

Council for Higher Education Internal Audit

# Annual Report 2021/22



**30 Years of CHEIA: 1992 – 2022**

# Council for Higher Education Internal Audit

## Annual Report 2021/22

### A message from the Chair

Welcome to CHEIA's Annual Report for 2021/22. Since the formation of CHEIA in 1992, successive Chairs and Treasurers have submitted their annual reports to the Annual General Meeting. In pre-COVID times, the AGM's were in person events, much as all of our events were, and hard copy reports would be distributed to those present, and would be brief, in part to minimise printing costs.

We now live in different times. We conduct more of our business, whether in the 'day job' or in our CHEIA lives, in the virtual environment, and it looks increasingly as if, for most of us, a return of the daily commute between home and campus or a centrally located office is a thing of the past, replaced by some form of hybrid or blended working practice.

The changes that have taken place within CHEIA over the last couple of years have been particularly remarkable. If we look back to 2019 and before, the CHEIA year was marked by our annual in person conference, a couple of regional events per year in each of the Northern and Southern regions and some exchanges between members on the discussion boards. CHEIA did represent a community of those involved in HE internal audit, but for most of us, it was very much in the background. Contrast that to today. While we have not managed in person meetings for a long time, the opportunities to meet on-line have increased hugely, and for a large part of CHEIA's membership, that community is probably far more tangible than it was before. And its much more democratic, accessible and inclusive. There is now no need for members to feel excluded from participation due to barriers of distance or cost, while participation in an event does not necessarily take you away from your other responsibilities for large chunks of time.

This year's annual report is bigger than those that have gone before. The separate Chair's Report and the Treasurer's Report have been brought together with more information about who we are and what we do. We have more to talk about. We have lots to celebrate. We have still have ambitions to further develop and promote the role and status of internal audit in higher education, just as we did in 1992.

I would like to take this opportunity to thank all our members for their continued support of CHEIA, for their engagement in our events, for their contributions in so many other ways and I hope that CHEIA can look forward to more of the same as we move forward into 2023 and beyond.

David Williamson

Chair

# Council for Higher Education Internal Audit

## Annual Report 2021/22

### About CHEIA

The Council for Higher Education Internal Audit (CHEIA) was formed in 1992 to create a community of good practice for internal audit within the UK higher education sector. Its membership is drawn from practising internal auditors within HEI's across the UK, the Republic of Ireland and beyond, from professional advisory firms and specialist consortia providing out-sourced internal audit provision, funding bodies and other organisations with an interest in the promotion and development of internal audit within the sector.

Since 1<sup>st</sup> August 2019, CHEIA has operated as a Special Interest Group within Professional HE Services (PHES).

### About PHES

Professional HE Services is a not-for-profit company limited by guarantee. It provides shared services for a range of HE sector networking organisations, each with the objectives of assisting specific professional interest groups to advance good practice within their respective disciplines. In addition to CHEIA, PHES supports the activities of the Association of University Directors of Estates (AUDE), Association of University Legal Practitioners (AULP), British Universities Finance Directors Group (BUFDG), College and University Business Officers (CUBO), Higher Education Strategic Planners Association (HESPA) and Universities Human Resources (UHR).



Each organisation operates autonomously within financial sustainability rules agreed with PHES and is run by its own executive. PHES provides a shared legal framework, accounting and governance support, and a common infrastructure supporting each organisation's web presence and on-line conferencing facilities.

### CHEIA Objectives

CHEIA's primary objective is to enhance the effectiveness of internal audit in the HE sector through:

- Promoting good practice for internal audit providers to meet the needs of HE institutions and the sector's stakeholders;
- Promoting and developing the role and status of internal audit in higher education;

# Council for Higher Education Internal Audit

## Annual Report 2021/22

- Providing education, training and development opportunities for its members.

This objective is achieved through networking, information sharing and professional development activities offered to members.

Membership is primarily at an organisational level with individual universities and firms taking out subscriptions with CHEIA. Individuals with a demonstrable association with a member organisation may then register as participants and access the benefits of membership.

This primary objective is further supported by a medium-term Development Plan. The Development Plan sets out priorities for the enhancement of the services offered by CHEIA to its membership. A copy of the Development Plan is available on the [CHEIA website](#).

## Highlights of 2021-22

The academic year started with our member organisations starting to make some tentative steps to emerge from COVID-19 lockdown. Having been unable to deliver our trademark annual conference in 2020, CHEIA undertook its first on-line conference in September 2021 using the Hopin platform and facilitated through PHES. A key benefit of the on-line format was the increased accessibility offered to members and we experienced a significant increase in the number of attendees in comparison to the traditional in person conferences of 2019 and earlier. Conscious of the challenges of extended screen time, adjustments were made to the format and structure of the event and we were encouraged by the high levels of engagement throughout the three days of the conference.

Sessions offered included VFM in a post-COVID world, a Student Experience panel discussion involving a heart-felt and emotional address from an international student sharing their experiences of coming to the UK to study, the use of Technology in HE, Effective Engagement with Audit Committees, the IIA Code of Practice and IA as a Trusted Advisor, Engagement and Assurance in Alternative Providers, Horizon



Scanning with a legal and regulatory focus, Agile Internal Audit, and the Future of Internal Audit Reporting. More informal sessions were introduced for the first time at which participants could reflect on the sessions earlier in the day, sharing experiences and considering how the topics raised by the invited speakers might impact policy and practice within their own workspaces. Once again, we are grateful to our guest speakers for their contribution to the event.

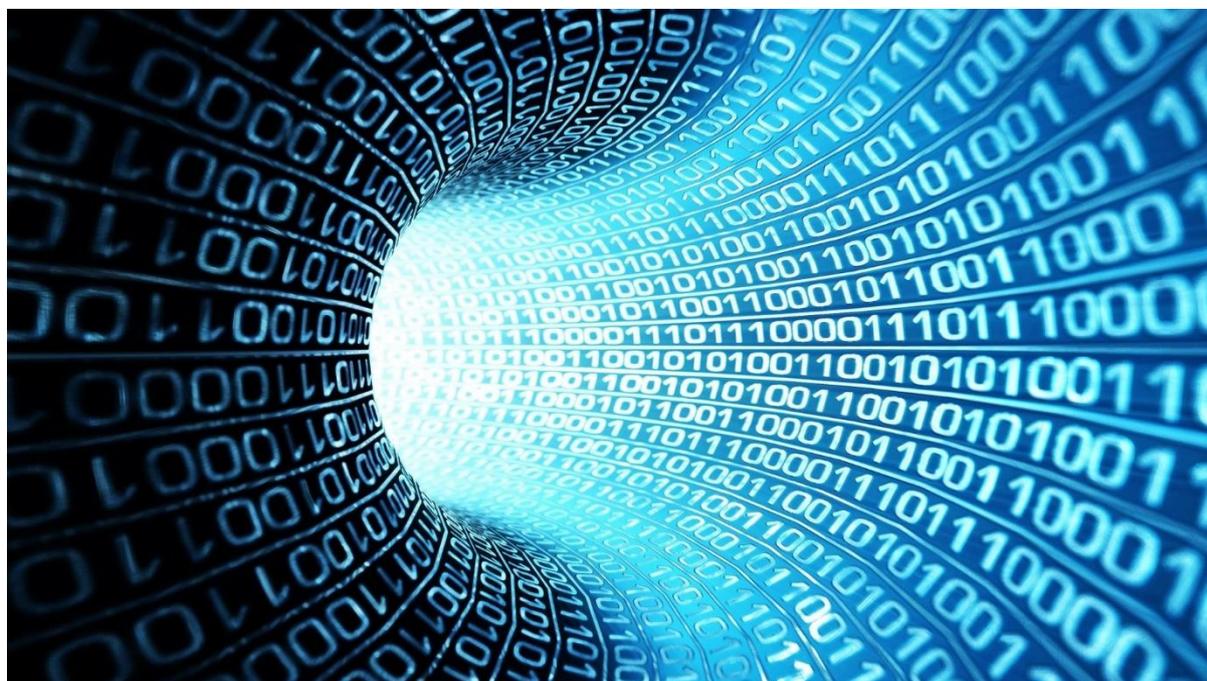
# Council for Higher Education Internal Audit

## Annual Report 2021/22

A downside of the format is the reduced scope for the social networking aspects of the conference, the speed networking feature of Hopin being a poor substitute for the informal chat over coffee breaks or meal-times between sessions.

BiteSize sessions, first delivered in 2020 to fill the gap created by our inability to provide regional meetings due to COVID restrictions, continued through 2021/22. Six sessions over the course of the year have covered evaluation of Environmental Social and Governance risks, responding to cyberbreaches, apprenticeships, fraud risk and auditing culture.

The Heads of Internal Audit forum has continued to meet, with the regular informal discussions supplemented with the occasional more structured and focused sessions looking and approaches to planning and reporting, and a guest session considering UKRI audits and approach to fraud counter-measures.



The Practitioners' Forum has also met throughout the year. The group has worked with the Chartered Institute of Internal Auditors data analytics group, challenging the group to assist in identifying opportunities to increase the use of data analysis in HE audit.



CHEIA has again facilitated its annual quality assurance programme support with five institutions engaging in peer-reviewed assessments and others using the Spider assessment tool to support self-assessment for internal QA purposes.

# Council for Higher Education Internal Audit

## Annual Report 2021/22

CHEIA is also represented on the UUK Student Code of Accommodation Governing Body and on the Sector Advisory Group, contributing to the development and oversight of the Code and the audit and compliance arrangements supporting it.

### The CHEIA Executive

The executive is a volunteer group, drawn from the membership with responsibility for coordinating CHEIA's activities and being accountable to both members and to PHES for CHEIA's performance and use of resources.

The executive comprises four elected members (the Chair, the Treasurer and an elected member from each of the Southern and Northern Regions) and up to 10 co-opted members.

All members of the executive are appointed for a term of one year. Elected members may stand for re-election but service is capped at five years of consecutive service in a given post. Co-opted members can be reappointed for a maximum of 10 years consecutive service.

The following have been members of the executive for 2021/22:

- David Williamson      University of the West of Scotland (Chair)
- Barry Frankham      University of Brighton (Treasurer)
- Bridget Bishop      University of Hertfordshire (Southern Region)
- Ben Wood      University of Edinburgh (Northern Region)
- Christine Edwards      City University of London (appointed April 2022)
- Stan Farmer      Open University (retired January 2022)
- Sonia Howard      Open University (appointed April 2022)
- Jilly Huggins      University of Bristol
- Sitha Khanam      Cranfield University (appointed November 2021)
- Alan Lee      KCG
- Faye Lloyd      Cardiff University
- Richard Neal      Deloitte

Each of the above is eligible for reappointment in 2022-23. Barry, Ben, Jilly and Faye have however decided to step down from the executive with effect from the 2022 Annual General Meeting. Together with Stan, who retired from the executive earlier in the year, each has made a significant contribution to CHEIA over their terms of office, and I would like to take this opportunity to express my thanks for their efforts and to wish them well with their new ventures.

The executive is always keen to hear from members who may be interested in offering time to the work of CHEIA, whether as serving on the executive, or with suggestions for Bitesize or Conference content, representation of CHEIA on other sector bodies, or supporting other initiatives such as Mentoring.

# Council for Higher Education Internal Audit

## Annual Report 2021/22

### Administrative Support

CHEIA also benefits from the support of our dedicated Administrator, Nkechi Ijeomah. Originally engaged directly by CHEIA, Nkechi now operates from within the PHES shared services arrangement, acting as our primary point of contact with PHES and with CHEIA membership, supporting the logistics of CHEIA's calendar of events, and helping the executive to operate effectively. Our thanks are extended to Nkechi for everything that she does for the group.

### Financial Performance

Since 2019, CHEIA no longer produces independent financial statements. The executive are responsible for CHEIA's income and expenditure within parameters agreed with PHES, including an annual budget and a reserves policy. The following is an extract from the financial statements of PHES.

#### Income

	<b>31 July 2022</b>	<b>31 July 2021</b>
Membership Subscription	16,383	17,025
Conference Income	14,880	-
Bank Interest	71	16
Total Income	<u>31,334</u>	<u>17,041</u>

#### Expenditure

	<b>31 July 2022</b>	<b>31 July 2021</b>
Employment Costs	30,052	28,568
Overheads	3,752	4,309
Travel & Subsistence	45	-
General Office Costs	125	262
Conference Expenditure	1,197	-
Total Expenditure	<u>35,171</u>	<u>33,139</u>
Deficit for the period before tax	(3,837)	(16,098)
Tax	729	5,749
Deficit after tax	<u>(3,108)</u>	<u>(10,349)</u>

#### Reserves

	<b>31 July 2022</b>	<b>31 July 2021</b>
Reserves at start of the year	60,313	70,662
Deficit after tax	(3,108)	(10,349)
Reserves at Year End	<u>57,205</u>	<u>60,313</u>

# Council for Higher Education Internal Audit

## Annual Report 2021/22

CHEIA once again recorded a deficit of expenditure over income in the year. As part of the transition from a stand-alone entity into PHES, a period of deficit operations was always anticipated and part of CHEIA's aims is to grow our income while continuing to manage costs. We are well on our way towards this objective and the out-turn for 2022 exceeded our budget expectations which projected a deficit of over £12,000 for the year.

CHEIA's business model has always been based on an element of surplus from the annual conference supporting other activities and performance in 2021/22 has benefitted from the successful resumption of conference activities in September 2021 following the break in September 2020.

We recognise a share of overheads passed on from PHES as a cost of the shared service benefits of membership. Our direct overheads remain low as we continue to operate on a predominantly virtual basis with minimal travel and meeting costs.

As we plan to resume the in-person conference, our income and operating costs are expected to increase as we take account of venue hire and other essential costs of a physical event, offset by increases in ticket prices.

CHEIA has historically operated to a reserves policy of ensuring available funds were sufficient to meet 1-2 years of operating costs. Against this measure we have a reserves balance approximating to over 19 months of activity.

PHES operates to a different model under which our minimum reserves requirement is £16,264 (2021 £15,706). On this basis, CHEIA has reserves standing at 350% of the PHES requirement.

On both bases, CHEIA therefore has sufficient reserves in place to continue its operations. Our target is to move to a breakeven or surplus position within the next 12-24 months.