



HARTPURY

AUDIT AND RISK MANAGEMENT COMMITTEES HARTPURY UNIVERSITY AND HARTPURY COLLEGE

Minutes 10am Tuesday 14th November 2023 Via Videoconferencing – Microsoft Teams and Gordon Canning Room

Members

Lucie Hammond

Ian Robinson (Professor)

Patrick Brooke

Barbara Buck

Mary Heslop

Matthew Williams

In Attendance

Lynn Forrester-Walker

Mick Axtell

Gillian Steels

Iain Williams

Mike Collier (Dr)

Richard Bott

Carol Davey

Andy Collop (Professor)

University Audit Committee

Present (Chair)

Present (from 10.05am)

Co-opted Member - Present

Co-opted Member - Present

Co-opted Member - Present

Co-opted Member - Present

Present (Chief Operating Officer)

Present (Chief Operating Officer – Designate)

Present (Clerk to the Board)

Present

Present (TIAA) (From 10.08am)

Present (Mazars)

Present Item (Mazars)

Apologies (Vice-Chancellor)

College Audit Committee

Co-opted Member - Present

Present - Co-opted Member (from 10.05am)

Present (Chair)

Present

Present

Co-opted Member - Present

Present (Chief Operating Officer)

Present (Chief Operating Officer - Designate)

Present (Clerk to the Board)

Present

Present (TIAA) (From 10.08am)

Present (Mazars)

Present (Mazars)

Apologies (Principal)

		ACTION & DATE
AR01/11/23	Apologies & Confirmation of Quoracy Apologies noted as above. It was confirmed that the University Audit and Risk Management Committee and the College Audit and Risk Management Committee meetings were quorate.	
AR02/11/23	Declaration of Interest. The Clerk advised that members' interests would be taken as those disclosed in the Register of Members Interests.	

AR03/11/23	<p>Minutes of the Meetings – 27th June 2023</p> <p>The minutes of the University Audit and Risk Management Committee and the College Audit and Risk Management Committee 27th June 2023 meetings, with correction of a minor typo, were APPROVED as true records.</p>	
AR04/11/23	<p>Matters Arising</p> <p>The updated Action Log was noted.</p> <p>Digital Strategy – confirmed update to be provided within Audit Recommendations Report below.</p> <p>Potential Revised Accounting Date for Colleges – confirmed no information on this had been provided by DfE, and that confirmation of whether the current accounting year would be retained was still awaited.</p> <p>10.05am Ian Robinson joined the meeting</p> <p>Confidential Item – 3 years commercial sensitivity</p> <p>10.08am Mike Collier joined the meeting</p>	
AR05/11/23	<p>Financial Statements</p> <p>5.1 Audit Highlights & Memorandum Year ending 31 July 2023 (inc draft management letter)</p>	
	<p>Richard Bott, Mazars highlighted the key points of the Report.</p> <p>He advised that the Audit had gone well and thanked the COO and Head of Finance for their responsiveness.</p> <p>It was confirmed that as outlined in the Audit Strategy Memorandum, the audit had been conducted in accordance with International Standards on Auditing (UK) focused on audit risks that had been assessed as resulting in a higher risk of material misstatement.</p> <p>The matters that were of most significance in the audit of the Financial Statements for disclosure in our auditor's report were:</p>	
	<ul style="list-style-type: none"> • Income Recognition • Management override of controls • Defined Benefit Pension Scheme Asset 	
	<p>Judgements</p> <ul style="list-style-type: none"> • Depreciation of fixed assets • Accounting for occupancy/reservation guarantees • Defined benefit pension scheme liabilities • Doubtful debts • Leases • Impairment of tangible assets <p>In relation to miss-statements and income control it was set out that Section 4 sets out internal control recommendations and section 5 sets out audit misstatements; unadjusted misstatements total -£46,107 (University) and £46,107 (College). There was also one adjustment in respect of Limbury which had no impact on the Hartpury Group (this related to a priory year adjustment).</p>	

	<p>It was noted that the issue of whether or not to recognise the pension asset was one that institutions had been considering. The majority had taken the same approach as Hartpury and were not recognising it. The approach was endorsed by the Auditors. It was noted that there were some minor variations in relation to assumptions around the Pension Scheme, between the LGPS actuaries and Mazars actuaries, but nothing significant.</p> <p>There were some minor control point issues, but nothing significant.</p> <p>The Auditors confirmed that they anticipated issuing an unqualified opinion, without modification.</p>	
	<p>A governor queried the position in relation to Doubtful Debts. The Head of Finance advised that they had been operating without a Credit Controller for 3 months which had delayed debt follow up, but these processes were now resuming.</p> <p>A governor asked for more information relating to an invoice which had been paid twice. The Head of Finance advised this had been because a payment was made by FASTER payment and included on a regular payment run. The amount had been repaid and additional checks were in place to prevent repetition of this issue.</p> <p>A governor queried the position in relation to the Access and Participation Plan expenditure information. The Committees were advised that this reflected costings relating to staff time from marketing, finance and the Head of Inclusivity, and some specific activity costs. These processes had been introduced by OfS when HE fees were set at £9,250 as one of the mechanisms to demonstrate value for money. The Access and Participation Plan requirements were under review by OfS and therefore this reporting might change in the future.</p> <p>Richard Bott highlighted key issues within the technical update, including the Accounting Direction having remained unchanged, the Teaching Excellence Framework outcomes, the accounting standard changes now due to impact the July 2027 year end accounts relating to recognising leases on the balance sheet. It was confirmed this could impact on covenants, but that banks were likely to review the position in detail.</p>	
	The Audit and Risk Management Committees NOTED the Audit Report and the Unqualified Opinion.	
	Financial Statements	
	It was confirmed that the points raised by the two Chairs in their provisional review of all 5 sets of Financial Statements had been actioned. The Financial Statements had been reviewed by the Strategy Finance & Resources Committees and no issues raised.	
5.2	Hartpury University Financial Statements 2022/23	
	The Chief Operating Officer highlighted the key points from the Financial Statements. A governor queried whether the statistics being used relating to staffing were consistent. It was noted they related to different timings. Some	

	minor aspects/clarifications were agreed for amendment prior to consideration by the Board.	
	The University A&RMC AGREED to RECOMMEND the University Financial Statements to the University Board for Approval.	
5.3	Hartpury College Financial Statements 2022/23 The Chief Operating Officer highlighted the key points from the accounts. The commentary included reference to the College having been classified within the public sector. It was agreed the wording relating to returns be amended to reflect planned gift process to the university. -It was agreed the wording relating to submitting bids be clarified to reflect Capital Bid process.	
	The College A&RMC AGREED to RECOMMEND the College Financial Statements to the College Board for Approval.	
5.4	Subsidiary Company Accounts:	
5.4.1	Hartpury Rugby Ltd.	
5.4.2	Rudgeley Services Ltd	
5.4.3	Limbury Ltd It was noted these three sets of accounts had been provided for completeness and would be signed off by their appropriate Boards. It was confirmed they were incorporated within the University Group Audit completed by Mazars The Financial Statements were NOTED. The Finance Team were thanked for their work producing the Financial Statements and responding to the Audit.	
5.5	Letter of Support Hartpury Rugby It was agreed the date should be amended to cover c18months. The University Audit & Risk Management Committee NOTED the proposed signing of the letter of support by the University Board.	COO Nov 23
5.6	Going Concern Statement – University The report provided the University Audit & Risk Management Committee with the necessary assurances to enable them to recommend to the Board that the University is a Going Concern and thus the Financial Statements for 2022/23 can be signed on that basis. It was confirmed the Statement had also been reviewed by SFR. It was confirmed the Statement reflected the latest recruitment data, including the disappointing HE numbers, and the actions taken to respond to the recruitment levels. Governors queried if the cashflow showed Hartpury using its £1m overdraft – it was confirmed this was accessed at several points in the year (generally Jan and April) as the HE student funding was provided in three tranches. It was noted that in approving and signing the annual financial statements for Hartpury University for 2022/23, Governors make the following statement relating to Going Concern: “After making appropriate enquiries, the Corporation considers that Hartpury University has adequate resources to continue in operational existence for the	

	<p>foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.”</p> <p>The main report provides an assessment of actual, forecast and budgeted out turn to 2027/28 based on the latest strategic financial plan to be submitted to the OfS in November 2023. This includes a summary of the cash generation from operations for each year demonstrating solvency.</p> <p>The report concluded the University was a ‘Going Concern’</p>	
	The University A&RMC AGREED to recommend the Going Concern Statement to the University Board.	
5.7	Going Concern Statement – College	
	<p>The report provided the College A&RM Committee with the necessary assurances to enable them to recommend to the Board that the College was a Going Concern and thus the Financial Statements for 2022/23 could be signed on that basis.</p> <p>It was noted that in approving and signing the annual financial statements for Hartpury College for 2022/23, Governors make the following statement relating to Going Concern:</p> <p>“After making appropriate enquiries, the Board considers that Hartpury College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.”</p> <p>The main report provided an assessment of actual, forecast and budgeted out turn to 2024/25 based on the latest financial forecast submitted to the ESFA in July 2023. This included a summary of the cash generation from operations for each year demonstrating solvency.</p> <p>The report concluded the College was a ‘Going Concern’.</p> <p>It was confirmed the report was based on the most recent submission to ESFA. It was confirmed that this had confirmed that Hartpury College’s Financial Health was classified as outstanding through the assessment measures.</p> <p>It was agreed the reference to Covid and Brexit should be updated.</p>	COO Nov 2023
	The College A&RMC recommended the Going Concern Statement to the College Board.	
5.8	Audit & Risk Management Committee Annual Report – University	
	<p>It was noted that the Office for Students required all UK HEIs’ Audit & Risk Committees to prepare an annual report for submission to its governing body and the Accountable Officer (the Vice-Chancellor) and subsequently to the Office for Students.</p> <p>The Annual Report’s purpose was to provide assurance over regularity and propriety of public funding and over the adequacy and effectiveness of arrangements for:</p> <ul style="list-style-type: none"> - Risk management, control and governance - Economy, efficiency and effectiveness (value for money) - Management and quality assurance of data submitted to regulators, funding bodies and statutory bodies. 	

	<p>The Committee considered the Annual Report.</p> <p>It was agreed the attendance figure would be updated.</p> <p>It was confirmed the updated Mazars' opinion would be added.</p> <p>The University A&RM Committee APPROVED the Report for submission to the University Board.</p>	
5.9	<p>Audit & Risk Management Committee Annual Report – College</p> <p>It was noted that the Educational and Skills Funding Agency (ESFA) required all Further Education Corporations' to prepare an annual report for submission to its governing body and the Accounting Officer (the Principal) and subsequently to the ESFA.</p> <p>The Annual Report's purpose was to provide assurance over regularity and propriety of public funding and over the adequacy and effectiveness of arrangements for:</p> <ul style="list-style-type: none"> - Risk management, control and governance - Economy, efficiency and effectiveness (value for money) - Management and quality assurance of data submitted to regulators, funding bodies and statutory bodies <p>The Committee considered the Annual Report.</p> <p>It was agreed the attendance figure would be updated.</p> <p>It was confirmed the updated Mazars' opinion would be added.</p> <p>The College A&RM Committee APPROVED the Report for submission to the College Board.</p>	
5.10	<p>Direct Loan Audit Report</p> <p>It was noted that Mazars had performed the detailed procedures on evaluating the Hartpury University's compliance with the requirements described in Chapter 4 of the 2020 edition of the U. S. Department of Education's Guide for Financial Statement Audits and Compliance Attestation Engagements of Foreign Schools relative to the Hartpury University's participation in the William D. Ford Federal Direct Loan Program, for the year ended 31 July 2023. The report advised that there were "no reportable findings".</p> <p>It was recognised that the process required for American students seemed disproportionate for 6 students, but was a requirement. Governors were pleased that no issues had been identified.</p> <p>The University A&RM Committee NOTED the report.</p>	
AR6/11/23	<p>Risk Management Update</p>	
6.1	<p>Review Risk Register</p> <p>The report provided ARMC with a summary of the changes to the Risk Register since the last meeting. It was noted it provided ARMC the opportunity to review both the outcome of the Risk Management Process and the robustness and breadth of coverage of Risk Management. It was confirmed the Risk Register had been reviewed and updated following the latest Risk Management Group</p>	

	<p>meeting and continual reviews by each operational area of their local risk registers. The latest version (available on the Governors website) had been reviewed by the Executive at a recent meeting.</p> <p>A new Risk had been added: Laboratories: Availability of laboratory space and correct use for practical sessions and growing curriculum needs. The Committees were advised that a timetabling audit was to be reinstated in November and February to ensure best use was being made of assets. This would be the first-time post Covid. The aim would be to change staff behaviours going forward.</p> <p>Risks relating to the Box Park had been deleted following its completion.</p> <p>Strategic Risk with Increased Score: Failure to achieve recruitment and retention targets and planned student numbers both academic and in residencies leading to income targets not being achieved, impacting on Hartpury cash flows and ability to invest in facilities – this related to the challenges in HE recruitment & retention impacting this year.</p> <p>Strategic Risk with decreased score: Economic instability and conflict worldwide impact negatively on Hartpury's ability to recruit international students, source consumables and capital items. This was discussed further by the Committees who queried whether this should have been reduced given on going shortages in some areas and ongoing aggression in some areas in the world. The Chief Operating Officer advised the reduction was based on the fact that sourcing for catering and IT was not proving such an issue this year and that there had been International growth. It was noted Hartpury did not recruit significantly from China.</p>	
	<p>The College and University A&RM Committees NOTED the Report and endorsed the revisions to the Risk Register.</p>	
6.2	<p>Review Top Risks The changes to Top Risks had been highlighted in the report above.</p> <p>The College and University A&RM Committees NOTED the top risks.</p>	
6.3	<p>Minutes from Risk Management Group (RMG) It was confirmed the power project had been successfully completed and there had been no issues during its implementation. A Milestone 4 Report would be considered by SFR in February 2024 It was agreed the June and October 2023 minutes would be circulated to the Committees.</p>	COO/Clerk
6.4	<p>Deep Dive It was agreed it would be helpful to have an update on the Managing Public Money implications now that colleges had been reclassified within the public sector.</p> <p>It was agreed that on review of the Risk Management Group Minutes that if a potential Deep Dive area was identified that governors should contact the Clerk</p>	<p>Clerk/COO</p> <p>All/Clerk/Chair Nov 23</p>

	with a proposed topic which could then be considered with the Committee Chairs.	
AR07/11/23	<p>Audit Recommendations Follow Up Update</p> <p>The Committee considered the update which detailed progress on the recommendations.</p> <p>Two actions relating the Student Union Audit were ongoing with an agreed completion date of July 2024, all other actions from this audit had been completed.</p> <p>The actions relating to the ICT GDPR 2023 Audit had been completed.</p> <p>The action relating to the Digital Strategy from the 2022 Audit was being reviewed following the transition of responsibility for Digital to the Director of Continuous Improvement. A revised date was to be agreed and updated to the Committees. It was confirmed it was planned to produce a Strategy which would incorporate a road map and plan to achieve it. It was noted that currently the Executive formed the Group with responsibility for the reporting through of the Digital Strategy. The incoming Chief Operating Officer would review whether this was the best approach or if a dedicated Group would be better.</p> <p>The College and University A&RM Committees NOTED the Audit Recommendations Update Report.</p>	COO Spring 24
AR08/11/23	<p>Procurement Compliance</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, time critical or there was a need to align to current services, or there was only a single supplier.</p> <p>The College and University A&RM Committees NOTED the Procurement Compliance Report.</p>	
AR09/11/23	Internal Audit	
9.1	Summary Internal Controls Assurance Report	
	<p>The summary controls assurance report provided the Audit and Risk Management Committees with an update on the emerging Governance, Risk and Internal Control related issues and the progress of Internal Audit work at Hartpury University HEC as of 2nd November 2023.</p> <p>The ongoing interest in Whistleblowing at a national level was highlighted. It was confirmed the aspects outlined would be considered when Hartpury reviewed its Whistleblowing Policy in February.</p> <p>It was noted the Follow Up report had been completed since the last meeting. It was confirmed the Internal Auditors had not been advised of any frauds or irregularities in the period since the last SICA report was issued.</p> <p>It was confirmed the 2023/24 Audit Plan was on track.</p> <p>The College and University A&RM Committees NOTED the Report.</p>	

9.2	Follow Up Report	
	<p>It was noted that 20 recommendations had been implemented, none were outstanding and 2 had been superseded.</p> <p>The Committees were pleased with the Assurance provided.</p> <p>The College and University A&RM Committees NOTED the Report and the planned actions.</p>	
9.3	Internal Audit –Annual Report 2022/23	
	<p>The draft report had been considered at the June meeting. It had been updated to reflect the latest SICA report. The TIAA overall opinion was unchanged: “TIAA is satisfied that, for the areas reviewed during the year, Hartpury University and its subsidiaries has reasonable and effective risk management, control and governance processes in place. There was one area reviewed by internal audit, Estates Management – Management of Maintenance Contract, where it was assessed that the effectiveness of some of the internal control arrangements provided ‘limited assurance’. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted”</p>	
	<p>It was confirmed that this was the highest level of assurance.</p> <p>The College and University A&RM Committees NOTED the Internal Audit – Annual Report 2022/23.</p>	
A&RM10/11/23	Internal Audit Guidance Notes and Hartpury Response, including Fraud	
	<p>The Committees had been provided with a report which had been developed in response to the regular briefings provided by TIAA on key sector issues which were shared with the committees and in response to a request by the committee to demonstrate the briefings have been considered. The report updated against ongoing actions from earlier briefings and provided the most recent briefings and planned actions. It was confirmed the update on Fraud was provided had been shared with the wider Boards as agreed. It was confirmed an update in relation to Terrorism had been briefed to all staff. It was confirmed the Cyber Incident Response actions were ongoing following the change of Director.</p>	
	<p>The College and University A&RM Committees NOTED the Report and the planned actions.</p> <p>Management left the meeting and a confidential session with Auditors followed.</p> <p>Management Re-joined the meeting</p> <p>The Head of Finance was thanked again for his work to support the effective audit.</p>	
A&RM 11/11/23	Confidential Item – 3 years Commercial sensitivity	
A&RM12/11/23	Any Other Business None	
A&RM19/06/23	Dates of future meetings all at 10am unless advised.	

	Noted	
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The meeting closed at 11.45

APPROVED