



HARTPURY

AUDIT AND RISK MANAGEMENT COMMITTEE HARTPURY UNIVERSITY

Minutes

10.00am Thursday 19th June 2019
Gordon Canning Room

- Present:** Ms Lisa Oliver (LO) (Chair)
Dr John Selby (JS)
Ian Robinson (IR)
Ms Katrina Naphine
- In Attendance:** Ms Lynn Forrester-Walker – Chief Operating Officer (LFW)
Mr Russell Marchant – Principal (RM) (from 11am)
Mr Patrick Brooke (PB) (Chair)
Mrs Barbara Buck (BB)
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 CA2-6-19.		

		ACTION	ACTION DATE
	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 UA3-6-19. 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 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.	Competitions and Marketing Authority (CMA) Review – Medium Risk – University Report 4 Recommendations – 2 Medium, 2 low The Internal Auditor took the Committee through the key points of the report which had focused on Information Provision and Terms and Conditions. He commented that the University was at an early stage, and confirmed that he was comfortable with the direction of travel. It was noted that a number of the issue identified had already been resolved. A member reflected that given the University's position in relation to Degree Awarding Powers a further QAA Review, which would incorporate these aspects, was possible and therefore the importance of ensuring the actions was taken forward with timeliness was reinforced. The Director of Communications and Marketing updated on work ongoing to respond to the recommendations. She advised that much of the information was already available in the prospectus and that		

		ACTION	ACTION DATE
	<p>completing the recommendations would improve easy access to the information. She advised that the information on staff qualifications was a very positive one which would help to differentiate the university.</p> <p>11am The Principal/Vice Chancellor joined the meeting.</p> <p>It was noted that Offer letters were sent in hard copy. It was noted that to meet the Terms and Conditions requirement regarding costs a student would incur on a course, for example kit costs, needed to be incorporated to enable the student to make an informed choice.</p> <p>A member queried the recommendation completion timeline of October. The Director of Communications and Marketing advised that this would be to undertake the full review, but advised that a quick fix of key elements before that timeline would be worked to. The Vice Chancellor/Principal advised he was comfortable with the timeframe, recognising the ongoing work at this point in the annual cycle.</p> <p>The Internal Audit Report was NOTED with the Recommendations to be monitored through the recommendations tracker.</p> <p>11.10am John Lisle Head of MIS and Jessica Taylor – Director of Communications and Marketing and Paul Featonby – Head of Admissions left the meeting.</p>		
6	-		
	11.25am Graham Quint, Director of Digital Services was welcomed to the meeting		
7.	<p>Penetration Test – IT Review Potential Risk of Hacking</p> <p>The Committee considered the report. It was noted that with the greater reliance and increasing complexity on technology and technology systems, good practice dictates that organisations should, on at least an annual basis, perform a penetration test to ensure that their cyber security is appropriate. It was confirmed that during March/April 2019 the internal and external network of Hartpury was penetration tested by 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</p>		

		ACTION	ACTION DATE
	<p>high risk findings had already been rectified. The outstanding critical and high findings were awaiting 3rd party resolution.</p> <p>It was confirmed the process would be taken 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 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</p>	<p>Head of Finance</p>	

	ACTION	ACTION DATE
<p>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>		
<p>9. 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-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</i></p>		

	ACTION	ACTION DATE
<p><i>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.</p> <p>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>PwC</p> <p>COO</p>	<p>07/2019</p> <p>07/2019</p>
<p>10. External Audit Strategy for Year Ending 31/7/2019</p> <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</p>		

		ACTION	ACTION DATE
	<p>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>The Risk Registers were NOTED.</p>	<p>Chief Operating Officer</p>	<p>7/2019</p>
<p>12. Purchase Order Compliance</p>			

		ACTION	ACTION DATE
	<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