
Introduction

On 9th March, we hosted an event with guest speakers from across the sector. The session was intended to provide an update on the current regulatory environment and changing attitudes to risk within the HE sector.

Discussions were held around risk management within changing regulatory and political environments, and how the sector can ensure that the steps it takes are relevant and appropriate. This was supported by specific debates around how universities can manage risks associated with climate change, as well as more general thoughts about what good internal audit and assurance might look like.

Andy Westwood – Professor of Government Practice and Vice-Dean at the University of Manchester

Andy covered the current political climate that universities find themselves operating in. Much of this was centred around the challenge posed by regional disparities and inequality within the UK, and how universities should respond to this. Questions were raised about how universities develop and fulfil roles as ‘civic’ institutions and demonstrate their impact on places that have been ‘left behind’ by regional disparity. The need for universities to consider these higher level questions, while continuing to operate within tight day-to-day budgets was also discussed. This debate fits within a larger overall narrative about the ‘value’ that universities provide, including graduates who benefit society.

We believe that while universities are vocal about their roles as ‘civic’ institutions, this is often in a much broader, global sense, and there is scope to improve the communications around the regional benefits that they provide. The overall debate around the value provided by universities remains an ongoing discussion in the sector.

Martin Conway – Senior Audit and Assurance Consultant at Uniac

Martin opened a discussion about the current regulatory framework, and how the shift from HEFCE to the OfS has worked in practice so far. Overall the landscape is still developing, and there is still a lot of work to be done in the sector. While the OfS is complying with the regulatory code, this is not without frustration from universities used to dealing with a more hands on approach from the previous funding body. The OfS is trying to bridge gaps where it can, having recently published a new student engagement framework, and opening several consultations, such as the ongoing admissions discussions. Universities however are still struggling with the new arm’s length approach, with limited guidance around engagement for data returns and reportable events.

The implications of the new OfS framework are being evidenced in day to day operations though. Most notably, changes to risk registers, and new emerging risks are reflecting a more student focused drive from the OfS. This is supported by more documentation provided around assurance, and an overall greater responsibility and accountability of the governing body. Similarly, audit programmes are becoming increasingly aligned with this framework, and shifting from past conceptions of what assurance might look like.

By tapping into our member and client institutions, we can help universities to identify how the sector is coping with this new framework. This includes identifying emergent best practice, as well as common problems with the regulating body, and how these are being tackled.

Robert Cox – Council and Audit Committee member at the University of Huddersfield

Robert discussed the implications of current climate change debates on universities, with one clear theme throughout: that institutions need to take decisive action. While many universities have already declared climate emergencies, this is not enough unless it is backed up with considerable action. Similarly, if they are already taking this action, they should evidence it, in order to manage reputational risk, and share good practice. Ideally, action should be embedded into standard practice, and considered at all levels, including both considerations of risk and mitigation at senior and executive committees, and communications / learning options offered to students. Many of the risks associated with the climate change debate overlap and enhance other standard institutional risks, for instance:

- Negative action taken may affect reputation damage e.g. increasing carbon investment portfolios.
- Poor estate management may lead to reduced energy efficiency and contribute to pollution.
- Links to 3rd part suppliers who may have poor carbon footprints, or dubious climate agendas may cause reputational damage.

There is a need to ensure that any action taken is appropriate and achievable, and not simply ‘greenwashing’ of the university image. There is a significant challenge to be noted here in that any action taken, and possible benefits, may not fit neatly into university five year plans / strategies, so any action taken should be incremental, and acknowledge that this is part of a larger drive.

We would support Robert’s advice that climate action needs to occur across all levels of institutional operation, and we believe that preparing strategies across the standard five year plan would also add value. There are possibly further debates as to the speed and volume at which changes should be adopted, and this is something that the sector will have to negotiate alongside broader political discourse.

James Paterson – Director, Risk and Assurance Insights Ltd

Using relevant examples such as the COVID-19 outbreak, and the 2008 financial crash, James outlined what he feels makes good, progressive internal audit - mainly based around comprehensive, clear coverage of institutional risks, as well as covering the overall risk culture and awareness in the institution. Good internal audit should:

- Align with the strategies, risks and observations of the institution
- Improve risk governance and compliance



- Coordinate and measure assurances, and effectiveness of other forms of assurance
- Make non-obvious connections, and understand root causes which may otherwise remain unidentified.

James also covered:

- Being realistic on the internal audit resource – the function cannot be expected to have on-going involvement in key business risks and boards need to understand and receive information from other assurance sources
- Clarity on internal audit report gradings – ensuring that it’s clear as to what the scope of the audit was and how much assurance can be taken from the conclusions.

The discussion also encompassed ‘risk imagination’ and how institutions strike the balance between identifying risks that may seem unlikely, and appropriate mitigation that can be put in place for these.

We believe that we offer many of the things that James aligns with good internal audit practice. In our risk based approach, we aim to review the whole process and operation at institutions, including the risk appetite and culture amongst the staff. Similarly, our benchmarking allows us to spot emergent risks from across the sector, and press for further ‘imagination’ from governing bodies / risk and assurance committees.

How can we help?

We run regular events on topical risk, assurance and audit themes – we also issue related briefing notes and benchmarking reports.

More substantially, whether you want to evaluate your Board and Audit Committee assurance framework in the light of the new regulatory regime, or to review other institutional risks, Uniac can help.

For further information on these, or any other aspect of Uniac’s internal audit and assurance service, please do get in touch.



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