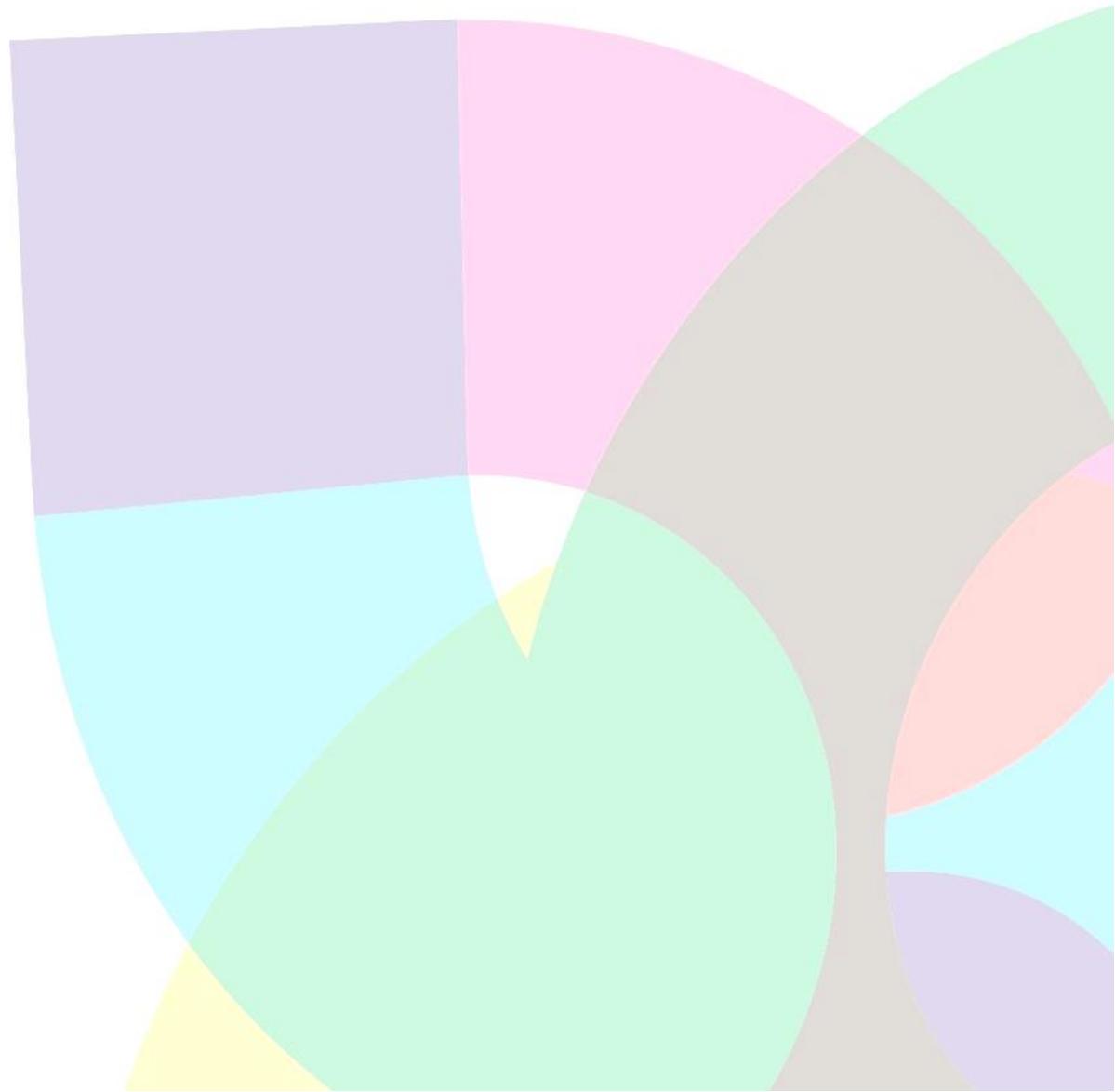


Uniac Annual Report
2020/21



Introduction from the Chair of Uniac's Board

I am pleased to introduce Uniac's annual report for 2020/21. Uniac has adapted and indeed prospered over the last twelve months and continues to provide a well-respected, highly professional and responsive service for and across the sector. We were delighted to win new contracts with Liverpool John Moores University and Durham University and, with the Board, I am confident that Uniac will continue to grow in strength.

Despite the challenging circumstances faced by the sector and wider society as a result of the Covid-19 pandemic, this year has seen enhancements in our service – be it the further development of the specialist knowledge we deploy within our programmes, or facilitating assurance mapping at institutions and ensuring that our work complements the broader governance framework. As well as the aforementioned new business success, we have also worked with other institutions on one-off assignments – and we will undertake further engagements of this type in the next twelve months.

Our annual conference (held virtually in May) had over 60 attendees from 30 institutions and included a key-note presentation from Nolan Smith – Director of Resources and Finance at the Office for Students. Behind the scenes, we have been enhancing our audit action tracker software offering whereby we host and co-ordinate the tracking process to give institutions additional comfort that all agreed audit actions have been implemented in full.

Inception and governance

We were established in 1992 by three higher education institutions as a shared provider of internal audit services. The anticipated advantages were:

- a specialist team with the breadth of experience and skills to undertake wide-ranging risk-based assignments
- a deep knowledge of the sector and, where appropriate, the sharing of best practice; and
- competitive prices.

At the time, the proposed model was unprecedented. Input and approval was sought and agreed with the then sector regulator (the Higher Education Funding Council for England (HEFCE)).

A Uniac Board was constituted with representation from each of the members with a responsibility for the oversight of Uniac's governance, strategic and financial plans and to hold the senior management of Uniac accountable for delivery.

Uniac currently has seven member institutions, and we provide internal audit services at 13 others – which includes partnering arrangements where we support in-house teams (for the full list, see the 'Institutions we work with' section towards the back of this report).

Vision and strategy

Our vision is to be recognised as a successful shared service providing knowledgeable, high quality and highly valued internal audit to the higher education sector, whilst also being recognised as one of the very best internal audit providers across all industry sectors. Uniac is of the sector, for the sector, and understands the sector. We are visible and valued advisors to senior management teams and audit and risk committees in institutions that have, or aspire to, a considered approach to internal audit, risk management and assurance. Work by Uniac is seen as an investment rather than a cost. We audit the most technologically advanced environments effectively and use technology to deliver services efficiently. We are a confident, vibrant organisation with self-motivated staff who enjoy what they do and deliver a collective best of their skills to the institutions we work with.

At a glance

- We have continued to reflect on and work with institutions as they explore and test the appropriateness of their **governance frameworks**. With the less prescriptive stance taken by the Office for Students, some boards and audit and risk committees have been looking beyond the sector at, for example, the Financial Reporting Council's guidance on audit committees. This prompts questions about the advantages and benefits that the potential alternatives bring, and the implications for the committees and the internal audit functions. We think we can help and support these considerations

and play a role in ensuring that internal audit and the related governance processes are fit for purpose

- The Government's Department for Business, Energy and Industrial Strategy '**Restoring trust in audit and corporate governance**' **consultation** has prompted us to reflect on internal audit practices (and the implications for the institutions we serve) irrespective of who will be affected and when. Is there adequate focus on the main financial risks and controls, what is an appropriate balance in an annual programme between broader strategic risk and ensuring the internal financial control environment is adequate? How much thought is being given to an audit and assurance policy and the benefits of assurance mapping? Again, we are spending time reflecting and discussing approaches with senior teams and committees
- **Assurance mapping** – working with our members, clients and beyond, we have been assisting institutions in establishing assurance maps. Whilst the approach varies, we have been concentrating on ensuring that the maps flow from and feed back into the strategic risk registers, capturing the sources of assurance and ensuring a consistency in approach regarding the first, second and third lines of assurance / defence. We have also been considering the level of detail, the requirements of board and committees and ensuring that the outputs are useful for executives and staff and embedding them within operational activities
- **Support for smaller institutions** – we serve a range of institutions, from large Russell Group members through to specialist providers. **Our approach and programmes are bespoke and tailored accordingly.** For our smaller clients, we recognise the specific

pressures and resourcing issues that they face and help develop the annual programmes with care and the aim of supporting them with, for example, navigating the mandatory data returns and ensuring good governance practices.

- **Briefing notes and benchmarking** – we issue regular briefing notes on topical themes which are aimed at non-executives and senior management teams. As well as providing broader sector context, they are also a prompt to consider future audits and reviews. Each year, we also undertake an in-depth benchmarking exercise where we engage across the sector and compare and contrast approaches. Topics in the past have included risk management and audit committee practices. In the coming months, we'll be issuing a best practice guide on assurance mapping, drawing in examples from within and beyond the sector.
- **Action tracker** – we have a well-established on-line tracker which we provide free of charge. All agreed audit actions are captured on the tracker and a prompt is sent to the responsible officers when the actions are due for implementation. Additional features include early engagement so that staff can make sure they are on course to complete their actions and a report that can be generated from the system that includes pie charts and analysis on implementation progress and implementation rates.
- **Forum and future events** – we have mentioned the event in May elsewhere and we will be hosting another forum in May 2022. In addition, we recently ran a webinar on 'Digital disruption at pace – what it means for higher education' – and we will be hosting further events during 2021/22.

- **Sector engagement** – we are entering our 30th year and we have well established links in the sector. As well as engaging with the OfS, the last twelve months has seen us making presentations at the Confederation of Higher Education Internal Auditors' Conference and a briefing at an Advance HE event for audit and risk committees. We continue to liaise with the British Universities Finance Directors Group (BUFDG) where, in the past, we have presented at their annual conference and as an invited speaker at one of their fraud conferences.

Sector Specialists

Our size means that our staff can concentrate on specific audit areas – rather than being generalists – and can lead on their specialisms at all our members and clients – including capturing good and best practice as part of every review. We have staff with expertise in:

- Governance, risk management and assurance
- Academic governance, academic risks and opportunities and how institutions are developing their services as we emerge from the pandemic
- IT and cyber. The cyber threat has increased significantly for the sector over recent years, and there is a greater reliance on digital systems which has intensified during the course of the pandemic. The reliability, resilience, and security of an institution's IT infrastructure is recognised on most risk registers as a key strategic risk.

- Compliance – be it related to the Competition and Markets Authority, GDPR, Accommodation Code of Practice adherence or research grant expenditure verification.

We are also cognisant of risks that are increasingly prevalent on institutional risk registers, e.g., climate change and EDI – and we have staff who specialise in those areas as well.

Our People

During 2020/21, we bolstered our team as demand for our services increased. We welcomed Mike Ritzmann back who returned after a period elsewhere in the sector. Amongst other things, Mike brings expertise on data and data returns and enhances existing expertise in this area within Uniac.



We have continued to promote staff development – Elly Holmes is undertaking a post graduate qualification; Fiona Waller is nearing the completion of her CIMA accountancy exams and Paddy Marshall continues to build on his data training as well as embarking on IT audit related training.



Martin Conway, Gai Murphy and Clare McCauley (to name but a few) continue to ensure that our sector specialist experience is deployed across all institutions we serve.



Ian Musgrave, Uniac’s Head of IT Assurance, leads a team that includes expertise in related governance and training as well as technical risk management approaches.

Equality, Diversity and Inclusion (EDI)

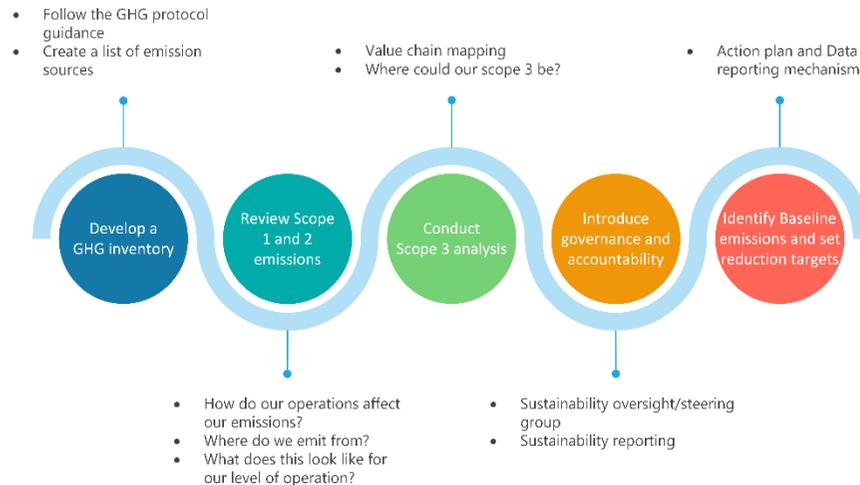
Uniac has a firm commitment to EDI. We regularly engage in staff and student-based EDI audits with partners and clients, and author briefing notes and updates which explore issues surrounding equal opportunities, differential circumstances and the intersectionality of protected characteristics. We have made some excellent steps within 2021 to proactively eliminate limitations and potential discrimination for our staff, and plan to continue improving EDI initiatives within the 2021-22 academic year (and beyond). This includes reviewing our reporting structure to aid accessibility, introducing in-house EDI guidance, and committing to personal development for a Uniac EDI specialist.

However, we also understand that sustained action is required and that we have a long way to go to improve the diversity across our staff population at every level, for all protected characteristics. This is of particular importance following the unprecedented and challenging time throughout the Covid-19 pandemic.

Sustainability

We comply with ISO 14001 – Environmental Management System and, through increased home working and reduced travel to institutions, we have reduced our emissions considerably. However, we can do more - we are liaising with our energy provider to ascertain how our electricity is sourced to see whether we can increase the use of low carbon alternatives.

To allow for more informed sustainability reporting in the future, we will commit to a five-point plan, focusing our actions and aims. We plan to follow the five point plan outlined below.



Looking to the future

We have never stood still in terms of what we provide and have objectives surrounding measured growth. There's a lot going on and the need for mature, value adding audits is as important as ever. In the next twelve months we will be:

- Reflecting on and enhancing our IT strategy and IT audit programmes to ensure that we capture new risks and opportunities and that our assessments and work includes heightened cyber and general IT fraud concern.
- Undertaking further reviews surrounding academic risks and opportunities and assisting institutions in ensuring that the OfS ongoing registration conditions are adhered to.
- Continuing with our data return verification service as well as, more broadly, working with institutions on their use of data and data analytics.

Financial Report – year ending 31st July 2021

Balance Sheet	As at 31 July 2021 £	As at 31 July 2020 £
Fixed Assets	4,868	3,995
Debtors	364,792	71,451
Work in Progress	75,018	100,748
Cash at Bank	106,998	194,116
Prepayments	14,319	19,211
Current Assets	561,127	385,526
TOTAL ASSETS	565,995	389,521
Accruals	53,352	26,164
Creditors	19,931	27,358
Payments in Advance by Members	303,335	192,236
TOTAL LIABILITIES	376,618	245,758
TOTAL ASSETS LESS TOTAL LIABILITIES	189,377	143,763
REPRESENTED BY PROFIT & LOSS ACCOUNT	189,377	143,763

Income and Expenditure Account	Year to 31 July 2021 £	Year to 31 July 2020 £
Member Income	840,156	911,915
Non-Member Income	265,544	262,818
Other Income	0	152
TOTAL INCOME	1,105,700	1,174,885
Salaries, Pension and National Insurance	(872,064)	(1,004,250)
Depreciation	(3,365)	(3,944)
Other Costs	(184,657)	(183,752)
TOTAL EXPENDITURE	(1,060,086)	(1,191,946)
Surplus/(Deficit) before Tax	45,614	(17,061)
Corporation Tax	0 ¹	(17,939)
SURPLUS/(DEFICIT) AFTER TAX	45,614	(35,000)

Uniac is a member of the Greater Manchester Pension Fund. Membership is underpinned by a guarantee to the Fund given under seal by Manchester Metropolitan University in 1992. The University's continued standing with the Fund, and the perceived security offered by its guarantee, underpins the Fund's willingness to take a long-term view of any pension liabilities accrued by Uniac.

Manchester Metropolitan University, for its part, benefits from guarantees, also given under seal, from Uniac's other member universities that they will honour their share of any pension liabilities that should crystallise.

The last actuarial valuation obtained (in 2019) identified a liability of c.£82,000. The next formal funding valuation is scheduled for the 31st March 2022. Hitherto the liability has not been captured within the annual report and financial statements but when the latest valuation is obtained both will be updated accordingly.

¹ TBC

Institutions we work with



Nottingham Trent University



Falmouth Exeter Plus



Want to find out more?

If you are interested in finding out more about Uniac, please contact:



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Director
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