



# HARTPURY

## AUDIT AND RISK MANAGEMENT COMMITTEE HARTPURY COLLEGE

### Minutes

10.00am Wednesday 6<sup>th</sup> November 2019  
Gordon Canning Room

**Present:** Mr Patrick Brooke (PB) (College Committee Chair)  
Mrs Barbara Buck (BB) – FE Governor  
Ms Mary Heslop (MH) - FE Governor  
Ms Katrina Naphthine (KN)

**In Attendance:** Ms Lynn Forrester-Walker – Chief Operating Officer (LFW)  
Mr Russell Marchant – Principal (RM)  
Ms Lisa Oliver (LO) (University Committee Chair)  
Dr John Selby (JS)  
Prof. Ian Robinson (IR)  
Mr Iain Williams (IW) – Head of Finance  
Mr Efe Ayeni -PWC (EA) – Internal Audit  
Mr Duncan Laird – KPMG – External Audit – Senior  
Manager  
Mr Rees Batley – KPMG – External Audit - Partner  
Ms Gillian Steels - Clerk to the Governors

**Apologies:** Mr Kevin Williams-PWC

		ACTION	ACTION DATE
	Ms Mary Heslop was welcomed to the meeting.		
1.	<b>Apologies</b> Apologies were received from Mr Kevin Williams – PWC - Internal Audit.		
2.	<b>Declaration of Interest.</b> 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.		

		ACTION	ACTION DATE
3.	<p><b>Minutes of the Last Meeting – 19<sup>th</sup> June 2019</b></p> <p>Some minor amendments to the minutes of the meeting held on the 19<sup>th</sup> June 2019 were suggested relating to titles and meeting dates. Subject to these amendments the minutes were agreed to be a true and accurate record and signed by the Chair.</p>		
4.	<p><b>Matters Arising</b></p> <p>It was confirmed the budget had been considered and approved by the Board in July.</p>		
5.	<p><b>Risk Management</b></p> <p><b>5.1 Review Risk Management Register</b></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 since the last Committee meeting.</p> <p>A Committee member queried whether risks were required for the Agri-tech project. The Chief Operating Officer advised these risks were on the more detailed register and that there were no issues to highlight to the Committee. She confirmed the project was almost complete and was within budget.</p> <p>A discrepancy relating to the commentary on risk 1.2 was identified and the Chief Operating Officer confirmed she would amend this.</p> <p>Governors commented on recruitment issues which had been flagged as a concern in some areas and queried where this risk would be considered. It was noted that the Annual HR Report would be discussed at the Strategy, Finance and Resources Committee later that day and the Risk Management Group would also consider any risks relating to recruitment.</p> <p>A Committee member questioned whether the risk assessment for pensions was at a sufficiently high level. The Chief Operating Officer advised that the government had confirmed they would fund the costs for the next two years, which was the rationale for the current level, but confirmed that this was kept under review.</p>	<p><b>Chief Operating Officer</b></p>	<p><b>Dec 2019</b></p>

		ACTION	ACTION DATE
	<p>The Risk Registers were <b>NOTED</b>.</p> <p><b>5.2 Review Top Risks</b> The RAG rating assessment process was confirmed.</p> <p>The Committee queried the numbers of European staff and actions being taken to support them. It was noted that numbers were not significant and that the Head of HR was supporting staff as necessary.</p> <p>The Committee reviewed and <b>NOTED</b> the top risks.</p> <p><b>5.3 Risk Management Group Minutes</b> The Risk Management Group Minutes were <b>NOTED</b>.</p>		
6	<p><b>Audit Recommendations Follow Up Update</b></p> <p>The Committee considered the update. It was noted that the report monitored recommendations classified medium or above. The Committee was pleased at the progress being made in closing off recommendations.</p> <p>It was noted that a number of recommendations had extended deadlines because they were encompassed in wider continuous improvement projects. The importance of realistic timelines was stressed by the Committee so that they could be monitored effectively. It was confirmed that this was recognised and would be put in place for future reports.</p> <p>A Committee member queried how Bring Your Own devices were monitored for compliance. It was confirmed that where an individual signed on to the Hartpury network this could be monitored.</p> <p>A Committee member requested an update on the new Audit and Compliance Analyst post. It was confirmed that this new post would report to the Head of MIS to support department working but it was confirmed that the work would be transparent because of the monitoring reports which could be run on the data systems to ensure data integrity.</p> <p>The Audit Recommendations Update Report was <b>NOTED</b>.</p>		

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7.	<p><b>Internal Audit</b>  <b>Internal Audit Plan 2019/20</b></p> <p>It was confirmed that the revisions requested at the previous meeting had been worked through with management and put in place. It was noted that the changes were summarised in the Executive Summary.</p> <p>It was noted that Internal Audit would be following up Audit Recommendation from the previous year as part of their work. This would involve confirmation of the reported position in the Audit Recommendations Follow Up Report just presented.</p> <p>The Internal Audit Annual Plan for 2019/20 was <b>APPROVED</b>.</p>		
8.	<p><b>Procurement Compliance</b></p> <p>The Head of Finance presented the Procurement Compliance Report and provided assurance where there had been any variation on the standard compliance requirements, for example where work was bespoke or there was a need to align to current services.</p> <p>The Procurement Compliance Report was <b>NOTED</b>.</p>		
9.	<p><b>Financial Statements</b></p> <p><b>9.1 Audit Highlights &amp; Memorandum Year Ended 31<sup>st</sup> July 2019 – ISA 260</b></p> <p><b>It was confirmed the Auditors expected to issue an unmodified Auditor’s Report on the Financial Statements.</b></p> <p>The External Auditors summarised the work done and outcomes (report extracts below):</p> <p><b>“Controls Assessment</b> - We have raised no control deficiencies in either the current or prior year audits. Our controls testing over the financial systems demonstrated that there is a robust control environment with well-designed controls that operate effectively.</p> <p><b>Audit Adjustments</b> - We did not identify any audit adjustments as a result of our audit</p> <p><b>Risks – Revenue Recognition</b> was identified as a heightened risk due to the need to apportion across the University and College. No issues were identified.</p> <p>There was no evidence of <b>management override</b> of controls.”</p>		

	ACTION	ACTION DATE
<p>The report advised that work on <b>pension liabilities</b> was in progress. At the meeting it was confirmed this work was now completed and no concerns had been raised.</p> <p>“No issues identified in relation to <b>Use of Funds or Regularity.</b>”</p> <p>The External Audit Partner commented that the University was significantly ahead of other Universities in its preparation of the Accounts and that it had been a clean audit with a well-prepared team.</p> <p>He highlighted that in a change to the agreed plan pensions had been upgraded to a significant risk, a report had been received last night. No issues had been identified to date.</p> <p>The KPMG Senior Manager advised that the Use of Funds was an HE requirement, equivalent to the FE Regularity Audit.</p> <p>It was noted that the Fees relating to additional work from the previous year needed to be added. It was confirmed they were broadly in line with current year.</p> <p>A Committee member queried the OfS requirements for an Audit Committee. The Chief Operating Officer advised that Hartpury had previously confirmed compliance with the CUC code as part of the University Application Process and it was agreed this process would be repeated.</p> <p>The Committee agreed it would be helpful to continue to have an Internal Audit opinion as part of its assurance process.</p> <p>It was agreed the sector update was helpful. The changes in emphasis relating to Value for Money under the OfS were reflected on.</p> <p>The TRAC sign off process through the Strategy, Finance and Resources Committee and Board was confirmed by the Chief Operating Officer.</p> <p>The Finance Team were thanked for their work in the smooth running of the Audit.</p> <p>The KPMG Report was <b>NOTED.</b></p>	<p>A&amp;RM Comm</p>	<p>April 2020</p>

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<p><b>9.2 Management Letter</b> It was noted that the final version of the Management Letter of Representation was awaited from KPMG, but confirmed it would be in standard format.</p>		
<p><b>9.3 ESFA Regularity Self-Assessment Report</b> The Chief Operating Officer advised that this assessment is undertaken each year by the College to report on its processes and systems to support regularity and propriety. The ESFA now require that this document is reviewed by governors to assist the Chair of Governors and the Principal (as the Accounting Officer) to sign the self-assessment. In future this report would come to the June meeting prior to the Audit.</p> <p>A member of the Committee queried the level of expenses assessed as minimal on page 118. It was confirmed it was approximately £1,000.</p> <p>A member of the Committee questioned the Anti-Bribery training. The Chief Operating Officer confirmed she would update on this.</p> <p><b>The Committee Endorsed the Self-assessment for signing by the Chair of the Board and Principal.</b></p>	<p><b>Chief Operating Officer</b></p>	<p><b>April 2020</b></p>
<p><b>9.4 University Financial Statements</b> The Chief Operating Officer outlined the key points from the Financial Statements, highlighting they were the consolidated accounts for the University and its subsidiaries including the College. She advised that the Chair had already reviewed the Financial Statements. It was agreed that typographical amendments would be taken forward offline and that the meeting would focus on the substantive matters.</p> <p>It was confirmed that the stock had not been treated as biological assets, that the External Auditors had reviewed this and were comfortable and that because of size this was not material.</p> <p>It was confirmed that the subsidiaries would approve their own accounts.</p> <p>A member of the Committee questioned whether the pension charge should be mentioned within the narrative and this was agreed to increase transparency.</p>		
<p><b>9.5 College Financial Statements</b> It was confirmed the points raised by the Chair off line had been reflected.</p>		

		<b>ACTION</b>	<b>ACTION DATE</b>
	<p><b>9.6.1 Going Concern Statement College</b> It was agreed the cash flow forecast required amending for the Board to cover 20/21. It was noted that because of the group structure the debt sat with the University. It was confirmed it was based on the forecast approved by the Board in July.</p> <p><b>Following their review of the information provided to support review of the Financial Statements the Committee agreed to recommend them to the Board for Approval.</b></p>		
	<p><b>9.7 Committee Annual Report</b> Subject to minor amendments relating to members' titles and in attendance data the Report was approved to be presented to the Board.</p>		
<b>10.</b>	<p><b>Any Other Business</b></p> <p><b>Bad Debt levels</b> – the processes in place to manage debt were outlined. It was confirmed the measures and impact had increased. It was confirmed debt collection agencies were used.</p> <p><b>Out-turn Farm</b> Disappointment was expressed that the farm had a deficit of £42k. It was confirmed this was within £8k of the reforecast which had been set in January. The meeting closed at 11.40.</p> <p><b>The main meeting was followed by a good practice short Members' Meeting comprising of the Chair, Governors, Auditors, Co-opted Member and Clerk.</b></p>		
<b>15.</b>	<p><b>Dates of future meetings all at 10.00am unless stated</b> <b>Thursday 9<sup>th</sup> April 2020</b> <b>Wednesday 17<sup>th</sup> June 2020</b> <b>Wednesday 4<sup>th</sup> November 2020</b></p>		

Approved April 2020