

---

# HE Sector Update

August 2014



---

## The Memorandum of Assurance and Accountability

The Memorandum of assurance and accountability between HEFCE and institutions became effective on the 1<sup>st</sup> August 2014 and replaces the Financial Memorandum. It sets out the terms and conditions for payment of HEFCE grants and, at an appendix, includes the Audit Code of Practice.

The main changes include a new financial commitments threshold, the introduction of a register of HE Providers and a mandatory requirement regarding subscriptions to the Joint Information Systems Committee (JISC).

The Audit Code of Practice sets out what HEFCE require HEIs to have in place to provide themselves (and HEFCE) with adequate assurance on good governance, internal controls, risk management, achieving value for money and the management and quality assurance of data. There has been little change in the Code with some minor changes including:

- Specific reference to the Student Loans Company (in addition to the Higher Education Statistics Agency and HEFCE) with regard to the Audit Committee's annual report and the opinion on the management and quality assurance of data
- Bolstering the role of internal audit as a vital element in good corporate governance.

## HEFCE Assurance Reviews

The HEFCE Assurance Review is a short site visit to HEIs to ensure that there are suitable accountability processes within each HEI to assure the validity of its annual accountability and assurance returns.

Having completed the first five year cycle, HEFCE have now begun the process again and the methodology remains the same. The focus of the visit is on the annual returns and discussions cover the supporting evidence for the information and the assurances that have been provided. The accountability returns include the:

- Annual monitoring statement
- Audit Committee annual report
- Internal audit annual report
- External audit management letter
- Higher Education Early Statistics (HESES) return
- Transparent approach to costing (TRAC) return.

Institutional meetings are held with, amongst others, the Designated Officer, the Chair of the Board, the Chair of the Audit Committee, the Head of Internal Audit and the External Audit Manager or Partner.

## UK Visas and Immigration (UKVI) Compliance

UKVI compliance and the implications for international students at HEIs has been a topical and serious issue within the sector for the last few years. Latterly, there has been a focus on the alleged falsification of English language tests and London sub-campus of certain UK universities – in some cases, the QAA have been asked to examine whether any further action should be taken against the parent institutions. Consequences have included universities losing their highly trusted status and therefore being unable to sponsor any new international students.

Student visa rules are tightening from November 2014 onwards – at present, universities would lose their highly trusted sponsor status if more than 20% of students they offer places to are refused visas. The threshold will be cut to 10%.

## Universities UK Cyber Security Self-assessment Health Check

The Universities UK cyber self-assessment survey is designed to help senior management teams of HEIs understand and review their preparedness to evaluate their institution's cyber risks. The exercise involves answering questions on four themes of good practice:

- Assessment of the cyber security threats facing the institution
- Understanding of the information assets held by the institution
- Arrangements for oversight of cyber security risks
- Cyber security management needs.

Institutions returning the completed self-assessment to UUK will receive an individual briefing to further assist in the development of cyber security management strategies.

## How can Uniac help?

### *The Memorandum of Assurance and Accountability*

Whilst HEFCE is only one of a number of stakeholders in the sector, compliance with the Audit Code of Practice remains a key governance requirement. We have extensive experience of the Code and its implications for senior management teams and Audit Committees. Amongst other things, we can provide a presentation to Committees on the audit and governance framework including examples of best practice across the sector and beyond.

### *HEFCE Assurance Reviews*

If you have been informed of a HECFE Assurance Review or simply want confirmation that your practices are in line with their expectations, we have first-hand experience of the questions and documentation reviewed during visits. We work with both senior managers

and governors to ensure institutions are prepared for the HEFCE visits and that there is a broader understanding of the expected governance landscape.

#### *UKVI Compliance*

We have worked with 15 universities to assess and improve the necessary controls to ensure compliance and undertaken detailed data analysis. As well as providing assurance, our work also factors in considerations surrounding the international student experience. Through our sector networking and contacts, our reviews are constantly updated to ensure we address the changing rules and UKVI priorities.

We also assess the steps that universities take to ensure that there is adequate oversight and action if it becomes clear that students have not got the expected language proficiency.

In addition, we have worked with the National Fraud Initiative to assist with the development of a pilot study to identify immigration fraud by comparing institutions' international student cohort to the Home Office immigration database.

#### *Universities UK Cyber Security Self-assessment Health Check*

We contributed to the development of the health check and work with institutions to discuss IT reviews for inclusion within the internal audit plan to complement the health check exercise. Our IT Audit team understand the cultural as well as the technical aspects of cyber risks and provide an informed and relevant service.

For further information on how we can help or any other aspect of Uniac's internal audit and assurance service please do get in touch.



#### **Richard Young**

Director

t: 0161 247 2959

e: [ryoung@uniac.co.uk](mailto:ryoung@uniac.co.uk)

**[www.uniac.co.uk](http://www.uniac.co.uk)** Follow us on Twitter...**[@uniac\\_audit](https://twitter.com/uniac_audit)**