



## UCP AUDIT COMMITTEE

February 20, 2024

4:30 PM - 6:00 PM

Remote Meeting

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### ATTENDANCE

#### **PRESENT**

Alison Davies (Chair)

Mark Woods

Peter Walker

Liz Knight (Academic Director)

Louise Perry (Chief Financial Officer)

#### **IN ATTENDANCE**

Joanne Ulyatt (Governance director)

Roopa Patel-Harji (Validera)

#### **APOLOGIES**

Rachel Nicholls (Chief Executive Officer)



## 10. WELCOME

Standing item

Speaker: Chair

Time: 16:30

- (a) Apologies for absence: Apologies were received from Rachel Nicholls.
- (b) Eligibility, quorum and declarations of interest: No notice had been received of any Member becoming ineligible to hold office, the meeting was quorate and there had been no interests declared.
- (c) Requests for urgent business: There were no requests for urgent business received.

## 11. MINUTES

Standing item

Speaker: Chair

Time: 16:32

- (a) Minutes of the last meeting (09.11.23)
- (b) Matters arising from the minutes
- (c) Actions from the minutes

- a. The Minutes of the last meeting held on 9 November 2023 were confirmed for electronic signature.  
**(Action 4)**
- b. There were no matters arising.
- c. Outstanding Actions from the last meeting were considered; all had been completed.

## 12. INTERNAL AUDIT DRAFT ASSIGNMENT BRIEF - STRATEGIC PLAN: CURRICULUM DEVELOPMENT

Decision item

Speaker: Internal Auditor

Time: 16:35

- a. A draft audit brief was presented with emphasis on strategic plan objectives and how the curriculum planning process aligns. The sections highlighted in red text can be further fleshed out if the Committee are happy with the premise of the brief. This audit would then commence mid-April.
- b. The Committee asked if the audit will review small group sizes which are potentially a problem from a financial point of view and consider whether, since these instances are not planned, if they should be looked at and approved by the Committee in order that they are alert to the issue arising and that courses are proceeding on a loss-making basis. It was explained that because UCP is now giving unconditional offers from point of application, there is sometimes no choice but to run a course even with low numbers because a contract has been entered into once an offer is made. There are still conversations with those students to seek to move them to alternative provision because low numbers do not offer a good student experience, but it is a problem resulting from unconditional offers. Governors noted that an annual reporting process against the costing system would allow monitoring of how much small group sizes are costing which would be useful context for the Committee to understand the implications given the narrow margins and small surpluses. The 5-year plan looks at attrition rates and decisions are made not to run courses in future if numbers are consistently lower than plan. Further discussion was had around whether this is a matter for review by



the Committee or whether it should be monitored via an entry on the Risk Register. The Committee were reminded that this audit brief aims to consider if the curriculum planning fits with the strategic objectives set. Whilst valid points are made regarding the cost of small group sizes, it is difficult to evaluate because so many of the courses have shared modules, but the margins are very tight so it is crucial. Once the year has started there is an obligation to run the courses offered, so the information is more useful for the planning for the following year. Courses with historically poor numbers, or overlap with competitors or staffing difficulties, for example, are withdrawn at the planning stages. There is not a set minimum target due to course variations, but 8-10 is typical, so the Committee asked whether they could have a report of group sizes below 8 as a simple list, along with any mitigations such as shared modules and actions taken, then questions can be asked if there appears to be an issue. It was agreed that this issue relates more to performance monitoring so could be added to a future audit where it would more naturally be included rather than adding to this brief, and the Committee were advised that work had been done to make the UCP finance report more of a finance and performance report around metrics in place, and although small groups were not in there they could easily be added in as requested. **(Action 5)**

c. The Committee further discussed their understanding of the audit outputs and how it could be tested going forward. The curriculum planning processes were outlined and the audit brief proposes to review whether the strategic plan objectives are followed through into the financial and curriculum planning. Documents will be reviewed to test the quality of the decision making that goes into curriculum planning and whether that annual planning aligns to enable delivery of the strategic plan or if it needs to shift to meet the objectives and, if so, if there a process to marry the two. The audit will therefore look at whether there are systems and processes in place to look at the planning at a number of points throughout the year to ensure the best possible chance for UCP to deliver a financial surplus and a good curriculum plan, notwithstanding so many moving parts and strict guidelines around contracts because of HE fees. The audit output will help Council members to understand if the planning cycle supports the strategic plan that is signed off and how it would be addressed if it were to diverge.

*The UCP Audit Committee **approved** the Strategic Plan: Curriculum Development audit brief.*

## 13. RISK REGISTER

Information item

Speaker: CFO/Academic Director

Time: 16:45

- Board Assurance Framework
- Risk Register

a. It was noted that generally the strategic risks remain fairly static due to external factors that impact on them.

b. The availability of Adult Learner Loan allocation was flagged as the key risk factor as IEG/UCP has exceeded allocation and although the maximum growth amount was awarded, this will be insufficient to run all of the planned provision. Every effort was made to secure further allocation but to no avail, and it is therefore unlikely that it will be sufficient to enrol all planned cohorts in year on the roll on roll off courses. Finance are working through the impact of this.

c. A 7% pay award was given in January which was the maximum deemed affordable and there are signs of the staffing position continuing to stabilise. The Committee asked whether IEG had a sense of pay offers made by competitors; IEG were one of the last to award this year as additional funding provided saw a number of colleges award earlier than usual, and following a FoI request received by the sector there was a list published, so IEG could clearly see where the award sat amongst



competitors. There is also a good deal of information sharing on the Finance Director networks so IEG know that salaries offered are competitive and remain so following the pay award. Market Rate Allowances and Golden Hellos in certain hard to recruit areas have also helped and vacancies are starting to fall.

d. The updated Risk Register was presented. The Committee noted Risk 249 and enquired as to how negotiations with ARUP were progressing and what the MOU might cover; a meeting was held in November and the AD attended a strategy event in January, and a Memorandum of Understanding was now in the draft stages and will be shared at the next meeting of the UCP Council. A flavour of what that would look like was provided. IEG are working hard on developing the relationship with ARUP and working on a MOU is a positive step in the right direction.

## 14. UCP FINANCIAL REGULATIONS ANNUAL REVIEW

Speaker: CFO

Time: 16:55

a. An in-year update to the Financial Regulations was provided following an external audit finding which noted that one debt write-off threshold was incorrect in the existing regulations for IEG and UCP. An amendment was made to correct this on page 16 of the document, however it was noted that no regularity breaches have occurred as a result of this error as UCP have no individual debts that reach the threshold.

b. A couple of other minor amendments are proposed, including the addition of an appendix stating the matters reserved to the IEG Corporation Board which it was felt would improve the document, and an update to approval thresholds to align UCP thresholds to those of IEG.

c. In general this is an early update of the document which will be reviewed again in June ahead of the next financial year in line with the usual review period. Comments were sought from the Committee in advance of the document being reviewed by the UCP Council and approved by IEG Finance & Resources Committee; all members were content with the amendments proposed.

## 15. DEBT RECOVERY REPORT

Information item

Speaker: CFO

Time: 17:05

a. An update on bad debt provision and recovery of old debts was provided as it had been a key area of concern at the end of last year. £89K of prior year debt had been collected or resolved since the last report. IEG/UCP utilise the services of a debt recovery partner who are very effective. If a debtor cannot be traced or there is no chance of recovery then a debt is written off, but a number of students have now paid in full or are paying via a payment plan, so whilst a slow process, it is moving in the right direction. The Finance Team are still working through queries but have managed to resolve 6 queries with ARU. The Committee were reassured that a lot of work is being done on this and it is in hand. b. There is a possible £90K (2% of HE fees) of outstanding debt to be recovered for 2023/24, however this has only just fallen due so it is not yet certain how much of that will require a provision against it.

The Committee questioned whether the whole provision related to students directly, or whether some related to SLC payments; it is likely a mixture of both and since some money originated from SLC it is expected that ARU are still holding some funds owed.

c. The Committee noted that adjustments in 2022/23 saw bad debt provision increased and queried whether this meant that Finance had not been prudent enough in the provision at the end of 2021/22 and had therefore under provided, and whether the provision at the end of 2023 would be sufficient; generally, record keeping is now much improved and there is greater confidence in the figures.



2021/22 was still a year impacted heavily by Covid with lots of processes moved online which did not necessarily secure the required signatures and paperwork, and lots of students who came and left without ever stepping foot on campus, so it was difficult to align what was actual debt and what should have been credited off. The years affected by the pandemic were difficult to manage but the Committee were reassured by the explanation provided. The Committee requested an aged debt analysis by year in the next financial report which would add further reassurance. **(Action 6)**

## 16. URGENT BUSINESS

Standing item

Speaker: Chair

Time: 17:15

None requested.

## 17. DATE OF NEXT MEETING: THURSDAY 23 MAY 2024 AT 16:30

Standing item

Speaker: Chair

Time: 17:15

All business being concluded, the meeting closed at 17:20.