1/ TO REVIEW RISK AT UCEM

885 The Chair welcomed Hannah Al-Katib to the meeting for items 2.1 and 2.2.

886 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.

887 The Committee **NOTED** that the risks related to poor Ofsted inspection outcome had now been significantly reduced following the award of 'good' in November 2021. Risk LO1 was also reduced as the Executive has determined that the Royal Charter does not limit UCEM's growth ambitions,

888 The Committee **NOTED** that a new risk was added highlighting the potential risks related to the increased emphasis on sustainability as a strategic driver, which risks detracting from other institutional priorities. Work is ongoing to determine the scale of the programme and the degree of focus/resource it will need to balance ambition and capacity to deliver. Ongoing risks of note are the impact of Covid-19 long term on the institution's working practices and culture and the UK economic outlook.

889 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.

890 The Committee **NOTED** that the Operational Risk Register has been reviewed in detail by the Senior Leadership Team and that some key operational risks for UCEM have been reduced, such as Ofsted and ESFA audit. IT security risks remain significant, though UCEM successfully secured its Cyber Essentials Plus reaccreditation in December. Though unchanged, risks also remain relative to the Covid-19 pandemic, and to achievement of institutional KPIs for module success, both of which are being actively managed.

891 The Committee **NOTED** that risk related to recruitment and retention of staff in competitive areas of the employment market (IT and data staff in particular) is increasing.

892 The Committee requested that Cyber Security risks be more explicitly included in the descriptor for risk OE1 (currently only mentioned in mitigating actions). The Committee also requested that the publication of the Government's Augur Response and its associated potential impacts on UCEM be included in the register (likely to focus on fee freeze and student outcomes). Finally, the Committee also suggested that the emerging global conflict may have a further impact on new working practices and supply chain issues that are as yet unforeseen.

**ACTION: Make the requested edits to the Operational Risk Register. [HAK]**

893 The Committee **NOTED** that risk OE6 – failure to renew TDAP – still featured on the Register and that ACDAP (Advisory Committee on Degree Awarding Powers) was taking place today to give final consideration to UCEM’s application though UCEM has received no notification of the outcome as yet.

894 With the addition of the two edits requested, 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.

**895 2.2/ DEVELOPING UCEM’S RISK MANAGEMENT APPROACH**

896 The Chair invited Hannah Al-Katib to outline proposals for how UCEM can develop its approach to institutional risk management. Since the November meeting, HAK has undertaken a review of UCEM’s risk management approach and papers 2.2 & 2.2a outline the findings of that review, the recommended enhancements and the initial steps to implement recommendations of the review.

897 The key findings from the review show that UCEM is effective at managing risk but could be clearer at documenting its risk management processes. There is also opportunity to strengthen and enhance the format of the risk register by reviewing how the risks relate to the Scorecard, by considering how all institutional risk registers relate to one another, by introducing opportunity tracking, by reviewing categorisation of risk and by determining the degree of active management and mitigation of each risk in the existing register. These enhancements will improve the ability to report and track risk and are proposed for implementation this financial year.

898 Other longer-term enhancements were also recommended, including the updating of UCEM’s risk statement, the strengthening of UCEM’s risk reporting, incorporating stronger risk management practices into UCEM’s annual planning cycle and training of UCEM senior management in risk management processes.

899 The Committee welcomed the report and proposals but given UCEM’s already robust approach to risk management, queried whether HAK’s time would not be better spent on other institutional priorities. It was recommended that a gradual approach to the enhancements be undertaken. The key driver is that the risk management process should be more active and live than three static-point reviews by Audit Committee during a given year. It would therefore allow for immediate assessment of new risks and anticipation of future risks.

900 The Committee did, however, endorse the proposal to provide SLT training in risk management in order to bring it more central to UCEM operations and to take UCEM’s approach up a level, using risk management to guide decision-making and strengthen the institution.

901 The Committee discussed the ongoing risk management of the impact Covid-19 on UCEM and whether UCEM needs to make any changes to its risk management approach as a result. The Committee concurred that in terms of Business Continuity Planning and immediate response to the situation UCEM coped well. The challenge

now is to manage the longer-term impacts of the pandemic on new working practices and institutional culture.

902

**REDACTED**

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The Committee **APPROVED** the recommendations of the Director for Strategy and Planning for developing a Risk Improvement Plan. The overall plan will be developed at a gradual pace, with an ongoing assessment of how it is adding value to risk management. A specific focus on educating UCEM's SLT on risk management should be considered an integral part of this work programme.

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The Chair thanked Hannah Al-Katib for her contributions and invited her to leave the meeting.

### **3) OFFICE FOR STUDENTS COMPLIANCE**

**905**

#### **3.1/ DATA: CAPABILITIES AND COMPLIANCE**

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The Chair welcomed Andy Youell to the meeting for item 3.1.

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AY provided a data governance update to the Committee which covered an overview on developments around the management and oversight of data and the further development of capabilities around internal analysis and external reporting.

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AY confirmed that the Data and Systems Governance Framework is now in operation at UCEM. The framework identifies Data Assets and Data owners, clarifying roles and responsibilities. A new SharePoint site has been created which brings together all policies and procedures and was launched to all staff through a series of communications activities. Further work to embed the Framework now continues, with the priority on data quality as different teams within UCEM are at different levels of maturity, skill and ability with regards to data.

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AY is also undertaking a reorganisation of analysis and reporting capabilities within UCEM to bring internal and external functions into a single team. This team will standardise the processes and standards to which they will work, aligning them with those used by external bodies, and will lead on the changes necessary to support the new HESA Data Futures student collection from 2022/23.

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The Committee **NOTED** the work being undertaken to enhance data capabilities across the institution. The Committee welcomed AY's approach to data management and the evolution of processes, procedures and behaviours such that all staff understand they are data professionals regardless of their role. The Committee also recognised the value of this work to both how UCEM operates effectively as an institution as well as its external reputation.

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AY also presented to the Committee some proposed updates to the UCEM Data Protection Policy in paper 3.1a. There are no substantive changes proposed but amendments that ensure alignment of the policy with the structures and terminology of the new Data and Systems Governance Framework, some technical updates to reflect changes in UK data protection law following Brexit, the removal of HESA and ESFA collection notices with links to the relevant websites and some minor presentational changes.

- 912 The Committee recognised that there is a need not only for a policy but for that policy to be operated effectively by all staff within UCEM. AY reassured the Committee that he inherited a high level of awareness and understanding of data protection across UCEM and his priority is to maintain that position.
- 913 The Committee **PRE-APPROVED** the revised Data Protection Policy for publication as V11.0 (pending final Board approval on 31<sup>st</sup> March 2022).
- 914 The Chair thanked Andy Youell for his contribution and invited him to leave the meeting.

#### 4) AUDIT WORK

##### **915** **4.1/ THE ANNUAL AUDIT PLAN**

- 916 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 but to re-consider this throughout 2021 pending staff capacity.
- 917 The Committee **NOTED** that the new Quality Audit Group (internal audit function) is now operating and is embedding within the institution. The Group completed its first audit during 2021 (see paper 4.2).
- 918 The Committee considered what additional audits it may wish to conduct this year relative to the existing audit plan and institutional risk and strategy. JEF proposed an audit on UCEM's approach to directed study hours in a module versus independent learning. This audit would contribute assessment of UCEM's long term financial resilience and use of resources and is proposed because there is a risk that UCEM is resource heavy in its design and delivery of modules, leading to ineffective use of resources across the Education Team. The Audit Committee backing for this work will carry influence within the institution when implementing anticipated changes as a result of the audit. The Audit would assess UCEM design and delivery relative to other HE providers and identify changes that might lead to more effective use of academic resources, which will benefit students, staff and financial resilience. JEF proposed approaching UNIAC to scope the Terms of Reference for this audit in consultation with relevant staff.
- 919 The Committee discussed the merits of the proposed audit and considered it sensible and timely and that it would help reinforce the necessity to build and deliver modules that are cost effective to deliver. It was also noted that the outcomes will complement the work underway on increasing UCEM's financial planning capabilities to ensure UCEM is using the resources at its disposal in the most effective ways.
- 920 The Committee **NOTED** the Audit plan as presented and **AGREED** to draft a proposal for an audit on UCEM's model of contact hours, subject to a Terms of Reference being circulated to the Committee for approval. The Committee will approach UNIAC to undertake this work.

**ACTION: Draft Terms of Reference for the model of contact hours audit for Audit Committee approval. [JEF]**

**921                    4.2/ QUALITY AUDIT GROUP REPORT – PROGRAMME ADVERTISING TO PROSPECTIVE STUDENTS**

922                    The Chair welcomed Helen Edwards to the meeting for item 4.2.

923                    HE presented the first audit report from the Quality Audit Group (internal audit function) into how UCEM programmes are advertised to prospective students and compliance with Consumer Markets Authority requirements for Higher Education Providers. UCEM’s advertising materials (in all forms and on all channels) were reviewed to determine if the information is clear, accurate and timely and enables applicants to make informed decisions about where to study. The audit also provides evidence for ongoing compliance with Condition of Registration C1 with the OfS.

924                    HE reported that three commendations were made through the audit, including engagement from staff which was positive and the overall accuracy and useability of the UCEM website. In total, seven recommendations were made, including the need to document various processes such as for in-year changes to programme information, ensuring external listing changes are also updated and introducing formal mystery shopping calls to ensure service levels remain high quality. The Quality Audit Group also recommended that the scalability of managing the chat function alongside phone enquiries and other team priorities also be assessed.

925                    HE reported that the next audit proposed is on apprentice employer complaints (underway currently) and then student disciplinary procedures. Reports from each of these will come to Audit Committee in due course. The Quality Audit Group meets at least twice a year and reports formally into Quality, Standards and Enhancement Committee. The group is responsible for monitoring the action plan and addressing the audit outputs.

926                    The Committee queried the methodology of each audit and HE confirmed this is scoped out relative to the nature of the audit and Terms of Reference are agreed at the outset with the relevant teams involved. For the CMA audit it was a desk-based approach and a review of sources of information. On conclusion of audits, the outcomes are shared across UCEM via the Senior Leadership Team and specifically to the team involved in the audit matter.

927                    The Committee queried whether there were any surprising outcomes revealed through the work. HE commented that given UCEM does a significant annual audit of public information annually, the audit team had not anticipated finding many issues. Therefore, discovering issues relative to some external listings and control mechanisms had been surprising. It was also, however, very uplifting to see how knowledgeable and approachable the Admissions Team were through the mystery shopping calls and that they represented UCEM’s internal values so well externally.

928                    The Committee **NOTED** the outcomes of the Quality Audit Group’s audit of compliance with CMA requirements for Higher Education Providers and recommended that the outcomes are reported widely as it has identified such good practice across UCEM.

929 The Chair thanked Helen Edwards for her contribution and invited her to leave the meeting.

**930 4.3/ MANAGEMENT OF STUDENT DEBT**

931 The Chair welcomed Jim Kerr to the meeting for this item.

932 The Audit Committee was advised that during the pandemic UCEM adopted a sympathetic approach to debt management but is now returning to an approach more in line with its stated Terms and Conditions, with the appointment of specialist debt collection services, including legal. The Audit Committee was asked to consider the report at paper 4.3 and determine whether UCEM's approach to managing debt is appropriate.

933 Overall, UCEM does not have a significant debt problem and the Finance Team follows processes outlined in UCEM's Terms and Conditions to collect this. JK advised that UCEM recently appointed STA as its debt collectors. They have been given only the hardest debt to collect. Students with debt on their accounts have their final awards withheld or are unable to register for the next semester. UCEM can also remove VLE access as a direct in-semester action where debt is significant. UCEM always seeks to work with students on a finance plan before taking action.

934 JK also reported that debt issues are more prevalent at Postgraduate levels as undergraduate student loans are paid directly to UCEM to cover student fees. Those students who commit to payment plans do generally fulfil their fee obligations in the end. The debt problems can often be with those students who withdraw from programme too late to be eligible for a refund, and naturally they are reticent to pay when they are no longer actively studying. International debt, vs UK debt, is often written off as there is no recourse to the courts for criminal proceedings.

935 UCEM works hard to balance the student outcomes angle with the financial angle when discussing circumstances with students or chasing for debt. The Audit Committee encouraged UCEM to continue to take a firm but fair line on debt, noting that there is an administrative overhead to chasing for bad debt to balance this against.

936 The Committee **ENDORSED** the current regime for the management of student debt.

937 The Chair thanked Jim Kerr for his contribution and invited him to leave the meeting.

**938 4.4/ ESFA FUNDING COMPLIANCE AUDIT OUTCOME**

939 The Chair welcomed Mike Speight to the meeting for this item.

940 MS reported that UCEM was notified of an ESFA Assurance Review on 1<sup>st</sup> November 2021 which took place through December and January remotely. The outcome of the audit was an error rate of 0% and just £471 of funding will be recovered from UCEM. The majority of issues raised were related to legacy matters and produced no surprises at audit.

941 **REDACTED**



- 942 The Committee **NOTED** the thirteen management points raised in the ESFA's final report and how UCEM is responding to these, welcoming the focus and momentum MS will retain on this work into the future.
- 943 The Committee took a moment to acknowledge that at this meeting alone it was removing/reducing three existential risks to UCEM from the immediate horizon – Ofsted, ESFA and DAPs. Given their significance to UCEM it is important to reflect on these milestones being achieved.
- 944 The Chair thanked Mike Speight for his contribution and invited him to leave the meeting.

## **5) ANY OTHER BUSINESS**

### **945            5/ ANY OTHER BUSINESS**

- 946 The Chair asked RP for her observations on the meeting. RP replied that it had been a valuable experience and a very insightful meeting to issues RP had no prior visibility of. RP thanked the Committee for allowing her to join the meeting.
- 947 Despite her absence from the meeting, the Chair formally thanked Wendy Appleby for her service on the Committee over the last eighteen months and the useful higher education perspectives and insights she provided. UCEM will be seeking to replace her role on the Committee as soon as possible.

## **6) CLOSE**

- 948 The Chair thanked the Committee for the discussions and, there being no other business, closed the meeting at 15.52pm.

## **7) MATTERS FOR NOTING ONLY**

- 949 Two papers were presented to the Committee to provide an update on previous audit work undertaken for noting only.

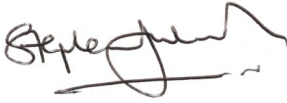
### **950            7.1/ UCEM OFSTED INSPECTION**

- 951 The Committee **NOTED** UCEM was inspected by Ofsted at all levels of Apprenticeship provision in November 2021 and that the outcome was a grading of 'good'. The Committee **NOTED** the inspectors final report as provided in paper 7.1.

### **952            7.2/ UPDATE ON CYBERSECURITY**

- 953 The Committee **NOTED** the update on UCEM's current position as a cybersecure institution, following the implementation of recommendations which emerged from the Cyber Security Audit in May 2020, and that UCEM continues to monitor the situation and adapt as necessary.
- 954 The Committee **NOTED** the Cyber Essentials Plus re-accreditation outcome report as provided at paper 7.2a following re-assessment in December 2021 and welcomed the outcome.

**Date of next meeting:  
16<sup>th</sup> June 2022**

**Signed**   
**Name** **Stephen Jackson**  
**Position** **Chair of Audit Committee**  
**Date** **16<sup>th</sup> June 2022**