



HARTPURY

AUDIT AND RISK MANAGEMENT COMMITTEE HARTPURY UNIVERSITY

Minutes

10.00am Wednesday 14th November 2018
Gordon Canning Room

Present: Ms Lisa Oliver (LO) (Chair)
Dr John Selby (JS)
Mr Russell Marchant (RM)

In Attendance: Ms Katrina Naphine (KN)
Ms Lynn Forrester-Walker (LFW)
Mrs Barbara Buck (BB)
Mr Patrick Brooke (PB)
Mr Duncan Laird-KPMG (DL)
Mr Kevin Williams-PWC (KW)
Mr Graham Papenfus (GP)
Mr Rees Batley-KPMG (RB)

Apologies: Iain Williams
Efe Ayeni

Minutes: Dr Nicola Potter

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| 1. | The chair introduced herself in her first Audit and Risk Management meeting. Apologies Apologies were received from Mr Iain Williams and Efe Ayeni | | |
| 2. | Declaration of Interest. Paper UA2-11-18. The Clerk advised that members' interests would be taken as those disclosed in the Register of Members Interests. There were no further declarations of members interests for agenda items. | | |
| 3. | Minutes of the Last Meeting. Paper UA3-11-18. Minutes of the meeting held on the 22 nd June 2018 were agreed to be a true and accurate record and signed by the Vice-Chair. | | |

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| 4. | <p>Hartpury University Audit and Risk Management Committee Terms of Reference approval Paper UA4-11-18.</p> <p>Discussion was held in relation to the number of Governor Members on the Committee and the likelihood of an inquorate meeting with a Membership of two governors and a quorum requirement of two governors. It was agreed that the recommendation for increasing the governor membership to three be taken to the next Search and Governance Committee.</p> <p>In addition, following the correction of some minor typographic errors within the document, the Terms of Reference were approved.</p> <p><u>ToR Recommendations</u> An additional governor be appointed to the Audit and Risk Management Committee</p> <p><u>ACTION</u> Recruitment of an additional governor member be on Audit and Risk Management Committee to be discussed at the next Search and Governance meeting</p> <p><i>The Terms of Reference for the Hartpury University Audit and Risk Management Committee were approved to go forward to Corporation</i></p> | <p>Clerk</p> <p>Clerk</p> | <p>16/1/19</p> <p>06/12/18</p> |
| 5. | <p>Discuss progress on recommendations from Internal Audit Reports. Paper UA5-11-18.</p> <p>LFW provided an update on the actions and progress on outstanding audit recommendations.</p> <p>LFW advised that progress on Information and Cyber Security has been limited due to staff departure, and resulting staffing restructure, in this area. The IT team structure is now more settled, including the newly recruited permanent Head of IT and the Director of Digital Strategy, and progress should accelerate.</p> <p>An offline authorisation of Purchase Order process has been developed that is controlled and robust. When questioned by a governor on the effectiveness of the IT system LFW confirmed that it was fit for purpose.</p> <p>A governor challenged the accuracy of the 'Progress' statements as to whether tasks were definitely complete when some related processes detailed in the 'Management Response' column were clearly still ongoing. A discussion took place and KW confirmed that in most cases, the internal actions initially identified had been completed but there may be follow up actions that should then be added as a separate entry by Hartpury.</p> <p>In the column stating the deadline, it was suggested to use the term 'Original Deadline' to ensure dates sitting in the past are identified as such. This should</p> | | |

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| <p>be avoided to a greater extent in the future by more accurate estimation of time to completion by the new teams involved in those related tasks. Dates of estimated completion will also be added to the report for the next meeting. Realistic deadlines with appropriate challenge are important.</p> <p>When questioned about student debt management, LFW confirmed that she is satisfied with how bad debt is reflected in provisions and that the Strategy Finance and Resource committee review bad debt provision and that no audit concerns have been raised.</p> <p>Relating to Governance: Board Effectiveness, governors questioned why no specific diversity targets were set. Whilst filling any governance vacancy, skills gap is the priority, however, it was requested that governor diversity targets be discussed at the next Search and Governance Committee.</p> <p>When challenged on work carried out by contractors, it was confirmed that the internal audit will follow up and confirm that all actions have been completed. In response to being questioned whether students and/or Hartpury are being put at risk by not DBS checking all contractors, LFW provided reassurance in that adequate risk assessments are in place. The internal auditor agreed that there is confidence in Hartpury's policies.</p> <p>For estates related actions, Hartpury is currently looking at the project management of activities. The review of costs and authorisations of completed projects is carried out by the Strategy Finance and Resource Committee.</p> <p><u>ACTION</u> Provide estimated completion dates on 'Outstanding Internal/External Audit Recommendations' Progress Report</p> <p><u>ACTION</u> Discuss governor diversity targets at the next Search and Governance Committee</p> | <p></p> <p>IW</p> <p>Clerk</p> | <p></p> <p>11/4/19</p> <p>16/1/18</p> |
| <p>6. Discuss and recommend for approval</p> <p>6.1 The Audit highlights and Memorandum for the year ended 31st July 2018 – ISA260 Report. UA6.1-11-18</p> <p>RB reported on the audit findings and summary. RB informed members that overall the audit had gone well, that all work has now been completed, and was confirmed a clean audit. RB outlined the two significant risks identified as relating to i) Revenue recognition and ii) Management override of controls. Following audit activity in these areas, no significant concerns or issues were identified. Two areas of judgement were identified (Pension liability and Farm stock valuation). Both of these areas of judgement are considered reasonable and the work carried out at the farm in the last 12 months to improve stock valuation accuracy will decrease the risk of inaccuracies further.</p> | | |

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| <p>Outstanding actions include receipt of the management representation letters and receipt of the final ESFA reconciliation statements. Governors sought clarification on the prospect of any ESFA adjustments. In response LFW confirmed that Hartpury submit monthly returns to the ESFA which funds on a lag basis so adjustments are not immediate.</p> <p>It was confirmed that the different 'year end' date for Hartpury Rugby had minimal effect due to limited activity during the month of August.</p> <p>A discussion took place regarding LGPS and related liability. RB confirmed that the assumptions made in this regard are within the auditor's benchmark range.</p> <p><i>The Audit highlights and Memorandum for the year ended 31st July 2018 – ISA260 Report was recommended for approval by the Corporation.</i></p> <p>6.2. Letter of Management Representation. Paper UA6.2-11-18.</p> <p>RB advised that this is their standard letter of representation.</p> <p><i>The Letters of Representation for Hartpury College, Limbury Ltd, Rudgeley Services Ltd and Hartpury Rugby were recommended for approval by the Corporation.</i></p> <p>6.3. Hartpury University (formerly Hartpury College) Financial Statement 2017/18. Paper UA6.3-11-18</p> <p>A governor highlighted that some typographical and grammatical errors were present in the document. It was agreed that these would be reviewed outside of the meeting and then re-circulated to the committee members for approval.</p> <p><i>The Hartpury University (formerly Hartpury College) Financial Statements were recommended for approval by the Corporation.</i></p> <p>6.4. Limbury Ltd Financial Statements 2017/2018. Paper UA6.4-11-18</p> <p>A governor highlighted that some typographical and grammatical errors were present in the document. It was agreed that these would be reviewed outside of the meeting and then re-circulated to the committee members for approval.</p> <p><i>The Limbury Ltd Financial Statements were recommended for approval by the Corporation.</i></p> <p>6.5. Rudgeley Services Ltd Financial Statements 2017/2018. Paper UA6.5-11-18</p> | <p>Clerk</p> <p>Clerk</p> <p>Clerk</p> <p>Clerk</p> | <p>06/12/18</p> <p>06/12/18</p> <p>06/12/18</p> <p>06/12/18</p> |

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| <p>A governor highlighted that some typographical and grammatical errors were present in the document. It was agreed that these would be reviewed outside of the meeting and then re-circulated to the committee members for approval.</p> <p><i>The Rudgeley Services Financial Statements were recommended for approval by the Corporation.</i></p> <p>6.6. Review Hartpury Rugby Ltd. Financial Statements. Paper UA6.6-11-18</p> <p>A governor highlighted that some typographical and grammatical errors were present in the document. It was agreed that these would be reviewed outside of the meeting and then re-circulated to the committee members for approval.</p> <p><i>The Hartpury Rugby Ltd. Financial Statements were recommended for approval by the Corporation</i></p> <p>6.7. Statement on the University as a "Going Concern". Paper UA6.7-11-18.</p> <p>LFW explained that the board of governors, by signing and approving the annual financial statements, must be of the view that Hartpury can meet its financial commitments going forward (which is twelve months after the accounts are signed i.e. for the period up to December 2019). LFW summarised the two-year financial forecast and the cash generation figures including the assumptions used.</p> <p><i>The Statement on the University as a "Going Concern" was recommended for approval by the Corporation.</i></p> <p>6.8. Finalised Internal Audit Plan for 2018/19. Paper UA 6.8-11-18</p> <p>KW presented the final proposal for the 2018/19 audit plan and focused on changes made since the draft plan presented in June. When challenged on the increase in number of days allocated to the GDPR review, KW explained that the audit approach for this area wasn't finalised in June and requires the equivalent of 3 extra days due to the need to use specialists who are charged out at higher rates. The increase in audit days, which overall was one day, was approved.</p> <p>The shifting of the Competition and Market Authority review from Q2 to Q3 was approved.</p> <p><i>The Finalised Audit Plan 2018/19 was approved.</i></p> <p>6.9. Core Finance Review. Paper UA6.9-11-18</p> | <p>Clerk</p> <p>Clerk</p> <p>Clerk</p> <p>Clerk</p> | <p>06/12/18</p> <p>06/12/18</p> <p>06/12/18</p> <p>06/12/18</p> |

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| <p>The Terms of Reference were approved</p> <p>6.10. UUK Student Accommodation Review. Paper UA6.10-11-18 The Terms of Reference were approved</p> <p>6.11. GDPR Review. Paper 6.11-11-18 The Terms of Reference were approved</p> <p>6.12. Audit Committee Annual Report. Paper UA6.12-11-18 The Audit Committee Annual Report was presented which detailed the work of the Audit Committee and its auditors over the previous 12 months. The Clerk stated that it provides assurance to the Corporation that Hartpury processes and systems are effective and is of the opinion that the governing body's responsibilities have been discharged to a satisfactory standard.</p> <p><i>The Audit Committee Annual Report is recommended for approval by the Corporation.</i></p> | | |
| <p>7. Risk Management.</p> <p>7.1 Review Risk Register. UA7.1-11-18</p> <p>LFW explained that the risk log continues to evolve in the new format with risks relating to the transfer to HE sector and University Title removed and those relating to OfS added. Risks related to the Pension scheme have also been added, which could have an impact of approx. £0.5m on the budget. Other risks including those relating to GDPR, the Agri Tech development and the student record system have also been developed.</p> <p>Risks scores relating to governance have increased in recognition of Hartpury operating with two Corporation boards and two sets of committees for both the College and University.</p> <p>When questioned by the internal auditor about where risks are raised and discussed, LFW assured the members that risks are an agenda item at weekly SMT meetings, monthly Hartpury Executive meetings and up through operational level meetings such as HE Exec. The Risk Management Group also meets three times per year and discussed risks at an operational level. A discussion took place on risk assessing the potential impact on a decrease in tuition fees. RM confirmed that modelling this is challenging and the likelihood of this happening quickly, in the short term, is low. Hartpury will keep abreast of any developments in this area through key links such as GuildHE, OfS and AdvanceHE.</p> <p>7.2 Review Top Risks. Paper UA7.2-11-18.</p> | | |

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| | <p>LFW advised that top risks are identified as having an initial risk score of ≥ 10 and a RAG rating of red. A governor raised the issue of risk assessing social media and was assured that there is a separate risk related to this topic. Hartpury monitors social media traffic to identify inappropriate posts and will act accordingly to reduce the associated risks.</p> <p>7.3 Note Minutes from Risk Management Group Meeting. Paper UA7.3-11-18</p> <p>LFW explained that this paper provides assurance that operational risks are considered and discussed regularly and feed in to the overall Risk Register. RM reinforced the importance of reviewing CCTV capability and linking it to Safeguarding and Prevent related policies.</p> | | |
| 8 | <p>Review Purchase Order Compliance. Paper UA8-11-18</p> <p>All purchase orders were compliant with financial regulations.</p> | | |
| 9 | <p>Update on ESFA Data Audit – verbal update (for information for University Committee)</p> <p>LFW reported that the ESFA investigate data accuracy at a random sample of colleges. A management letter will be produced in due course, but initial feedback received has been positive and that Hartpury has cleared any issues raised quickly. An adjustment has been made for Rugby, and a minor timing discrepancy has been discovered between when non-returners were marked as officially withdrawn.</p> <p>A report of the audit will be brought to the next Audit and Risk Management Committee.</p> | | |
| 10 | <p>Any Other Business</p> <p>The main meeting was followed by a short Members Meeting comprising of the Chair, Governors, Auditors and Co-opted Member.</p> | | |
| | <p>Dates of future meetings all at 10.00am unless stated</p> <p>Thursday 11th April 2019 Wednesday 19th June 2019 Thursday 14th November 2019</p> | | |

Chair Audit Committee

11th April 2019