



**AUDIT AND RISK ASSURANCE COMMITTEE
MINUTES OF THE MEETING HELD ON TUESDAY 21ST SEPTEMBER 2021 @11.00
FOR GENERAL RELEASE**

Present: **Ian Falconer, Chair**
Gwyn Arnold, Member
Dave McIntyre, Member
Prof. David Vaughan, Member

In attendance:

Alan Doyle, Finance Director
Michael Rigby, Leonherman
Ian Musgrave, UNIAC
Ben Norris, Clerk
Kate Sayer, Secretary

1. WELCOME AND APOLOGIES FOR ABSENCE

The Chair welcomed the committee and the representatives from Leonherman and UNIAC.

2. DECLARATION OF INTEREST

None.

4. PREVIOUS MINUTES (item b/f)

a. Audit and Risk Assurance Committee

i. Minutes of 01.07.21 for Accuracy – A separate tracker to monitor outstanding actions from external reports had been created but was not presented with the minutes. Going forward, this document will be provided with the minutes and action tracker. With exception of this point, the minutes were agreed by the committee in terms of accuracy and completeness.

ii. Action Tracker – [ARAC]Jul-21|5a(2) – progress on writing the Marketing Strategy was discussed by the committee. A draft had gone to the Board of Directors (BoD) on 31.08.21 and Board members agreed that significant work was to be done on the document before it is presented again to the November meeting of the BoD. ARAC members suggested that the strategy could include ways of maintaining and growing student numbers. The committee recommended recruiting further external marketing expertise. The Chair noted that this was a key strategic risk that needs to be prioritised and resourced.

[ARAC]Apr-19|BER(18) – the revised Student Complaints Process is now complete, and initial feedback from staff indicates that this streamlined process is working effectively. The policy document is to be ratified by the Academic Board in October.

[ARAC]Jul-21|13a(1) – the Clerk of the Executive/Management committee is now producing a document of actions from the interim meetings, noted alongside the agenda points. This action is now complete.

ARAC]Jul-21|6d(1) – draft minutes from the July ARAC meeting were circulated to all members for review. The committee members were happy with the level of detail given in the minutes. This action is now complete.



[Action: VP and FD to consider the role of ARAC in monitoring the management and executives' work on marketing.] (4aii-1)

3. MATTERS ARISING

b. Committee business:

- i. Indicative work schedule – the amendments were accepted by the committee.
- ii. Terms of Reference – it was suggested that the issue of Academic Risk be included in the ARAC Terms of Reference. Also mentioned was the meeting quorum, and what should happen in the instance of the Chair being absent. It was therefore suggested that a Deputy Chair be appointed to the ARAC committee.

[Action: VP to add Academic Risk as an example of responsibility in the ToR for ARAC. VP to also coordinate the appointment of a Deputy Chair for ARAC to address the issues of the meeting quorum, and alter the ToR accordingly when this has been completed.] (3bii-1)

13. FURTHER READING (Item b/f)

- a. Minutes & action plans of other committees:
 - i. Board of Directors
 - ii. Academic Board

There were three common topics identified through the minutes of the other committees: recruitment, communications from the OfS and COVID-19. These areas were discussed in section 5a Risk Register.

5. COMMISSIONING ASSURANCE:

- a. Risk Register– the Risk Register was presented to the committee. The highest rated risk indicated was low student recruitment. [This section contains commercially sensitive information and has been redacted.] Social media has been a key focus of marketing but other methods should be looked at again to recruit from a wider audience.
[This section contains commercially sensitive information and has been redacted.] The Risk Management team has followed all relevant government guidance related to COVID-19 and the return to on-site delivery. Reports continue to be submitted regarding infections in-house, and at-home testing kits are available for collection by staff and students. The facilities at Futureworks are fully open for on-campus teaching delivery. The Committee was assured that Covid risks continue to be managed.
[This section contains commercially sensitive information and has been redacted.]
- b. Internal Audit:
 - i. UNIAC Update and plan for AY21/22 - the first internal audit review is to be on the effectiveness of the student voice and student engagement from programme level to governance. The terms of reference for this review are currently being drafted by UNIAC in advance of the Executive/Management meeting in October. The cyber review is ongoing; a self-assessment against the national security centre controls has been completed and all policies and procedures in this area are to be audited. A summary of the draft report is to be circulated to ARAC members to provide assurance in this area for inclusion in the Committee's 20/21 Annual Report. It had been indicated that four external reports should be commissioned per year, but due to the size of the in-house management team to implement any



recommendations, the Committee accepted that two reviews per year may be more proportionate.

- ii. Management response to review of statutory returns process – the Financial Director summarised the process and work done following on from the UNIAC review of the statutory returns process. Four recommendations were suggested by UNIAC, three of which have now been implemented at Futureworks, with the fourth in progress.
- c. External audit plan – the timeline of work for the external audit was presented to the committee. Currently Leonherman is at the information gathering stage, and the ‘Prepare by Client List’ will be forwarded to the committee within the coming days. [This section contains commercially sensitive information and has been redacted.]. The financial documents produced by Futureworks include all items necessary to satisfy OfS accounting requirements. The committee agreed the external audit plan, and requested a letter confirming that Leonherman would carry out the audit objectively and independently. (NOTE: Letter received on 22/09/2021)

6. RECEIVING ASSURANCE:

- a. Financial Management – the Financial Management pack was presented to the committee. This pack had been seen by the Board of Directors on 31/08/21 for review [This section contains commercially sensitive information and has been redacted.]
- b. Marketing Report – see section 4aii.
- c. Management response to HR report – the progress on the recommendations from the HR report were welcomed by the committee, with 13 out of 19 items now completed. A separate tracker of incomplete external recommendations is to be presented to future meetings (see 4ai) which will include any outstanding recommendations from the HR report. An amendment to doc6ciii was requested to include the FD separately to the Accounting department.
- d. Committee self-evaluation schedule – the committee self-evaluation schedule was noted by the committee and the Chair proposed that the next cycle should take place earlier in the academic year so the results were available in time for ARAC’s own Report.
- e. Review of compliance returns – this was received by the committee.
- f. Evaluation of partner performance – the committee welcomed the document. It was suggested that the role Futureworks takes in selecting external examiners be included, alongside the nature of validation arrangements and funding agreements with UCLan.
- g. Management response to review of statutory returns process – see 5bii.
- h. Financial regulations – the Financial Director presented the Financial Regulations for annual review by the committee. It was noted that the role ARAC plays in financial risk is not included in the regulations. Additionally, the section on fraud does not cover academic fraud. Subject to these amendments, the Regulations were approved.
- i. Guidance on brand management – the updated policy details when and how the brand and logo should be used. This was the final action from the Board Effectiveness Review, which is now complete.

[This section contains commercially sensitive information and has been redacted.]

[Action: VP to alter staffing structure diagram (6ciii) to include FD separately from the accounting department.] (6c-1)



[Action: VP to consider adding Futureworks' role in selecting external examiners to the evaluation of partner performance document. VP to also consider adding a paragraph explaining the nature of the validation arrangement and funding agreement with UCLan to the document.] (6f-1)

[Action: FD to consider adding the role ARAC plays in financial risk, and the issue of academic fraud to the financial regulations document.] (6h-1)

7. MANAGING ASSURANCE ARRANGEMENTS:

- a. Matrix of assurance providers – this was presented to the committee, and the Chair welcomed the progress that had been made with this document. However, many areas still need populating, and further work is to be done to ensure all areas of assurance are covered comprehensively.

[Action: VP and FD to liaise with the Chair to reformat the matrix of assurance providers to better suit the committee's purposes.] (7a-1)

8. REPORTING ASSURANCE:

- a. ARAC Annual Report– the draft report was provided to the committee, with the final report due for sign-off in January. Key areas of the report were discussed, in particular risk management, value for money, the NSS, COVID-19 and data quality. It was noted that the committee continues to mature and has developed strong communication channels with the Board of Directors, the management team, and external assurance providers. Members recommended highlighting Futureworks' achievements over the year within the annual report [This section contains commercially sensitive information and has been redacted.]

[Action: VP and Chair to work on the ARAC Annual Report and provide a revised draft using track changes to the next meeting for review.] (8a-1)

9. REVIEW OF MEETING AND MATTERS FOR REPORTING TO THE BOARD OF DIRECTORS:

It was requested that a larger meeting room with windows be used for the next meeting.

10. AOB:

None.

11. ITEMS FOR FUTURE DISCUSSION:

None.

12. DATE OF NEXT MEETING

The next scheduled meeting of the Audit & Risk Assurance Committee is:
11th January 2022 @ 11.00 via Teams and at Futureworks.