



AUDIT COMMITTEE

23 MAY 2024

REDACTED MINUTES FOR PUBLICATION

A meeting of the Audit Committee was held via Zoom video conference from 14.00-16.00pm on Thursday 23 May 2024.

Present:	Mr C Costigan (CC) Dr S Jackson (SJ) Prof. M Jones (MJ)	(Chair)
In attendance:	Ms H Al-Katib (HAK) Mr S Bartle (SB) Ms K Deakin (KD) Mrs J E Fawkes (JEF) Mrs L Hughes (LH) Mr J Kerr (JK) Mr A Wheaton (AW) Mr K Wilkinson (KW) Mr A Youell (AY)	(for item 2.1 only) (for item 2.1 only) (for item 2.2 only) (UCEM University Secretary) (Note taker) (for item 3.4 only) (Vice Chancellor) (for item 2.3 only) (for item 2.3 only)
Apologies for absence:	Prof. N Braisby (NB) Ms. E Shipp (ES)	

1) GENERAL MEETING GOVERNANCE

1352 1.1/ DECARATION OF ANY CONFLICTS OF INTEREST

1353 There were no conflicts of interest reported.

1354 1.2/ APOLOGIES FOR ABSENCE AND WELCOMES

1355 There were apologies for absence from new Trustee member to the Committee, Professor Nick Braisby, and new External Representative to the Committee, Emma Shipp.

1356 1.3/ MINUTES AND REDACTED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 9 NOVEMBER 2023

1357 The minutes (and proposed redactions) of the Audit Committee meeting held on 9 November 2023 (as included at paper 1.3) were **APPROVED** as a true record and signed by the Chair of the Committee. The redacted minutes will be published on the UCEM webpage after the meeting.

1358 1.4/ MINUTES AND REDACTED MINUTES OF THE JOINT AUDIT AND FINANCE COMMITTEE MEETING HELD ON 9 NOVEMBER 2023

1369 The minutes (and proposed redactions) of the Joint Audit and Finance Committee meeting held on 9 November 2023 (as included at paper 1.4) were **APPROVED** as a true record. They had already been reviewed and approved by the Finance Committee at its meeting on 21 March 2024, so they were signed as final by the Chair of the Audit/Joint Committee (Chris Costigan). The redacted minutes will be published on the UCEM webpage after the meeting.

1360 1.5/ MATTERS ARISING AND ACTIONS SUMMARY

1361 The summary showing the outcome of actions from the meeting held on 9 November 2023 (paper 1.5) was taken as read with the Committee noting that two actions remain ongoing (full implementation of **all** actions from the review into Ethical Risks noting that there had been some substantial progress since the last meeting of the Committee, and the action to review the Expenses Policy and the Internal Controls Matrix, where the Expenses Policy work has been completed but the control matrix work is still underway and will be presented to Finance Committee on 27 June 2024).

1362 1.6/ AUDIT COMMITTEE ANNUAL TERMS OF REFERENCE

1363 The Committee reviewed the Audit Committee Terms of Reference as presented at paper 1.5 with minor updates to membership only.

1364 The Committee **APPROVED** the Audit Committee Terms of Reference V11.01 for finalisation and publication as the new V12.0.

ACTION: Publish the updated and approved Audit Committee Terms of Reference on the Trustee Portal and UCEM website. [LH]

2) RISK MANAGEMENT

1365 2.1/ UCEM RISK OVERVIEW

1366 The Chair welcomed Hannah Al-Katib to the meeting.

1367 The Committee had requested at the last meeting that UCEM's risk appetite statement be reviewed in relation to UCEM's emerging strategic plan, and an updated proposal was presented at paper 2.1b for the Committee's consideration. If approved, it would be embedded into UCEM's overall risk statement and process guide.

1368 Feedback from the Committee on the draft statement was provided. It was queried whether section 2.1 (Collaborations and Partnerships) needed to explicitly mention international partnerships (not international student recruitment). It was also queried whether 2.6 (Quality of Student Experience) student outcomes should be more explicit given that the way the regulatory framework is being exercised currently is focused on this. HAK agreed to review the draft again taking into account these comments and be more explicit on both points.

- 1369 The Committee also noted that the current draft in 2.7 refers to ‘UCEM has no appetite for any breaches of the law, regulation, professional standards, research ethics, bribery, or fraud’. This is correct, however the Committee asked if this could be clarified, with relation to regulation and the nuances that may occur with this, where the regulatory requirement is not mandatory, or does not put the institution at risk.
- 1370 Pending some final edits to reflect the feedback raised in sections 2.1, 2.6 and 2.7, the Committee **APPROVED** the updated UCEM Risk Appetite Statement.
- ACTION: Refine the sections of the Risk Appetite Statement highlighted in Committee feedback and adopt the Risk Appetite Statement into UCEM’s Risk Management processes and in informing the emerging Strategic Plan. [HAK]**
- 1371 The Audit Committee considers risk at each of its meetings and accordingly reviewed the updated UCEM Risk Register at paper 2.1 and 2.1a which provided an overview since the last report to the Committee.
- 1372 HAK advised the Committee that there had been several considerations for additions to the register made since the last report but that overall, the risk levels were felt low for most of these areas. One risk has been added (R36) around compliance with sustainability legislation due to increasing compliance requirements as UCEM continues to grow as an institution and with rapid evolution in this regulatory area. UCEM also has a specific risk register relative to ISO14001 compliance which is regularly monitored.
- 1373 Notable changes on the register include the reducing of strategic risk R6 in relation to the breadth of UCEM programmes following validation of a series of new programmes for delivery from autumn 2024 and continuing work on the product roadmap for 2025 onwards. Political instability in Hong Kong remains an ongoing and monitored risk, particularly with regard to the stability of the VLE in the region.
- 1374 In terms of operational risks the risk in relation to provision of Tribal support to SITS has now been closed following the successful move of SITS to a hosted, cloud-based solution in April 2024. Work continues to de-risk the Student Information Desk risk as work continues to source a new student enquiry and case management system but this remains a major project for UCEM in the year ahead.
- 1375 Financially, a risk has also been added in relation to increases in UCEM’s costs relative to its reserves, and the risk of loss of EPA income and its associated impact on cashflow has been increased.
- 1376 The Committee queried potential political risks in light of a General Election having been called for 4 July 2024 and the likely impact of a change in government on existing higher education policies. HAK advised that the SWOT and PESTLE analysis for the strategic plan will be reconsidered upon the outcome of the election. This may inform changes between the draft Strategy the Board will review in July and the final plan for sign-off in September. The Committee discussed a major risk in this area to UCEM as potential changes to the Apprenticeship Levy, but that this was an opportunity as well as a threat.

- 1377 AW advised the Committee of some of the GuildHE thoughts about the upcoming election to provide some context on the risk. The general sense is that there are unlikely to be immediate, sweeping changes for Higher Education regardless of manifesto pledges as there are other areas of focus more immediately for any new administration. That said, there was some press this morning quoting Sue Gray, Chief of Staff to the Leader of the Opposition, who gave six priorities and put universities as number 4 on this list (ahead of the NHS) which is surprising. The Labour policy on 50:50 use of the Apprenticeship Levy would still present opportunities for UCEM which the institution is poised to maximise if necessary. It was also noted that there could, in the current climate, be pressure for more mergers within the sector as vulnerable institutions fail financially. This could also provide opportunity for UCEM, potentially with structural reform funding becoming available. It was also suggested UCEM should be cognisant of local policies and policies specific to built environment that may bring opportunities too.
- 1378 The Committee **NOTED** the updated risk register and **AGREED** with the identification of the risks presented and the mitigations put in place where required.
- 1379 The Chair thanked HAK for her contribution and invited her to leave the meeting.
- 1380 2.2/ RISK DISCUSSION ITEM: APPRENTICESHIPS AND QUALIFICATION ACHIEVEMENT RATE (QAR)**
- 1381 The Chair welcomed Kate Deakin and Stephen Bartle to the meeting.
- 1382 KD introduced paper 2.2, on risks associated with UCEM's apprenticeship provision and compliance with the ESFA around End Point Assessment on the Chartered Surveyor Apprenticeship Programmes and its associated impact on UCEM's QAR rates.
- 1384 REDACTED
- 1385 REDACTED
- 1386 REDACTED
- 1387 KD reported that many institutions are having discussions on whether to charge the 20% for EPA upfront to employers. Withholding of degree certificates has also been discussed, though this is less palatable to institutions and the ESFA. ESFA is aware, though, that there will come a point where a more radical change becomes the only option for providers.
- 1388 The Committee queried the impact of delivering against new apprenticeship standards at UCEM and KD confirmed that this will dilute the impact as UCEM's QAR is judged overall as an institution but given the numbers on the Chartered Surveyor route and the relatively small numbers anticipated on the new apprenticeships in the early years, it would take some time for any meaningful impact on the QAR to materialise.
- 1389 REDACTED
- 1390 REDACTED

1391 The Chair thanked KD/SB for their contributions, and more generally for their extensive hard work to resolve this issue for UCEM and invited them to leave the meeting.

1392 2.3/ RISK DISCUSSION ITEM: IT AND SYSTEMS

1393 The Chair welcomed Andy Youell and Kevin Wilkinson to the meeting for item 2.3. KW introduced himself to the Committee.

1394 AY introduced paper 2.4 on UCEM's ongoing IT and systems work. The Committee was reminded that this was presented as a risk discussion item back in March 2023 and again in November 2023 and that significant work remains underway to mitigate the risks. Paper 2.4 provided an update on the work undertaken since the last meeting.

1395 The primary update covered in the paper was the successful re-platforming of the SITS server in April 2024. The paper also covered the longer term issues associated with UCEM's student records system, currently provided by Tribal. AY has also been undertaking a restructure and in-housing process of IT support, following the significant reduction in the size of the server estate that UCEM now has to manage, bringing some sub-contracted elements of support back in-house.

1396 AY advised that he and KW are working through a handover process of the Technology function before AY leaves UCEM at end July 2024. Priorities include development of a Technology Strategy and management of ongoing risk in cyber security. Given the ongoing threat in this area, the risks of a distributed systems estate and the complexities of remote working and multiple cloud vendors/platforms, AY/KW propose that UCEM scopes a further audit in this area to cover management of risks (procurement, implementation, operations and decommissioning) and the approach to cyber security risks at UCEM. The risks are considered more likely in the decentralised IT provision than the centralised services but the aim of the audit is to analyse where the gaps are and how serious they may be.

1397 The Committee welcomed the successful SITS transfer and the development of the Technology Strategy, which will ideally provide a 5-year roadmap so that UCEM's approach to technology is less piecemeal and more about enterprise solutions that address security and integration challenges more proactively. It was noted that large parts of the sector currently use SITS/Tribal and the impact of likely price rises (as the company needs to invest) will potentially be significant.

1398 The Committee **NOTED** the progress made on addressing the key risks faced in IT and systems at UCEM. The Committee thanked AY for all his work in this area to date and wished him well for his future beyond UCEM.

1399 The Chair thanked AY/KW for their contributions and invited them to leave the meeting.

1400 2.4/ RISK MITIGATION: BUSINESS CONTINUITY PLANNING UPATE

1401 JEF introduced paper 2.4 on UCEM's ongoing business continuity planning work on behalf of Kathy Matthews, Head of FM, who could not attend the meeting. Paper 2.4 provided an update on the work undertaken since the last update to the

Committee in March 2023, the first half of which was heavily focussed on technology (as covered in item 2.3).

1401 Other updates referred to within the paper include the movement of the main water tank for Horizons to the basement but overall, following the Covid-19 pandemic, UCEM remains well able to adapt to remote working if the building were suddenly unavailable.

1402 **REDACTED**

ACTION: REDACTED

1403 The Committee also suggested that some substantive IT stress testing might be beneficial as part of ongoing BCP readiness, alongside scenario testing and action planning for a complete cyber-attack in order to provide some reassurance given the reliance on IT at UCEM. JEF assured the Committee this is on KW's radar, and he plans to undertake more penetration testing and scenario-based testing which can be reported to a future Audit Committee meeting. UCEM has also successfully put in place Multi Factor Authentication for all UCEM system users now, which has gone a long way to securing the institution from a systems perspective, though the risk will never be full removed.

ACTION: Report to the Committee on BCP stress testing of UCEM's IT systems in case of total failure or attack. [KW]

1404 The Committee **NOTED** the update provided on UCEM's Business Continuity Planning activities and the approach being taken to managing risk in this area. The Committee **noted** the continued effort to manage risk, the budget required for the relocation of the main water tank to the basement of Horizons and suggested UCEM's focus in BCP planning should be in the areas of IT security and continuity, with stress testing and scenario planning as part of this for the foreseeable future.

1405 2.5/ RISK MITIGATION: COMPLIANCE UPDATE

1406 The Committee reviewed paper 2.5, 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.

1407 JEF reported that the compliance register covers more statutory reporting requirements. The only new addition to the register is environmental compliance, in addition to how it is monitored through the Risk Register itself.

1408 JEF asked the Committee if they still found value in having oversight of this register and receiving the report annually, and whether it should continue. The Committee replied that this remains an important oversight for the Board to have, and that given it is not overly time-consuming, it should continue as an annual checkpoint by the Committee, noting that any substantive risks tend to come forward for in-depth discussion through the Risk Register process. It is particularly reassuring and valuable for the Committee to have the perspectives of the people who are responsible for managing these areas of compliance day-to-day. The alignment between the Compliance Log and the Risk Register is useful for the Committee to see.

1409 The Committee **NOTED** there were no significant changes to report in the Compliance Register, that all matters are legally up to date, and that, overall, there are no issues of concern to raise to the Board's attention.

3) AUDITS

1410 3.1/ AUDIT PLANNING

1411 The Committee was presented with the updated Audit Plan for 2023-2025 (paper 3.1a) and the Quality Audit Group 3-Year Audit Plan (paper 3.1b). The Committee **NOTED** the schedule of audits across the next three years linking the relevance of the audit back to the compliance and regulation requirements of the institution and areas of significance in the Risk Register. They also noted its compliance with the CUC handbook for audit. Paper 3.1b provided the Quality Audit Group plans for further deep dive audits into areas of academic quality.

1412 The next substantive external audit proposed is into Cyber Security, as outlined at minute 1396. A potential audit thereafter, once all initially identified actions have been concluded following Mazars 2023 audit, would be into internal controls. Also proposed is an audit into data returns. It will be important to ensure any such audits are of use and provide value to the institution. Audits can also be carried out internally and be of benefit, as was the case with the Ethics review last year.

1413 The Committee fully endorsed the plans for a Cyber Security audit, particularly at the start of KW's time in post at UCEM, which will provide a useful platform to build the service up from.

1414 CC suggested that UCEM looks at risk linkages / convergence of multiple risks concurrently and their potential impact. CC has a template for such work that he will share with HAK to explore potential in this area. This might provide insights that will inform the future audit plan schedule.

ACTION: Share risk linkages template with HAK to consider scenario planning for multiple simultaneous risks. [CC]

1415 MJ suggested putting on the plan the potential for an audit into collaborative provision, so that as and when this becomes a reality for UCEM, it is able to withstand OfS scrutiny of the partnership.

ACTION: Put an audit of collaborative provision onto the future potential areas for audit on the Audit Plan. [JEF]

1416 REDACTED

1417 The Committee noted that the Quality Audit Group plans an audit around Freedom of Speech and commented that this would be particularly important in the context of a challenging UK backdrop and an even more challenging Chinese one. The audit should cover both aspects.

1418 The Committee also suggested that a note for a potential future audit be placed in the plan around research and knowledge exchange in terms of reviewing ethical

procedures and grant management/funding as a growing area of UCEM business operations.

ACTION: Put an audit of research, knowledge exchange and grant management/funding on the Audit Plan for the medium-long term future. [JEF]

1419 The Committee **NOTED** the Audit Plan schedule for 2023-2025 and specifically **APPROVED** the plan for an audit on information security in 2023/24 to inform development of the IT Strategy.

1420 3.2/ QUALITY AUDIT GROUP REPORT INTO INTERRUPTION OF STUDIES PROCESS

1421 Helen Edwards presented the audit report from the internal Quality Audit Group into UCEM processes and policies for the handling of interruption of studies cases (papers 3.2 and 3.2a). The audit work and report were undertaken in August 2023 by Laura Brown and Mike Speight.

1422 HE reported that audit looked at whether it was a clear process, well communicated to students and whether decisions were fair and conducted in line with defined processes. Overall, the audit resulted in five areas of good practice being identified, four observations and seven recommendations for enhancements. Many of the recommendations centred on communications with students and another focused on how the fee waiver process was administered. Overall, the audit concluded that the process was fit for purpose, but the enhancements proposed would make it clearer and more transparent to students. All actions will now be tracked through to completion.

1423 The Committee welcomed the audit and the comprehensive outcomes report. It was noted that UCEM's Interruption of Studies case load is higher than traditional universities. In addition, many use the option on multiple occasions and therefore clarity in communications is essential, as is provision of quality support when students do return to their studies.

1424 The Committee **NOTED** the outcomes of the Quality Audit Group's audit of UCEM's Interruption of Studies Process and welcomed the reassurance it provides to the institution.

1425 3.3/ QUALITY AUDIT GROUP REPORT INTO STUDENT ENGAGEMENT IN QUALITY PROCESSES

1426 Helen Edwards presented the audit report from the Quality Audit Group (internal audit function) into Student Engagement into Quality Processes at UCEM (papers 3.3 and 3.3a). The audit work and report were undertaken in December 2023 by Linda Juleff, Ella Wheeler and Helen Edwards.

1427 HE reported that this audit was timely due to the number of deliberative committees struggling to engage effectively with students. UCEM opted to look at student engagement more widely than just this in the audit though and looked at the whole range of ways that UCEM interacts with its students. The start point was the OfS definition of student engagement. As a result, the audit looked at student representation, module evaluation and student surveys. Overall, the audit resulted

in six areas of good practice being identified, eleven observations and ten recommendations for enhancements. A comprehensive Student Engagement strategy will be required to address the volume of findings in this audit, particularly around academic team involvement and induction and support for student representatives. Overall, the audit concluded that whilst UCEM is allowing opportunities in line with the OfS definition, more can be done to get students better engaged and make it easier to find the time to engage with UCEM effectively.

- 1428 The Committee welcomed the audit and comprehensive report outcomes, particularly in light of this being an OfS condition of Registration and the Teaching Excellence Framework requiring a student submission. It was particularly valuable to secure current student representative feedback on their roles and what works well or not. The Committee was assured that the depth and breadth of findings to be addressed will be led by the new Head of Student Support to ensure it is appropriately managed but also expressed caution regarding the volume of recommendations made in the report and ensuring that outcomes are ‘right-sized’, given that management capacity to deal with all audit outcomes can be limited.
- 1429 The Committee **NOTED** the outcomes of the Quality Audit Group’s audit of Student Engagement in Quality Processes and welcomed the reassurance it provides to the institution.
- 1430 The Committee **NOTED** that the next audit the Group will work on is Apprentice Employer Health and Safety Checks. The audit is planned for Q3 in 2024 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.
- 1431 The Chair thanked HE for her contribution and invited her to leave the meeting.

1432 3.4/ AUDIT STRATEGY MEMORANDUM

- 1433 The Chair welcomed Jim Kerr to the meeting for item 3.4.
- 1434 JK presented the draft Audit Strategy Memorandum 2024 from Mazars (UCEM Auditors) for the review of the Committee. The proposal has already been reviewed by the Finance Team, refined and is now recommended to the Committee for review. The total cost of the audit in 2024 will be £51,984 (inc VAT). The Committee reviewed the Audit Strategy Memorandum and proposed approach to audit in 2024 on behalf of the Board.
- 1435 JK advised that the auditors remain interested in UCEM’s EPA completion accruals and in the ongoing valuation of Shinfield Grange. Minutes through Board or Sub-Committee will be required to assure the Auditors that this has been effectively considered internally. JK advised that an external valuation of Shinfield Grange should not be required to satisfy the auditors in 2024, Director’s opinion should be sufficient.
- 1436 The Committee noted that Mazars were appointed for three years initially, and this will be their fourth year working with UCEM. At the last meeting of the Audit and Finance Committee in November 2023, the Committee discussed whether UCEM needed to launch a tender process during 2024 and agreed that it did not wish to

put this additional burden on the institution at the current time. It was suggested that a change of audit partner within Mazars would be one possible solution to continuing with Mazars as UCEM auditors for a further 2-3 years without a retender process. JK advised that Richard Bott, UCEM's audit partner of the last four years, is retiring from Mazars and that UCEM has been assigned a new audit partner, Helen Knowles. Helen has significant sector experience, will bring a valuable new perspective and the change is considered positive for UCEM. CC requested the opportunity to meet with Helen Knowles over the summer.

ACTION: Organise a meeting for CC with new Audit Partner at Mazars, Helen Knowles. [LH]

1437 The Committee **PRE-APPROVED** the Audit Strategy Memorandum for the 2024 UCEM audit by Mazars, which will be formally approved by the Board in July.

1438 The Chair thanked JK for his contribution and invited him to leave the meeting.

4) OFFICE FOR STUDENTS COMPLIANCE

1439 4.1/ CONDITION OF REGISTRATION E2: UCEM VALUE FOR MONEY STATEMENT 2022-23

1440 JEF presented the latest Value for Money statement 2022-23 for the Committee's review and approval ahead of publication. The report follows the same format as previous years and deliberately concise. JEF informed the Committee that the overall percentage splits between income and expenditure are very similar this year to the last statement in 2021-22. The distribution of over 60% of income on student and academic services is positive for UCEM.

1441 The Committee **APPROVED** the UCEM Value for Money Statement 2022-23 for publication on the UCEM website and as demonstration of compliance with OfS condition of registration E2.

ACTION: Publish the Value for Money Statement 2022-23 on the UCEM website. [LH]

5) ANY OTHER BUSINESS

1442 5/ ANY OTHER BUSINESS

1443 There were no other matters of business raised.

6) CLOSE

1444 The Chair thanked the Committee for the discussions and closed the meeting at 16.50pm.

**Date of next meeting:
14 November 2024**

Signed 
Name Chris Costigan
Position Chair of Audit Committee
Date 14 November 2024