



HARTPURY

AUDIT AND RISK MANAGEMENT COMMITTEES HARTPURY UNIVERSITY AND HARTPURY COLLEGE

Minutes 10am Tuesday 12th November 2024 Gordon Canning Room

Members	University Audit Committee	College Audit Committee
Lucie Hammond	Present (Chair)	Co-opted Member - Present
Ian Robinson (Professor)	Present	Present - Co-opted Member)
Robert Brooks	Present	Present - Co-opted Member)
Patrick Brooke	Co-opted Member - Present	Present (Chair)
Barbara Buck	Co-opted Member - Present	Present
Mary Heslop	Co-opted Member - Present	Present
Matthew Williams	Co-opted Member - Present	Co-opted Member - Present
In Attendance		
Mick Axtell	Present (Chief Operating Officer)	Present (Chief Operating Officer)
Gillian Steels	Present (Clerk to the Board)	Present (Clerk to the Board)
Nora Gilpin – Interim Head of Finance	Present	Present
Steen Gourlay	Present (TIAA)	Present (TIAA)
Hitesh Patel Contracts & Procurement	Present item 8	Present Item 8
Matthew Reeve	Present Item 9.4	Present Item 9.4
Andy Collop (Professor)	Present (Vice-Chancellor)	Present (Principal)
Jon Marchant	Present (Forvis Mazars)	Present (Forvis Mazars)
Carol Davey	Present (Forvis Mazars)	Present (Forvis Mazars)

		ACTION & DATE
ARM01/11/24	Welcome, Apologies & Confirmation of Quoracy Attendees were welcomed to the meeting. 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.	
ARM02/11/24	Declaration of Interest. The Clerk advised that members' interests would be taken as those disclosed in the Register of Members Interests. It was confirmed that a declaration was in	

	place for Matthew Williams in relation to his role at Barnwood and that items on the agenda did not relate to this.	
ARM03/11/24	<p>Minutes of the Meetings – 25th June 2024</p> <p>The minutes of the University Audit and Risk Management Committee and the College Audit and Risk Management Committee 25th June 2024 meetings were APPROVED as true records.</p>	
ARM04/11/24	<p>Matters Arising</p> <p>The updated Action Log was noted.</p> <p>Capital Strategy – this was updated on within the Audit Recommendations Follow Up Report.</p> <p>Radon – this had not been identified as an issue of concern, but the H&S Advisor would update on it within his Annual Report in March.</p> <p>Sub-contractors in the Build Sector – it was highlighted that this remained a significant risk nationally at this time and had been discussed by SMT and Project Managers.</p> <p>Stock Control</p> <p>Catering – this was now outsourced, and monthly meetings were in place between the provider and Hartpury (Head of Finance, Chief Operating Officer, and Deputy Principal Resources) to ensure controls were in place.</p> <p>Farm – an annual process was undertaken. Consideration was being given to monitoring on a volume basis. The Farm Committee was considering the most appropriate options.</p> <p>It was confirmed that staff understood the need to effectively monitor stock and were aware that checks were undertaken.</p> <p>Recognising the work undertaken and the actions ongoing by the Farm Committee it was AGREED by the Committees to close this action.</p>	
ARM05/11/24	Financial Statements	
5.1	<p>Audit Highlights & Memorandum Year ending 31 July 2024 (inc draft management letter)</p> <p>The Report covered:</p> <ul style="list-style-type: none"> Executive summary Audit approach Significant findings Internal control recommendations Summary of misstatements Subsidiary entities control points and summary of errors Appendix A: Draft management representation letter Appendix B: Draft audit report Appendix C: Independence Appendix D: Current year updates, forthcoming accounting & other issues Appendix E: Other communications 	

<p>5.6</p>	<p>Jon Marchant, Forvis Mazars provided an overview. He advised that the audit was substantially complete and that the Financial Statements were at an advanced draft stage. Work was ongoing on the going concern position following latest information on this from management. There were a small number of outstanding audit points but nothing significant. A governor queried whether the banking sectors approach to lending to the sector was an issue in the going concern review, and was advised this was an ongoing issue in the sector, but the key aspect for the external audit view on the Going Concern statement related to the planned management actions.</p> <p>The Committees moved to consideration of the Going Concern Statements</p> <p>The Chief Operating Officer took the Committees through the work behind the Going Concern Statements. These followed the format of previous years. The OfS Finance Plan, which had been presented to the Strategy Finance and Resources Committee the previous week, was a key part of the background to the statements. This had been shared with the External Auditors. The Plan covered assumptions relating to growth and planned efficiencies, with related rationales. It was confirmed that it was a prudent forecast. It included the increases to national insurance from the budget, but did not include the potential increase HE fees as had recently been advised by government (it was noted that the college was expected to receive government funding for the additional NI). It was confirmed that the assumption within the budget was that ULH would not be delivered until 2027/28 (although work was continuing to access funding to enable an earlier completion). Ongoing work on Hartpury's Modernisation Plan which would also target significant savings and improved efficiencies was also outlined.</p> <p>In summary It was confirmed that management were very aware of the financial position and were actively managing cashflows and targeting savings and efficiencies.</p> <p>Governors agreed it was helpful to have these assurances.</p> <p>University Going Concern Statement It was noted that the aim of the report was to provide 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 2023/24 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.</p> <p>Reflecting on the information provided, both within the papers and at the meeting the University Audit & Risk Management Committee AGREED to recommend the Going Concern Statement to the University Board</p>	<p>5.7</p>
	<p>College Going Concern Statement The Going Concern Statement – College was considered by the College ARMC. 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 2023/24 could be signed on that basis.</p>	

5.1	<p>It was noted that in approving and signing the annual financial statements for Hartpury College for 2023/24, 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 2024. 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>Reflecting on the information provided, both within the papers and at the meeting the College Audit & Risk Management Committee AGREED to recommend the Going Concern Statement to the College Board</p> <p>The meeting returned to consideration of the External Audit Report</p> <p>.</p> <p>It was noted that as outlined in Forvis Mazar’s Audit Strategy Memorandum, the audit had been conducted in accordance with International Standards on Auditing (UK) and focused on audit risks that they had assessed as resulting in a higher risk of material misstatement.</p> <p>In section 3 of the report their conclusions and significant findings from their audit were set out. This section included their conclusions on the audit risks and areas of management judgement. The matters that were of most significance in the audit of the Financial Statements for disclosure in their auditor’s report were:</p> <ul style="list-style-type: none"> Risks Income Recognition – University and Group Income Recognition – College Income Recognition - Other subsidiaries Management override of controls – University and Group Defined Benefit Pension Scheme Asset Judgements Depreciation and impairment of fixed assets Accounting for occupancy/reservation guarantees Defined benefit pension scheme liabilities Doubtful Debts Leases Short term employee benefits Provision 	
	<p>It was confirmed that the auditors anticipated providing an unqualified audit opinion. The draft Management Letter was discussed. It was confirmed an updated External Audit Report and Management Letters would be provided. Governors queried if this would be likely to delay the signing off of the accounts. It was confirmed this was not anticipated and further delays were not anticipated by the External Auditors. Governors queried if the changes in relation to VAT for public schools were likely to be impact on universities and colleges in future in relation to assessment of public benefit. This was not considered likely.</p>	

Carol Davey, Forvis Mazars, updated governors on the level of materiality used, review of journals and consideration of risks. It was noted that the different entities were assessed against different risks, but that there were no issues to highlight. It was confirmed that, as had been agreed last year, that the LGPS pension asset was not being recognised. It was confirmed this was in line with the sector and reflected the fact that variations in valuation over time could make the financial statements difficult to compare and difficult to easily understand.. It was confirmed that the External Auditors Pension Team had reviewed the judgements used by the LGPS auditors and had no concerns that would impact on the numbers provided (although it was noted that the graph indicated variation in salary increase assumptions).

It was noted that the holiday pay reporting, which had been highlighted in the previous year had been reviewed and adjusted by management. The External Auditors confirmed they were comfortable with the current position. The Chief Operating Officer advised that work had been undertaken to provide greater detail in this area and the system had been improved for ongoing use. A governor queried when the Internal Auditors had last looked at holiday pay and requested that this be incorporated in the Internal Audit 3-year cycle.

Carol Davey took governors through the three control points raised and points brought forward from previous years. It was confirmed management actions were in place to resolve. It was confirmed there were no areas of major concern. It was confirmed that areas of misstatement had been resolved.

Forvis Mazars advised they were waiting for final confirmation from Lloyds Bank re confirmation of balances.

Forviz Mazars highlighted key aspects from the appendices for future reflection by the Committees. Changes to be introduced by FRS102 affecting the July 2027 accounts to reflect operating leases on the balance sheet were highlighted. It was recognised that as companies were not required to reflect this position in prior years that it would make comparing years confusing during the transition period. The Chief Operating Officer confirmed that Hartpury did not have a significant number of operating leases, the largest being for vehicle lease. It was confirmed that the student accommodation at Blackfriars did not fall within this category.

A governor queried where Gloucester-Hartpury Joint Venture was reflected. The Committees were advised this was accounted through equity and that the value was not material. It was confirmed that the accounts would go to Gloucester Rugby.

Governors queried why banks were currently nervous of the HE sector. It was recognised this reflected the challenges HE was subject to regarding the freezing of the undergraduate fee since 2017 and the challenges to recruitment of international students due to immigration rule changes. These aspects impacted bank risks models. Additionally, banks were being locked out of the FE sector due to the changes in classification of the sector and the challenges to private schools due to the VAT changes were impacting on the banks overall assessment of its exposure to the education sector. It was highlighted that specialist institutions had a different risk profile to the wider sector, but that banks were tending to look at the sector as a whole.

**IA – update
Mar 25 on
where in
plan**

	<p>The Committees noted the recent FRC review which had flagged issues relating to Forvis Mazars. Jon Marchant confirmed that Forvis Mazars had a quality improvement plan in place and advised that the wider report had been more positive and confirmed that the FRC wanted Forvis Mazars and BDO to remain active in the sector. It was noted there was a time lag in the FRC review process which was completed annually. It was confirmed that the personal reviews of Jon Marchant and Carol Davey had been positive.</p> <p>It was confirmed that the Letter of Management would be updated to “Board” rather than “Council”. The Committees discussed whether the reference to the Ukraine remained current, and on balance agreed this sentence should be retained, recognising it remained as a risk highlighted within the Risk Register.</p>	
	The Audit Highlight Report & Memorandum for year ending 31 July 2024 was NOTED.	
	<p>The Chief Operating Officer highlighted the work undertaken by the Interim Head of Finance in preparing the Financial Statements. Governors stressed the need to ensure processes were adequately documented going forward, commenting this was an area they had previously highlighted and received assurance on this from management and Internal Audit. It was noted there were some process notes but given the staffing transition additional work was required. It was noted that an analyst would be joining the team in January who would be tasked with putting in place the necessary procedures, the Committees would be updated on this at their next meeting.</p>	COO Jan 25 Update to ARMC in Mar 25
5.2	Hartpury University Financial Statements 2023/24	
	<p>The University ARMC considered the Hartpury University Financial Statements 2023/24. It was confirmed that the overall results were in line with expectations, the position was slightly higher than the Management Accounts reflecting the holiday pay adjustment and a number of non-cash items. Overall, the outcome was considered a good stable result. It was noted debt levels were the same as previous years.</p>	
	<p>It was agreed that where there were minor typos that these would be fed in offline for updating. It was confirmed that the University Guide referred to was 2025. The need for all Board members to be aware of the disclosures they were making was highlighted. It was agreed this would be highlighted at the Boards.</p>	All
	The University ARMC AGREED to RECOMMEND the Hartpury University Financial Statements 2023/24 to the University Board for APPROVAL.	
5.3	Hartpury College Financial Statements 2023/24	
	<p>The College ARMC considered the Hartpury University Financial Statements 2023/24. No concerns were raised.</p>	
	The College ARMC AGREED to RECOMMEND the Hartpury College Financial Statements 2023/24 to the College Board for APPROVAL.	
5.4	Subsidiary Company Accounts:	
	<p>It was confirmed these were incorporated within the University Group Audit completed by Forvis Mazars.</p>	
5.4.1	Hartpury Rugby Ltd	

	<p>The Hartpury Rugby Limited Accounts were considered. It was noted that its Board had met and approved the accounts, subject to any issues highlighted at the A&RMC.</p> <p>The Hartpury Rugby Ltd Accounts were NOTED.</p>	
5.4.2	<p>Rudgeley Services Ltd.</p> <p>The Rudgeley Services Limited Accounts were considered. It was noted that its Board had met and approved the accounts, subject to any issues highlighted at the A&RMC.</p> <p>The Rudgeley Services Limited Accounts were NOTED.</p>	
5.4.3	<p>Limbury Ltd</p> <p>The Limbury Limited Accounts were considered. It was noted that its Board had met and approved the accounts, subject to any issues highlighted at the A&RMC.</p> <p>The Limbury Ltd Accounts were NOTED.</p>	
5.5	<p>Letter of Support Hartpury Rugby</p> <p>It was noted that the period covered ran until June 2026. The Committee was comfortable with this.</p> <p>The University Audit & Risk Management Committee NOTED the proposed signing of the letter of support by the University Board.</p>	
5.8	<p>Audit & Risk Management Committee Annual Report – University</p> <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. Some minor amendments were agreed.</p> <p>It was confirmed the updated Forvis 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</p>	

	<p>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. Some minor amendments were agreed.</p> <p>It was confirmed the updated Forvis 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 Forvis 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 2024. The report advised that there were "no reportable findings".</p> <p>It was recognised that the process required for American students seemed disproportionate for the number of 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>	
ARM06/11/24	<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 as well as an update on progress in reviewing the Hartpury Risk Management Policy. It provided ARMC the opportunity to review both the outcome of the Risk Management Process but the robustness and breadth of coverage of Risk Management.</p> <p>The Risk Register had been reviewed and updated following the latest Risk Management Group meeting and continual reviews by each operational area of their local risk registers.</p> <p>The latest version (available on the Governors website) had been discussed at the Exec meeting.</p> <p>It was noted that the following risk had been added to the Risk Register: "Inappropriate management of students on or off site with a major security, safeguarding incident or potential injury/multiple injuries/ fatality/fatalities to student(s) including PREVENT"</p> <p>The following Strategic Risk had had its score increased:</p>	

	<p>“Failure to raise sufficient funds for capital projects leading to the postponement of crucial capital projects”.</p> <p>The proposed template for the risk register and the comparison of the risk register key risks against the previous meeting were noted.</p> <p>The Chief Operating Officer updated on recent training by Hettle Andrews which had been used to agree:</p> <ul style="list-style-type: none"> • Restructure of the Risk Register format to provide clarity of risk scoring and categorisation around risk categories: Strategic, Operational, Financial, Compliance, Reputation, Change and Safety risks. • Inclusion of brainstorming approaches to improve risk identification. • Review risk appetite statements to improve understandability and use at an operational level. • Linking the strategic risk processes to other operational processes • Restructure the risk register to focus on control environment, comparison to risk appetite and actions planned to reduce risk where required. <p>These would now be taken forward and the Risk Management Policy updated further once these processes were developed.</p> <p>The example revised risk appetite statement was considered and it was agreed to provide a more granular approach which would be helpful in further enhancing Hartpury’s management of risk, subject to the approach not becoming too complex. It was confirmed that the example provided had been identified as good practice within the sector. It was agreed there would be a full Board session on Risk and the Risk Appetite Statement to work this through. It was agreed it would be helpful to consider this against the 2030 Strategy.</p> <p>It was confirmed the slides from the session had been shared with governors.</p> <p>An update on plans would be provided at the next meeting.</p>	<p>Board March 25</p>
6.2	<p>Review Top Risks</p> <p>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</p> <p>It was confirmed that the Risk Management Group was actively and effectively supporting risk management at Hartpury. It was noted that attendance had been down due to timing within half-term, by confirmed that members had provided updates directly to the Chair of the Group and updated their registers.</p> <p>The Minutes were NOTED.</p>	
6.4	<p>Risk Management Policy</p> <p>It was noted it was planned to update the Risk Management Policy once further work had been completed. At this stage risk management was still operating as set out.</p> <p>The Risk Management Policy was APPROVED unamended at this time.</p>	

ARM07/11/24	<p>Audit Recommendations Follow Up Update The Committee considered the update which detailed progress on the recommendations.</p> <p>Financial Regulations – Minimal changes agreed at SFR – detailed in minutes going to Boards. Master Plan – work ongoing detailed.</p>	
	<p>The College and University A&RM Committees NOTED the Audit Recommendations Update Report.</p> <p>12.05pm The Contracts & Procurement Manager joined the meeting</p>	
ARM08/11/24	<p>Procurement Compliance The Contracts & Procurement Manager was introduced to the Committees and updated on his experience and current areas of focus.</p> <p>The Contracts & Procurement Manager 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>Slides relating to the forthcoming Procurement Act were also considered. It was noted this would take effect from February 2025.</p> <p>The College and University A&RM Committees NOTED the Procurement Compliance Report and the General Compliance Update.</p> <p>The Contracts & Procurement Manager left the meeting</p>	
ARM09/11/24	<p>Internal Audit</p>	
9.1	<p>Summary Internal Controls Assurance Report</p>	
	<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 at October 2024.</p> <p>The report confirmed that:</p> <ul style="list-style-type: none"> • There were no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified. • There were no changes to the plan for 2023/24. • The Auditors had not been advised of any frauds or irregularities in the period since the last SICA report was issued. • The 2024/25 Audit Plan was ongoing. <p>It was noted that the report contained briefings with the Hartpury response to them set out.</p> <p>The College and University A&RM Committees NOTED the Report.</p>	
9.2	<p>Internal Audit Annual Report</p>	
	<p>The report reflected the latest SICA report. The TIAA overall opinion was:</p>	

	<p>"TIAA is satisfied that, for the areas reviewed during the year, Hartpury and its subsidiaries has reasonable and effective risk management, control and governance processes in place.</p> <p>This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Hartpury and its subsidiaries from its various sources of assurance."</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 2023/24.</p>	
9.3	<p>Final Version Annual Internal Audit Plan</p> <p>It was noted consideration of utilities was an area for potential review – this would be worked through.</p> <p>It was confirmed as above that holiday pay review would be incorporated in either general ledger or payroll.</p> <p>This was NOTED.</p>	IA
9.4	Confidential Item – Commercial Sensitivity	
9.5	Business Continuity Report	
	<p>This report was to be reviewed and would come to a future meeting.</p> <p>It was noted that management training on this was taking place on 13th November 2024.</p>	
9.6	<p>Data Futures- Substantial Assurance – no recommendations.</p> <p>The Committees considered the report and recognised the work of staff in this area.</p> <p>The Internal Audit Report on Data Futures was NOTED.</p>	
ARM10/11/24	<p>Health & Safety Policy</p> <p>It was noted no changes had been made.</p> <p>The Health & Safety Policy was APPROVED by the University and College Audit and Risk Management Committee.</p>	
ARM12/11/24	<p>Committee with Auditors Only</p> <p>See separate minute.</p>	
ARM13/11/24	<p>Committee and Management Only</p> <p>Performance Indicator Review – IA and EA</p> <p>Confidential to Committee</p> <p>Noted.</p>	

ARM14/11/24	Tender Update	
	The Committees were updated on this post meeting.	
ARM15/11/24	Any Other Business	
	None	

The meeting closed at 1.05pm

Management left the meeting and a confidential session with Auditors followed.