



HARTPURY

AUDIT AND RISK MANAGEMENT COMMITTEE HARTPURY COLLEGE

Minutes

10.00am Thursday 19th June 2019
Gordon Canning Room

- Present:** Mr Patrick Brooke (PB) (Chair)
Mrs Barbara Buck (BB)
Ms Katrina Naphine
- In Attendance:** Ms Lynn Forrester-Walker – Chief Operating Officer (LFW)
Mr Russell Marchant – Principal (RM) (from 11am)
Ms Lisa Oliver (LO) (Chair)
Dr John Selby (JS)
Ian Robinson (IR)
Iain Williams (IW)
Mr Efe Ayeni -PWC (EA) – Internal Audit
Mr Duncan Laird – KPMG – External Audit
Mr Graham Quint (GQ) (Item 7)
Mr John Lisle – Head of MIS (Item 5)
Ms Jessica Taylor - Director of Communications & Marketing (Item 5)
Mr Paul Featonby – Head of MIS (Item 5)
Gillian Steels - Clerk to the Governors
- Apologies:** Mr Kevin Williams-PWC
Mr Rees Batley - KPMG

		ACTION	ACTION DATE
1.	Apologies Apologies were received from Mr Kevin Williams – PWC - Internal Audit and Rees Batley – KPMG – External Audit.		
2.	Declaration of Interest. Paper		

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	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 Some minor amendments to the minutes of the meeting held on the 11 th April 2019 were suggested. Following the amendments being made, the minutes were agreed to be a true and accurate record and signed by the Chair.		
4.	Matters Arising The action taken to ensure quoracy at the last meeting was considered. It was suggested that the Search and Governance Committee reflect on quoracy and committee size at their next meeting. 8.2 – Value for Money – Students - Requirement – the Chief Operating Officer updated that this was to be discussed with the Student Union in the new academic year and then a proposed response taken to the November Strategy, Finance and Resources Committee. It would then be incorporated within the Financial Statements.	S&G Comm	Oct 2019
	John Lisle Head of MIS and Jessica Taylor – Director of Communications and Marketing and Paul Featonby – Head of Admissions were welcomed to the meeting.		
5.	Internal Audit Reports MI and Data Quality Review – Medium Risk - College Report 4 Recommendations – 2 Medium, 2 low The Internal Auditor took the Committee through the report, which had reviewed the College's compliance with the Education and Skills Funding Agency (ESFA) funding guidance, using a number of samples in line with requirements. Committee members expressed concern at the number of anomalies identified. The Chief Operating Officer reminded the Committee of the context of the audit, which had been undertaken post an ESFA audit in August 2018 which had identified a number of areas, which had not been significant, the majority of these action points had been updated. It was noted that the current enrolment process required data to be manually		

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<p>input from the application form and that there was always the possibility of human error in the transfer process. It was confirmed that work was ongoing to move to an on-line application process, this was currently at the scoping stage and would not be in place for the 2019 enrolment process.</p> <p>The Head of MIS advised that a recruitment process was ongoing for a Compliance Officer to review compliance. This post would support the updated controls framework which had already been put in place, which used the Provider Data Self-Assessment Toolkit (PDSAT) to identify errors. This process was run on a monthly basis.</p> <p>The Committee queried whether the Head of MIS was comfortable that sufficient action had been taken. The Head of MIS updated on the range of actions taken: the enrolment form had been updated and that there would be a review to ensure any late changes by ESFA were updated.; staff training was planned for those involved in enrolment, including tutors. The Compliance Officer post would provide a further check and balance. The aim would be for a third of the FE student population to be sample checked using samples generated by the PDSAT to avoid bias. Committee members queried if this role was an internal or external appointment. The Head of MIS advised it was being recruited internally and externally to find an appropriate candidate. He advised the role would report to him but that this would not impact on the independence of the role. The Committee requested that the Chief Operating Officer consider the issue of independence further, recognising the importance of this aspect.</p> <p>A member expressed concern at the time taken to resolve the issues, and the risk of potential over claim. The Chief Operating Officer advised that the ESFA Audit had taken place in August with the feedback not being received until September. At this stage the application form had already been printed so it had not been possible to resolve issue relating to that format, but as previously advised the new format was now in place.</p> <p>A member queried whether there were any implications for students. The Chief Operating Officer advised that students were not penalised. It was also confirmed that where learning difficulty information had not been correctly transcribed from the enrolment form that the appropriate support would have been put in place from the original application form.</p>	COO	09/2019

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	<p>It was recognised that an electronic system would reduce data transfer errors but recognised that different errors could still occur. Members queried what would be put in place to minimise this. The Chief Operating Officer advised that a Continuous Improvement Director was now in place who was focusing as a first project to improve and rationalise admission and enrolment processes to ensure that any electronic system would work effectively. The process was currently being mapped to ensure this. It was confirmed checks and balances would be incorporated in the plans. A member requested further information on the timing of this work. The Chief Operating Officer advised that the scoping needed to be undertaken so that the timescale could be accurately assessed. She agreed to update on this within the Audit Recommendations Update at the next meeting. It was noted it would cover HE and FE enrolment and was a significant project. It was confirmed that once the project had been scoped long and short term goals would be identified to maximise timely progress.</p> <p>The Committee stressed their support for this work being prioritised. It was recognised that there were legacy issues from 2 years ago which were being resolved. Progress that had been made was recognised.</p> <p>Members queried whether the current processes detected students providing incorrect addresses fraudulently. The Committee was advised that a number of questions were used to cross check to identify fraudulent information.</p> <p>The Internal Audit Report was NOTED with the Recommendations to be monitored through the recommendation tracker.</p>	COO	11/2019
6	<p>Sub-Contractor Controls Assurance</p> <p>The Committee considered the report on Sub-Contractor Controls, noting that the ESFA require each year that the College obtain independent assurance on the arrangements in place to manage and control sub-contracts. It was noted that PwC had provided this assurance and that the report set out the scope of the work, the findings and recommendations.</p> <p>It was noted that Hartpury College sub-contracts some of its education delivery to three organisations:</p> <ul style="list-style-type: none"> • Rugby Football Development to delivery Adult Education Budget • Gloucestershire Football Association to deliver Adult Education 		

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	<p>JISC. The purpose had been to identify those areas of Hartpury's ICT network which may be vulnerable to a 'hacking' type attack from both internal as well as external threat actors. This was the first time this test had been undertaken. The report included the remediation work required to reduce or remove our exposure to these vulnerabilities. It was noted that the majority of the findings, particularly the critical and high-risk findings had already been rectified. The outstanding critical and high-risk findings were awaiting 3rd party resolution.</p> <p>It was confirmed the process would be undertaken annually in future. The Director of Digital Services advised that the security levels had also been refined as part of the review process. Committee members recognised that this was an important issue, particularly reflecting on recent reports that two thirds of universities had been hacked. The need to have effective systems in place to support recovery if a hacking incident took place was highlighted by External Audit.</p> <p>The Director of Digital Services advised that with the appointment of the new Head of IT more work had been put in place to identify "what good looked like" on the network which was a helpful development. The Committee recognised the progress made. The Director of Digital Services updated on work to update the Business Continuity Plan to strengthen Hartpury's resilience. Improved back up processes and use of cloud had been put in place.</p> <p>A member queried whether the resource was in place to meet these requirements. The Chief Operating Officer advised that they were incorporated in the budget which would be considered by the Strategy, Finance and Resources Committee and then the Board of Governors.</p> <p>The Committee NOTED the report.</p>		
	<p>11.45am the Director of Digital Services left the meeting</p>		
<p>8</p>	<p>Audit Recommendations Update</p> <p>The Committee considered the update. It was noted that the report monitored recommendations classified medium or above.</p> <p>A member queried the "no action" comment against the GDPR report recommendations. The Chief Operating Officer advised that this reflected a timing issue as there had been a meeting to progress the recommendations after the update cycle for the recommendations register. She confirmed that work was underway to resolve the actions.</p> <p>The Committee stressed the importance of recommendations being</p>		

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	<p>progressed with timeliness.</p> <p>It was noted that in relation to the Management of Student Housing Compliance Audit that the recommendations were not yet due or were in progress rather than “no action taken yet” as was detailed. It was agreed more appropriate terminology would be used in future.</p> <p>It was also agreed acronyms should only be used having first been defined.</p> <p>The Audit Recommendations Update Report was NOTED.</p>	Head of Finance	
9.	<p>Internal Audit Annual Report – 2018/19</p> <p>The Committee considered the draft Annual Report for 2018/19. It was confirmed that the report outlined the Internal Audit work carried out for the year ended July 2019. It was noted that the Office for Students terms and conditions of funding for higher education institutions requires that the Head of Internal Audit provides a written report and annual internal audit opinion to the governing body and the accountable officer, which must be considered by the Audit Committee. As such, the purpose of the report is to present their view on the adequacy and effectiveness of:</p> <ul style="list-style-type: none"> • Governance, risk management and control; and • Economy, efficiency and effectiveness (value for money) arrangements <p>It was noted that the Opinion was:</p> <p><i>“We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control, and economy, efficiency and effectiveness arrangements (value for money). To assist the Audit Committee in understanding how our work corresponds to their reporting responsibilities, we have mapped our work against these areas”</i></p> <p><i>“In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.”</i></p> <p><i>“Our opinion is as follows:</i></p> <p><i>Generally satisfactory with some improvements required</i></p> <p><i>Governance, risk management and control, and value for money arrangements in relation to business critical areas is generally satisfactory. However, there are some areas of weakness or non-</i></p>		

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<p><i>compliance in the framework of governance, risk management and control and value for money arrangements which potentially put the achievement of objectives at risk.</i></p> <p><i>Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control and value for money arrangements.”</i></p> <p>It was noted this was the second level of assurance, and was higher than the previous two years.</p> <p>It was noted that the format for 2019/20 would change to meet Office for Students requirements. The Internal Audit Annual Report was NOTED.</p> <p>Internal Audit Plan 2019/20</p> <p>The Committee considered the draft plan for 2019/20. Internal Audit advised the report needed to cover the breadth of OfS requirements to enable the opinion to be given. The Committee considered the number of days and timing for a number of the reports.</p> <p>It was agreed the Hartpury Rugby Ltd Audit should be reduced to 3 days recognising its limited scale and the fact that it used all the standard Hartpury processes and procedures. It was agreed the timing also needed to be reviewed. It was agreed the Strategic Partnerships Audit should be deferred until 2020/21, recognising that Hartpury only had one partnership currently and was not planning to increase this in 2019/20. The Committee considered the Access and Participation Plan Audit, recognising this was ongoing work with OfS. It was agreed it should be moved to quarter 4 to get more benefit from the audit and that PwC would review the number of days required for this Audit..</p> <p>It was noted that the Risk Management Audit would look at how this was permeated through the organisation following the work undertaken by the Chief Operating Officer over the last two years. The Committee queried the number of days assigned to the General Ledger Audit. It was agreed the Chief Operating Officer would review this further with Internal Audit.</p> <p>Subject to the revisions proposed above the Internal Audit Annual Plan for 2019/20 was APPROVED.</p>	<p></p> <p></p> <p></p> <p></p> <p>PwC</p> <p></p> <p>COO</p> <p></p>	<p></p> <p></p> <p></p> <p></p> <p>07/2019</p> <p></p> <p>07/2019</p> <p></p>
<p>10. External Audit Strategy for Year Ending 31/7/2019</p>		

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<p>The External Auditor outlined the role of the audit, the plans to deliver it and the opinions they would provide to meet OfS and ESFA requirements. It was noted they would also report individually on:</p> <ul style="list-style-type: none"> • Hartpury College of Further Education • Rudgeley Services Ltd • Limbury Services • Hartpury Rugby Limited <p>And also the Teachers' Pension Scheme End of Year Certificate.</p> <p>It was noted that the timetable was now 30th November for submission to OfS and that meetings had therefore been brought forward. It was noted that the Audit and Risk Management Committee and the Strategy, Finance and Resources Committee would consider the Financial Statements on 6th November and that they would be provided with timeliness.</p> <p>The increase in Audit Fee was considered. It was confirmed that this reflected additional work required to comply with the regulatory framework.</p> <p>The External Audit Strategy was APPROVED.</p>		
<p>11. Risk Management</p> <p>11.1 Review Risk Management Register</p> <p>The Committee considered the Register. The main changes were summarised including new risks that have been added since the last Audit and Risk Management Committee. It was noted the Full Register was available on the Governance Site.</p> <p>It was confirmed that the arrows reflected change in either the original risk score or the mitigated score.</p> <p>It was suggested IT- Cyber should be on the register given the issues highlighted. The Chief Operating Officer advised they were on the IT register. It was noted 1.2.4 should be shown as green.</p> <p>11.2 Review Top Risks</p> <p>The Committee reviewed the top risks. The Chief Operating Officer advised she would review whether IT – Cyber should be on the register.</p>	<p>Chief Operating Officer</p>	<p>7/2019</p>

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	The Risk Registers were NOTED .		
12.	<p>Purchase Order Compliance</p> <p>The Committee considered the report. A member queried whether there was a formal waiver process where the Purchase Order process had not been complied with. The Committee was advised this was documented within the order process.</p> <p>The Purchase Order Compliance Report was NOTED.</p>		
13.	<p>Managing Risk in the HE Sector</p> <p>The Committee noted the PWC sector report.</p>		
14.	<p>Any Other Business</p> <p>Internal Audit Tender - this will take place for 20/21 year during 2019/20.</p> <p>The meeting closed at 12.50.</p> <p>The main meeting was followed by a good practice short Members' Meeting comprising of the Chair, Governors, Auditors, Co-opted Member and Clerk.</p>		
15.	<p>Dates of future meetings all at 10.00am unless stated</p> <p>Thursday 6th November 2019</p> <p>Thursday 9th April 2020</p> <p>Thursday 18th June 2020</p> <p>Wednesday 4th November 2020</p>		

Chair Audit Committee

6th November 2019