

AUDIT COMMITTEE

22 MAY 2025

REDACTED MINUTES FOR PUBLICATION

A meeting of the Audit Committee was held via Zoom video conference from 10.00-11.45am on Thursday 22 May 2025.

Present:	Mr C Costigan (CC)	(Chair of Committee)
	Mr Jyotveer Gill (JG)	
	Prof. M Jones (MJ)	(Vice Chair of Committee)
	Ms R Kerslake CBE (RK)	
	Dr L Marr (LM)	
	Ms E Shipp (ES)	
In attendance:	Ms H Al-Katib (HAK)	(for item 2.1 only)
	Mr D Balme (DB)	(observing full meeting)
	Ms K Deakin (KD)	(for item 3.2 only)
	Mrs J E Fawkes (JEF)	(UCEM University Secretary)
	Mrs L Hughes (LH)	(Note taker)
	Mr J Kerr (JK)	(for item 3.3 only)
	Ms. E Proctor (EP)	(Per4mance Solutions, for item 3.2 only)
	Mr A Wheaton (AW)	(Vice Chancellor)

Apologies for absence:

1) GENERAL MEETING GOVERNANCE

1508 1.1/ DECARATION OF ANY CONFLICTS OF INTEREST

1509 There were no conflicts of interest reported.

1510 1.2/ APOLOGIES FOR ABSENCE AND WELCOME

1511 There were no apologies for absence. The Chair welcomed Dr Liz Marr and Ros Kerslake CBE to their first meeting as members of the Committee. RK will take on the link role with dual membership on Audit and Finance Committee. The Chair also welcomed Prof Michelle Jones in the role of Vice Chair of the Committee for the first time.

1512 1.3/ MINUTES AND REDACTED MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 14 NOVEMBER 2024

1513 The minutes (and proposed redactions) of the Audit Committee meeting held on 14 November 2024 (as included at paper 1.3) were **APPROVED** as a true record and signed by the Chair of the Committee, REDACTED. The redacted minutes will be published on the UCEM webpage after the meeting.

ACTION: Further redact the section in the minutes on cyber security ahead of publishing. [LH]

1514 1.4/ MINUTES AND REDACTED MINUTES OF THE JOINT AUDIT AND FINANCE COMMITTEE MEETING HELD ON 14 NOVEMBER 2024

1515 The minutes (and proposed redactions) of the Joint Audit and Finance Committee meeting held on 14 November 2024 (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 20 March 2025, so they were signed as final by the Chair of the Audit/Joint Committee (Chris Costigan) and the redacted minutes will be published on the UCEM webpage after the meeting.

1516 1.5/ MATTERS ARISING AND ACTIONS SUMMARY

1517 The summary showing the outcome of actions from the meeting held on 14 November 2024 (paper 1.5) was taken as read with the Committee noting that one actions remains ongoing (full implementation of **all** actions from the review into Ethical Risks as one element remains outstanding – that of undertaking internal communications on the anti-bribery and whistleblowing policies which there has been insufficient time to action given ongoing workload in the Governance Team. The aim is to update employees in a future all staff meeting).

2) RISK MANAGEMENT

1518 2.1/ UCEM RISK OVERVIEW

1519 The Chair welcomed Hannah Al-Katib to the meeting.

1520 The Audit Committee considers risk at each of its meetings and accordingly reviewed the updated UCEM Risk Register at papers 2.1 and 2.1a which provided an overview of changes since the last report to the Committee and included a number of new risks that had been opened and some changes in risk profile.

1521 HAK advised the Committee that a new strategic risk is the merger with the LSA though, given its complexity, this will be managed through a separate risk register and project-based approach (to be discussed at agenda item 2.2). UCEM is also monitoring more closely student numbers and intake performance on new programmes which are key components of the diversification of UCEM's programme portfolio and carry income implications.

1522 HAK reported that Executive responsibility for safeguarding will transfer to Jane Fawkes when Lynne Downey leaves UCEM at the end of May 2025. Various operational risks have been reviewed, including the increasing complexity of UCEM's academic model which has been noted. In addition, the risks associated with ongoing use of Tribal have significantly reduced with the delivery of UCEM's bespoke Student Support System which replaced an end-of-life system and is now fully operational.

1523 Several financial risks were noted as increasing given the uncertain economic climate globally, including the increasing cost base and rising levels of inflation in particular. The global investment environment is highly volatile and may impact UCEM's

investment fund valuation and returns. Risks on USS pension and cost of living have, however, been closed.

- 1524 The Committee welcomed the active monitoring and movements within the Risk Register which demonstrate proactive and ongoing management and mitigation. It was noted that two risks remaining on red, even post-mitigation is, however, concerning (R38 LSA and R10 rising inflation). This suggests further mitigation efforts may be required. For LSA the Committee was asked to recognise that UCEM is only two weeks into the integration project and risks are changing daily. A project managed approach to integration has been adopted and is beginning to take effect but the rating in the register reflects the live position and will rapidly alter as more work to integrate and enhance LSA governance and processes are undertaken. Ultimately, the acquisition is high risk and not everything can be mitigated. For rising inflation, (R10) this reflects the ambition of the institution in a globally challenging economic environment. UCEM is focused on delivering LSA integration, the agreed strategy, research ambitions and productivity enhancements all at a time when general operating costs are increasing. The savings and surpluses UCEM has delivered in recent years will not be replicable in this environment where substantive investment is required to deliver the agreed priorities. This deficit budget plan is a chosen financial position for the institution and will be presented in the budget proposal for 2025-26 to Finance Committee in June. Underlying this, the core operational business is and remains profit-making. In this context, the Committee queried whether the impact score for this register entry had therefore been overstated. DB agreed to review this score with Jim Kerr.

ACTION: Review the impact score on risk R10 (rising inflation) which may have been overstated in the Risk Register. [DB/HAK]

- 1525 **REDACTED**

- 1526 The Committee queried the scores for the risk on apprenticeship levy changes where the likelihood of change may well have lowered but the impact of a change should still be considered significant. It was recognised, however, that risk management is an art and not a science. UCEM will revisit the risk matrix to ensure it is still fit for purpose in guiding how risks are assessed, scored and mitigated.

ACTION: Review the Risk Matrix to ensure it is still fit for purpose in how risks are assessed, scored and mitigated at UCEM. [HAK]

- 1527 The Committee queried why risks associated with the Hong Kong operations did not really feature in the Register. HAK confirmed that, like the LSA risk, Hong Kong is a single line-item entry in this register but has its own fully developed risk register that is separately and actively managed by the UCEM Asia Ltd Team and Board. HAK will ensure this is fully articulated in the risk architecture paper in the future for clarity and will consider whether Internal Audit can provide any support in this area.

ACTION: Ensure the UCEM Asia Ltd risk management approach is included within the Risk Architecture summary in the future. [HAK]

- 1528 It was queried whether UCEM had considered whether the use of Artificial Intelligence is a risk/opportunity for the institution. There are fragmented policies regarding AI all across the world, but fines and penalties do exist and need to be considered as institutional risks to be managed. UCEM has started to consider how

it will use AI through the expertise of Professor John Macintyre. This is focused on some specific areas of use – co-pilot use for professional services and staff, and teaching opportunities. Proposals will be developed out of this and presented to Executive and Board when ready.

1529 The Committee **NOTED** the updated risk register, the identification of the risks presented, and the mitigations put in place where required. REDACTED

1530 The Committee then reviewed paper 2.1b which was provided in response to a Board query regarding how risk is managed internally at UCEM at the level below the institutional risk register. HAK explained the current practice and opportunities in this area for future development, referring to it as UCEM's Risk Management Architecture.

1531 The Committee **NOTED** the risk architecture at UCEM and welcomed visibility on the UCEM approach. There were queries around the degree to which staff below senior leadership are aware of risks and managing them. There is proactive management of team specific risks and escalation as necessary but there has not been a requirement for enhanced departmental approaches as yet.

1532 2.2/ RISK DISCUSSION ITEM: LONDON SCHOOL OF ARCHITECTURE MERGER RISK REGISTER

1533 JEF/DB introduced paper 2.2 which provided a live and emerging risk register (produced by UCEM, not inherited from LSA) associated with the integration of LSA into UCEM following execution of the Transfer Agreement on 7 May 2025. The register represents a first iteration and is moving daily. It is the responsibility of David Balme (IT, Tech, HR and FM), Wendy Finlay (academic and student experience) and Jane Fawkes (governance) to manage the integration and associated risks. The integration work is now being handled as a project within UCEM, and structure/rigour is being implemented, but it is still very early on in the process and issue management is ongoing / challenging at times.

1534 REDACTED

1535 REDACTED

1536 REDACTED

1537 REDACTED

1538 The Committee **NOTED** the risks that exist with regards to integration of LSA into UCEM and were reassured that the relevant staff are managing and mitigating them appropriately and have considered the range and breadth of work to be undertaken. The Committee was convinced of the strategic value of the merger and whilst the institution is in a difficult phase currently with integration, it will pay off in the end.

1539 The Chair thanked HAK for her contribution and invited her to leave the meeting.

1540 2.3/ RISK MITIGATION: BUSINESS CONTINUITY PLANNING UPATE

1541 DB introduced paper 2.3 on UCEM's ongoing business continuity planning work. Paper 2.3 provided an update on the work undertaken since the last update to the

Committee in May 2024 and covered the reporting period of May 2024-April 2025. The report focussed on both the Facilities Management service and Technical/IT services.

- 1542 DB summarised that, overall, UCEM has a strong approach to BCP for the size of institution it currently is but is perhaps overly reliant on certain key staff it has. It does not, however, currently have the level of documentation and processes established that might be expected to support incident management and the existing levels of control in place. DB would also like to undertake some scenario testing associated with loss of specific systems for example, or, as recently happened in Spain and Portugal, full loss of power for a significant period of time. This is not the highest priority workstream at UCEM at the current time, but DB and his teams will continue to work in this area to bring it up to expectations. The Committee suggested that a timeline of when and how each matter will be addressed should be put in place to give the Board assurance. DB confirmed this would be possible once the IT hires currently in train have joined UCEM.

ACTION: Produce a BCP Improvement Plan timeline to provide assurance to the Audit Committee that UCEM is working towards greater strength in its approach to business continuity planning and incident management. [DB]

- 1543 The Committee **NOTED** the update provided on UCEM's Business Continuity Planning activities for the period May 2024-April 2025 and the approach being taken to managing risk in this area. The Committee further **NOTED** that the update did not reference or include the implications of the strategic merger with the LSA at the current time but that this will be considered in the coming months through the integration plan. Finally, the Committee **NOTED** the current state of readiness and the plans in place to further enhance this over the next 12 months.

1544 2.4/ RISK MITIGATION: COMPLIANCE UPDATE

- 1545 The Committee reviewed paper 2.4, 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 matters of significance or concern to the full Board.
- 1546 JEF reported that the compliance register covers statutory reporting requirements and is broadly all green in terms of RAG rating, excepting apprenticeships/ESFA funding compliance relative to the Qualification Achievement Rate UCEM currently achieves.
- 1547 Since the report was drafted, a new item has been flagged, which will need to be included on the register, which is relative to compliance with the recent Supreme Court Judgement on biological sex. Work is being undertaken currently to scope the extent of required compliance activities in this area for UCEM.
- 1548 The Committee enquired the extent to which UCEM is horizon-scanning for further compliance issues which may come forward, such as, for example, the Conditions of Registration by the OfS that are being implemented for newly registering institutions, which are likely to be expanded to all existing providers in time. JEF assured the Committee that UCEM is aware of this matter and has asked the team to consider how UCEM might need to prepare for this.

1549 The Committee enquired the number of Freedom of Information requests UCEM is currently receiving, which averages at one or two per month. JEF confirmed she has concerns this could increase once UCEM becomes University of the Built Environment, but this will be managed if it transpires.

1550 The Committee also queried the extent to which Martyn's Law (the Terrorism - Protection of Premises – Act 2025) might impact UCEM. JEF/DB agreed to assess this and report back to the Committee at the next meeting.

ACTION: Assess the potential impact of Martyn's Law on UCEM and report back to the next Committee meeting. [JEF/DB]

1551 The Committee **NOTED** the Compliance Report update and agreed that, overall, there are no issues of concern they wish to raise to the Board's attention at the current time.

3) AUDITS

1552 3.1/ AUDIT PLANNING

1553 Jane Fawkes presented an overview to the Committee of how UCEM proposes to approach the 2024 Governance Review recommendation to establish an internal audit function at UCEM and the work to date to plan for this from the 2025-26 financial year onwards (paper 3.1). This included provision of three quotations from potential external service providers **REDACTED**

1554 The Committee welcomed the level of maturity UCEM has now reached in bringing in this function to the institution, which is an exciting development that the institution has not had capacity or budget for previously. It will greatly strengthen the rolling programme of audit and assurance across the institution. The Committee was asked to consider the quotations in the context of making an appointment ASAP to be effective for the 2025-26 academic year. Knowledge of each firm, what they might offer, and the quotations were discussed in detail.

1555 Following their deliberations, the Committee agreed that RSM would provide the greatest depth of resource and quality to UCEM as it enters this new area of work for the institution, during a period of great institutional change. The Committee cautioned UCEM on scoping the right numbers of days of audit work and number of audits for this first year and not to overburden the institution which already has substantial strategic workload and competing priorities to deliver.

1556 The Committee **ENDORSED** the proposed approach to establish a more comprehensive internal audit function at UCEM through the use of a third-party firm.

1557 The Committee **AGREED** that RSM should be the External Audit Partner appointed to work with UCEM and JEF was requested to speak with them to appoint for a one-year term initially, with an option to renew thereafter, for a total of three audits in this first year. The Committee also **AGREED** that cyber security should be the focus for one of these three audits, but that JEF/DB would scope the contract and audit plan with RSM and report back to the Committee for approval via Chair's Action (as

approval will be required before the next meeting of the Committee in November). JEF confirmed it is within the delegated powers of the Audit Committee to make this appointment without recourse to the Board but that the decision would be reported to the full Board at its next meeting.

ACTION: Appoint RSM and work with them to produce an Audit Plan for presenting to the Committee for approval by Chair's Action. [JEF]

Arrange for CC/MJ to meet with RSM in the onboarding phase. [LH]

1558 3.2/ EXTERNAL ASSURANCE REVIEW: ESFA FUNDING COMPLIANCE – INITIAL OUTCOMES (PER4MANCE SOLUTIONS)

1559 The Chair welcomed Kate Deakin (Director of Apprenticeships) and Emma Proctor, (Consultant, Per4mance Solutions) to the meeting.

1560 Jane Fawkes reminded the Committee that it had agreed at the last meeting to commission an external assurance review into UCEM's ESFA funding compliance activities. Per4mance Solutions were chosen for this work following selection by Jane Fawkes, Mike Speight and Kate Deakin, and this decision was endorsed by the Chair of the Committee ahead of appointment. The consultant appointed at Per4mance Solutions was Emma Proctor and she presented her initial outcomes from the fieldwork undertaken – the formal report is still being collated as fieldwork was only undertaken in late April and will be presented to the Committee later in 2025.

1561 EP reported that she reviewed a total sample of 50 apprentice evidence packs and reviewed PDSAT (Provider Data Self-Assessment Toolkit) to flag any potential anomalies in the Individual Learner Records. EP reported many strengths to UCEM processes and compliance which showed consistent learning progression and that overall UCEM is in a good compliance position with a largely accurate ILR coding in place across the sampled records. EP considered the risk level to be low and that the audit had been a healthy one. There were some identified areas for improvement which will be outlined in the written report in due course.

1562 Given this was a compliance review to test UCEM's changes to procedures and working practices from the first reviews carried out in the earlier days of UCEM's apprenticeship provision, the Committee was pleased to hear that changes in practice are evident in the newer files compared to the older ones. The Committee was also advised that Kate Deakin, Director of Apprenticeships, is now reporting to DB and this will help with work to improve and better integrate systems and processes for apprentices across the institution.

1563 The Committee **NOTED** the indicative outcomes from the External Assurance Review into UCEM's ESFA funding compliance, further noting that the full outcomes report and recommendations will come forward in the next month.

1564 The Committee **NOTED** that UCEM will track its progress against the recommendations made by Per4mance Solutions and report this back to the Committee.

1565 The Chair thanked KD and EP for their contributions and invited them to leave the meeting.

1566 3.3/ AUDIT STRATEGY MEMORANDUM

1567 The Chair welcomed Jim Kerr to the meeting for item 3.3.

1568 JK presented the draft Audit Strategy Memorandum 2025 from Forvis 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/endorsement. The total cost of the audit in 2025 is quoted at £42,480 (inc VAT), with additional fees for a separate audit by Nova of UCEM Asia Ltd and potential fees of £25,000 for producing a final set of financial statements for LSA.

1569 JK advised that the same team as recent years would be assigned to UCEM's audit and that working relationships and practices remained positive. The auditors are likely to focus on EPA completion rates, valuation of Shinfield Grange and the integration of LSA into UCEM (for which they require an opening financial position). JK recommended the proposed approach and fee to the Committee.

1570 The Committee queried whether a final and separate financial statement for LSA was necessary. The Chair has experience in a similar merger scenario where it was not required and recommended UCEM further discuss this with Forvis Mazars.

1571 The Committee **PRE-APPROVED** the Audit Strategy Memorandum for the 2025 UCEM audit by Forvis Mazars (with Audit Partner as Helen Knowles for the second year), noting that the proposal will also be reviewed by Finance Committee in June and will be formally approved by the Board in July. The Committee **ENDORSED** the fee quotation of £42,480 inc VAT for the work to be undertaken and the likely additional fees for UCEM Asia Ltd and LSA (if a final statement is required). The Committee **NOTED** that the audit fieldwork will take place over the two weeks commencing 8 September 2025 ahead of reporting to the Joint Audit and Finance Committee on 13 November 2025.

ACTION: Agree with Forvis Mazars whether a final financial statement for LSA is required. [JK]

Organise a feedback meeting for CC with Audit Partner at Forvis Mazars, Helen Knowles, ahead of the Audit outcomes being presented to the Joint Audit and Finance Committee in November 2025. [LH]

1572 The Chair thanked JK for his contribution and invited him to leave the meeting.

4) OFFICE FOR STUDENTS COMPLIANCE

1573 4.1/ CONDITION OF REGISTRATION E2: UCEM VALUE FOR MONEY STATEMENT 2023-24

1574 JEF presented the latest Value for Money statement 2023-24 for the Committee's review and approval ahead of publication. The report follows the same format as previous years and is deliberately concise, whilst meeting regulatory requirements. JEF informed the Committee that the overall percentage splits between income and expenditure are very similar this year to the last two statements produced in 2021-

22 and 2022-23. The distribution of 60% of income on student and academic services remains positive for UCEM.

1575 The Committee **APPROVED** the UCEM Value for Money Statement 2023-24 for publication on the UCEM website and as demonstration of compliance with OfS condition of registration E2.

ACTION: Publish the Value for Money Statement 2023-24 on the UCEM website. [LH]

5) ANY OTHER BUSINESS

1576 5/ ANY OTHER BUSINESS

1577 There were no other items of business raised.

6) CLOSE

1578 The Chair thanked the Committee for the discussions and closed the meeting at 11.45am.

Date of next meeting:
13 November 2025

Signed



Name

Chris Costigan

Position

Chair of Audit Committee

Date

13 November 2025