UCEM UNIVERSITY COLLEGE OF ESTATE MANAGEMENT

AUDIT COMMITTEE
9TH NOVEMBER 2022

REDACTED MINUTES FOR PUBLICATION

A Meeting of the Audit Committee was held via Zoom video conference from 10.00-11.45am on Wednesday 9th November 2022.

Present:		
	Mr C Costigan (CC)	
	Mr A Fraser (AF)	
	Dr S Jackson (SJ)	(Chair)
	Prof. Michelle Jones (MJ)	
In attendance:	Ms H Al-Katib (HA-K)	(for item 2.1 only)
	Ms Laura Bell McMillan (LBM)	(Board Apprentice – observing)
	Ms K Deakin (KD)	(for item 2.2 only)
	Mr G Edwards (GE)	(for item 4.2 only)
	Mrs H Edwards (HE)	(for item 3.2 & 4.1 only)
	Mrs J E Fawkes (JEF)	(UCEM Secretary)
	Mrs L Hughes (LH)	(Note taker)
	Mr M Speight (MS)	(for item 2.2 only)
	Mr A Wheaton (AW)	(Principal)
Apologies for absence:	Mrs H Kaur (HK)	
	Mr A Martin (AM)	
	Prof. K Miller (KM)	

1) GENERAL MEETING GOVERNANCE

1031 **1.1/ DECARATION OF ANY CONFLICTS OF INTEREST**

1032 There were no conflicts of interest reported.

1033 **1.2/ APOLOGIES FOR ABSENCE AND WELCOMES**

1034 There were apologies for absence from Alastair Martin, Kenny Miller and Harps Kaur.

1035 The Chair welcomed Professor Michelle Jones to the Committee as a new member following her appointment to the Board of Trustees in September 2022.

1036 **1.3/ MINUTES AND THE REDACTED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 16TH JUNE 2022**

1037 The minutes of the Audit Committee meeting held on 16th June 2022 (as included at paper 1.3) were **APPROVED** as a true record and signed by the Chair.

1038   The redacted minutes of the Audit Committee meeting held on 16th June 2022 were reviewed and **APPROVED** as a true record and signed by the Chair. They were published on the UCEM webpage immediately after the meeting.

1039   1.4/ MATTERS ARISING FROM THE MINUTES NOT INCLUDED ELSEWHERE ON THE AGENDA

1040   The summary showing the outcome of actions from the meetings held on 16th June 2022 (paper 1.4) was taken as read with the Committee noting the three actions which remain in progress or deferred until at least the next meeting (assessment of future of UCEM Asia Limited, discussion on risk around staff retention and recruitment and discussions on risk scenario planning).

1045   1.5/ AUDIT COMMITTEE ANNUAL REPORT 2021-22

1046   The Committee reviewed the draft Audit Committee Annual Report for 2021-22 as presented at paper 1.5.

1047   The Committee commented on the comprehensive overview of its work its demonstration of the value the Committee brings to the Board and the institution as a whole. The committee also commented on the diligence the committee members show in ensuring the committee fulfils its role effectively and thanked JEF/LH for their support in this.

1048   The Committee **PRE-APPROVED** the Audit Committee Annual Report 2021-22 for submission to the Board of Trustees on 1st December 2022 for final approval. The report will be presented to the Board in the name of the Chair of the Committee, Dr Stephen Jackson.

   ACTION: Present the Audit Committee Annual Report 2021-22 to the Board of Trustees for approval in December 2022. [SJ]

1049   1.6/ AUDIT COMMITTEE TERMS OF REFERENCE

1050   The Committee reviewed the Audit Committee Terms of Reference V9.01 as presented at paper 1.6a. The proposed changes for re-approval relate to changes in membership only – the additions of Harps Kaur (Staff Trustee) and Prof. Michelle Jones (Independent Trustee).

1051   The Committee **APPROVED** the Audit Committee Terms of Reference V9.01 for finalisation and publication as V10.00.

   ACTIOPN: Verify whether appointment of external auditors is a responsibility rightly in the Audit Committee Terms of Reference or whether it should sit with the Board of Trustees itself. [JEF]

   Finalise and re-publish the Audit Committee Terms of Reference V 10.00. [LH]

2) RISK MANAGEMENT

1052   **2.1/ REVIEW RISK AT UCEM**

1053   The Chair welcomed Hannah Al-Katib to the meeting for item 2.1.

1054   The Audit Committee considers risk at each of its meetings, historically reviewing both a Strategic Risk Register and an Operational Risk Register. At its last meeting the Committee approved a new approach to risk management and the new UCEM Risk Register prepared as a result of that approval was presented for review and discussion at paper 2.1 for the first time.

1055   HAK reported that the new Register is focused on those risks of most immediate or high concern. It was created through a workshop of the Senior Leadership Team held in September 2022 that reviewed all institutional risks. The resultant register is leaner and focuses on those risks that are most significant and need active management. The register identifies different categories of risk and has focused to date on ensuring the right risks are featured. Work will now shift towards the monitoring and assurance columns and the register will be more actively used in Senior Leadership Team meetings going forwards. This will also provide assurance that risks are being actively managed by the appropriate teams across UCEM. This also means relevant matters will be raised to the Executive and Board as necessary. The overall approach is one of being risk aware rather than overly risk averse and the register is intended to help shape decision-making around mitigations. UCEM is clear that mitigation does not mean only risk reduction or elimination.

1056   The Committee discussed the difference in approach needed between existential risks outside of UCEM control and those that can be actively managed and mitigated, within UCEM control.

1057   The Committee also discussed the potential risk of policy change with regard to the apprenticeships levy given UCEM's increasing dependency on this source of funding. The Labour Party has, for example, said that if it were elected it might use apprenticeship funding for 'other purposes'. This was, however, also seen as a potential opportunity and therefore the risk should be managed and mitigated in both ways. UCEM is working to diversity its product range which is part of risk mitigation in this area. This risk is also being addressed through discussions with the Finance Committee on UCEM's financial resilience. Finally, UCEM is also seeking to use its influence within the sector as part of mitigating this risk.

1058   The Committee considered terminology used in the register on the risk of loss in market share (as opposed to a reduction in student numbers, which is different). UCEM is using market share analysis at distinct intervals to assess this whilst also recognising UCEM's share of a shrinking market might also decrease.

1059   The Committee welcomed the new dashboard tool in the risk register. They also welcomed the new Risk Statement Process Guide which is one step in the process of working with Senior Managers to ensure they are able to identify and raise risks effectively. The SLT will also use live opportunities to test the process and work collegiately on risk management as a team to embed the process over the coming months.

1060   REDACTED

1061   The Committee **WELCOMED** the new Institutional Risk Register and the new approach to how risk will be actively managed institution-wide and reported to the Committee. HAK advised she is able to further enhance the dashboard report if the Committee has ideas for additional content.

1062   The Committee **NOTED** that there is a carried-forward action to consider risk scenario planning at the next meeting and HAK requested guidance on what the Committee would like to consider. It was suggested stress testing of strategic risks might be one approach, if multiple factors impacted when would UCEM become unviable and what else can UCEM be doing to mitigate and/or grasp opportunities? AF also suggested UCEM should review policy decisions that could have a major impact on the business and is willing to share work LIBF has carried out to date in this area.

1063   The Chair thanked HAK for her contribution and invited her to leave the meeting.

1064   2.2/ QUALIFICATION ACHIEVEMENT RATE AND THE NEW ESFA ACCOUNTABILITY FRAMEWORK

1065   The Chair welcomed Mike Speight and Kate Deakin to the meeting for item 2.2.

1066   MS/KD introduced paper 2.2 on the ESFA Accountability Framework which came into effect for all apprenticeship providers on 1st August 2022 and the associated risks for UCEM. REDACTED

1067   UCEM has discussed its QAR with the ESFA in a healthy and constructive way. The ESFA has endorsed UCEM's actions to address the performance in this area and that this will lead to resolution over time. UCEM anticipates its QAR will increase to 60% for 2022-23. Whilst employers are expected to sign a Commitment Statement at the outset of the apprenticeship, UCEM needs to more actively manage this risk with employers.

1068   The Committee queried whether the issue was likely to become more significant over time given UCEM's growing apprenticeship numbers. KD responded that 'overstayers' actually impact the QAR positively, so the rate will improve in whatever year they do finally complete the EPA, regardless of the original cohort they should have been in. Through its day to day work in the Apprenticeships Team there is confidence that UCEM apprentices can and will pass the EPA (it is not a worry that they cannot pass) and therefore the impact should only be positive in the end. The outlook is therefore positive that it will become a diminishing issue, but the timeframe for change is unfortunately slow.

1069   UCEM is working on what can be done to support apprentices towards the end of their programme where the study load is high, such as by frontloading lower-level modules earlier on in the programme. REDACTED

1070   The Committee **NOTED** the increased risk ESFA compliance regarding UCEM's EPA rate and thanked the UCEM Team for bringing the issue to the Committee's attention. The Committee was supportive of the mitigating actions UCEM is taking to address the challenge.

1071   The Chair thanked MS/KD for their contributions and invited them to leave the meeting.

3) AUDITS

1072   **3.1/ AUDIT PLANNING 2023-2025**

1073   The Committee was presented with a new Audit Plan for 2023-2025 (paper 3.1a). The Committee **NOTED** that the schedule forms a newly updated 3-year plan linking the relevance of the audit back to the compliance and regulation requirements of the institution and areas of significant risk. It also links to the CUC handbook for audit and provides indicative timescales for each planned audit. It does not cover academic audit matters as this is managed by the Quality Audit Group.

1074   It is clear the primary area where UCEM has not carried out any audit work which the CUC handbook recommends is ethical risks. The Committee endorsed this view and the value in demonstrating UCEM has a strong position on ethics and is active in monitoring this. A data protection audit is also proposed for 2022-23, several years on from the introduction of the GDPR.

1075   The Committee agreed its work is moving towards regular routine, review and monitoring in the identified areas of significance rather than full audits. It was suggested there might be value in seeking some external input in risk scenario planning, as discussed earlier in the agenda.

1076   MJ suggested the audit schedule should tie in with UCEM's future aspirations around research and the journey towards Research Degree Awarding Powers. SJ suggested UCEM looks again at its business continuity plans. It was also suggested that whilst cybersecurity will continue to be important to assess readiness against perceived risks and enhancements made since the last audit, the risks of aged IT infrastructure should also be considered in its own right.

1077   Finally, it was suggested that for audits scheduled for later years some planning work should be undertaken sooner rather than later to ensure they provide value, for example, the audit into people and culture, holding discussions with the Director of HR to facilitate what might be most useful to the institution.

1078   The Committee **APPROVED** the new Audit Plan for 2023-2025 and requested JEF to plan for the first two audits into ethical risks and data protection in more detail for the next meeting of the Committee.

> **ACTION: Prepare more detail on audits into ethical risks and data protection for the Committee to consider at its next meeting. [JEF]**

1079   3.2/ STUDENT DISCIPLINARY PROCEDURES

1080   The Chair welcomed Helen Edwards to the meeting for item 3.2.

1081   Helen Edwards presented the third audit report from the Quality Audit Group (internal audit function) into UCEM policy and processes for the handling of student disciplinary procedures and whether these operates effectively and meet regulator expectations (papers 3.2 and 3.2a). The audit work and report were undertaken in September 2022 by Kate Greenway, Linda Juleff and Helen Edwards.

1082   HE reported that UCEM had very few disciplinary cases to audit overall and that the outcome of the audit was that UCEM is meeting regulatory requirements and that

the process is effectively implemented. UCEM's practice was also considered consistent with sector practice. The audit made three commendations and four observations on current practice. The auditors also made three recommendations in total, principally focussed on the Student Disciplinary policy being disseminated by email across UCEM in order to raise awareness of it, that the policy and the Student Appeals and Complaints policy both be moved from the Code of Practice webpage to the Student Focused Policies page to increase accessibility, and that further consideration be given by the Apprenticeships Team as to how the policy would be used in practice in relation to non-engagement by apprenticeship students and for this information to be provided to those students during their induction.

1083   The Committee **NOTED** the outcomes of the Quality Audit Group's audit of UCEM's Student Disciplinary Procedures and welcomed the reassurance it provides to the institution.

1084   HE reported that the next audit the Group will work on is academic misconduct. The audit is planned for Q1 in 2023 and the outcome report 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. 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.

4) OFFICE FOR STUDENTS COMPLIANCE

1085   4.1/ PREVENT DUTY COMPLIANCE

1086   HE presented an overview of the work undertaken during the reporting period 2021-22 to comply with the government's Prevent duty and the Office for Students Prevent duty framework. She also presented the UCEM Prevent Risk Register and Prevent Action Plan. The Annual Return for Prevent is submitted to the OfS in November (deadline 1st December 2022).

1087   HE reported that levels of risk post mitigation remain very low for UCEM. The only area on amber is the risk of use of UCEM networks for the production, promotion or dissemination of extremist information. Last year's action plan focused on Prevent training and working on accessing the Counter Terrorism Local Profile for other areas of the UK and sharing this information with Apprenticeship Outcomes Officers and Students.

1088   Key areas of focus proposed for the next reporting period include communications to staff and students, working with Apprenticeship Outcomes Officers to lead discussions with apprentices on local risks in their area, and further updates to the Prevent Procedure. UCEM will also work to develop a strong relationship with the new DfE Prevent Coordinator.

1089   Overall, as per the planned Accountability Return at Appendix c in paper 4.1a, there were no cases to report to the OfS in the reporting period. UCEM continues to follow a proportionate and diligent response to the identified levels of risk. CC also commented that in his capacity as Lead Trustee for Safeguarding, he has every confidence in the UCEM team with responsibility for Prevent and that all matters are dealt with appropriately.

1090   The Committee **AGREED** that, in all aspects of meeting the Prevent Duty, UCEM continues to follow a proportionate and diligent response to the identified levels of risk. The Committee **PRE-APPROVED** the Prevent Accountability Return to the OfS. It will be recommended to the full Board of Trustees for approval as a Chairs Action before the submission deadline of 1st December 2022.

> **ACTION:**   **Secure Board approval for the Prevent Annual Return via Chair's Action before 1st December 2022. [LH]**

1091   The Chair thanked Helen Edwards for her contributions and invited her to leave the meeting.

1092   4.2/ UCEM REPORTABLE EVENTS POLICY

1093   The Chair welcomed Gethin Edwards to the meeting for item 4.2.

1094   GE presented paper 4.2 which provided proposed amendments to the UCEM Reportable Events policy. The policy was last updated in 2020 and amendments include provision of up-to-date guidance from the OfS alongside the delegation of authority from the Board to the Principal, Deputy Principal and Executive Director Regulation to determine whether a matter is a reportable event and to provide approval for its submission. This is considered appropriate due to the tight timescales that OfS impose for reporting of events within five days and the challenges that can be associated with securing full Board approval in this period. The Board will remain fully informed as early as possible (and not just reported to following submissions at the next quarterly meeting). The proposals are based on alleviating the risk of delaying a reportable event and practicality.

1095   The Committee expressed some discomfort in taking the Board approval out of the process and suggested the Chair or Deputy Chair should as a minimum be involved in the sign-off process given that consequences can be significant. It was suggested some allocation of the list of reportable events could be undertaken categorising those which are significant enough to continue to require the full UCEM Board sign-off.

1096   The Committee deferred approval of the proposed amendments to the UCEM Reportable Events Policy V2.01, pending an addition that the Chair or Vice Chair retain a role in signing off the submissions and that the materiality of different types of reportable events are categorised for UCEM so that the full Board must be consulted where matters are of greater significance.

> **ACTION:**   **Make the further amendments to the Reportable Events Policy and return to the Committee for further consideration. [GE]**

1097   The Chair thanked GE for his contribution and invited him to leave the meeting.

5) ANY OTHER BUSINESS

1098   5/ ANY OTHER BUSINESS

1099   There were no other matters of business raised.

6) CLOSE

1100   The Chair thanked the Committee for the discussions and closed the meeting at 11.40am.

Date of next meeting:
9th March 2023

Signed

Name   Stephen Jackson

Position   Chair of Audit Committee

Date   9 March 2023