



HARTPURY

AUDIT AND RISK MANAGEMENT COMMITTEES HARTPURY UNIVERSITY AND HARTPURY COLLEGE

Minutes 10.00am Thursday 29th April 2021 Via Videoconferencing – Microsoft Teams

Members	University Audit Committee	College Audit Committee
Ms Lisa Oliver	Present (Chair)	-
Professor Ian Robinson	Present	-
Dr John Selby	Present	-
Ms Katrina Napthine	Present	Present
Mr Patrick Brooke	-	Present (Chair)
Mrs Barbara Buck	-	Present
Ms Mary Heslop	-	Present
In Attendance		
Ms Lynn Forrester-Walker	Present (Chief Operating Officer)	Present (Chief Operating Officer)
Ms G Steels	Present (Clerk to the Board)	Present (Clerk to the Board)
Mr Iain Williams	Present (Head of Finance)	Present (Head of Finance)
Ms Helen Cargill	Present (TIAA)	Present (TIAA)
Mr Richard Bott	Present (Mazars)	Present (Mazars)
Mr Russell Marchant	Present (Vice-Chancellor)	Present (Principal)
Apologies		
Ms Carol Davey	Apologies (Mazars)	Apologies (Mazars)

	ACTION & DATE
<p>The Meeting commenced with a Development Session from the Chief Operating Officer on Risk Management.</p> <p>This covered:</p> <p>Risks – types and potential impact</p> <p>Risk Appetite – recognising this would vary depending on type of risk and experience in dealing with risks of a particular type. The need to balance risk and opportunity was recognised. It was confirmed that all areas of Hartpury had Risk Assessments relating to potential areas of risk.</p> <p>Roles & Responsibilities - it was noted that the Boards considered risks and risk appetite when the Risk Policy was subject to its annual review and in relation to specific projects, as well as in the updates on risk considered by the Audit and Risk Management Committee which were then shared with the Boards. The role of the Executive in day to day review of risk management was highlighted. The role of the Risk Management Group and the role of individual Risk Owners in managing</p>	

	<p>risks was detailed.</p> <p>Risk Registers – the format was discussed, noting that the registers assessed the risk, assigned an owner and detailed mitigations and their impact. The Chief Operating Officer advised she had revised the risk scoring process to more realistically reflect the level of assessment. It was noted that all departments had Risk Registers and that work was ongoing to increase consistency. Further training for Risk Management on this was planned for the Middle Managers in the Summer.</p> <p>The session was in line with the training provided to the Risk Management Group, with a focus on the role of the Audit and Risk Management Committee and the Board.</p> <p>It was noted that Hartpury currently had a separate Risk Register dealing with Covid recognising the unprecedented situation which could impact across the spectrum of potential risks.</p> <p>A governor commented that he had queried previously the benefit of a separate Risk Champion from the Chief Operating Officer given her range of responsibilities. The Vice-Chancellor confirmed that this suggestion had been considered by the SMT but that it had been agreed that the current system worked well, ensured there was the same vigour across Hartpury and ensured ownership of risk by everyone. The view had been that if a distinct Risk Champion was appointed that individuals would not recognise they were also responsible for risk management.</p> <p>A governor queried whether it would be helpful to have other members of the Risk Management Group present at the Audit and Risk Management Committee. After debate, where it was confirmed that Hartpury’s approach reflected the sector (confirmed by a governor who undertook QAA reviews and the Internal Auditors) it was agreed that it would continue to be the Chief Operating Officer, who chaired the Risk Management Group, and Vice-Chancellor and Principal who would report on Risk Management to the Committee. It was additionally agreed it would be helpful to have a “deep dive” of a risk once a year at the Audit and Risk Management Committee. It was agreed this would be added to the agenda cycle. It was agreed that looking at an example of where something had not worked as expected, and the learning generated from this would also be helpful.</p> <p>The Chief Operating Officer was thanked for her informative presentation.</p>	<p>Clerk April 2021 (Complete)</p>
<p>AR01/04/21</p>	<p>Apologies & Confirmation of Quoracy Apologies were received as noted above.</p> <p>It was confirmed that the University Audit and Risk Management Committee and the College Audit and Risk Management Committee meetings were quorate.</p>	
<p>AR02/04/21</p>	<p>Declaration of Interest. The Clerk advised that members’ interests would be taken as those disclosed in</p>	

	the Register of Members Interests. There were no further declarations of members' interests for agenda items.	
AR03/04/21	Minutes of the Meetings – 4th November 2020 The minutes of the University Audit and Risk Management Committee and the College Audit and Risk Management Committee 4 th November 2020 meetings were APPROVED as true records.	
AR04/04/21	Matters Arising The Action Log updated was noted. It was confirmed that the assessment against the HE Code of Good Governance had been considered by the University Board in March.	
AR05/04/21	Audit Recommendations Follow Up Update The Committee considered the update which demonstrated that there were only two recommendations to be completed. It was noted that the recommendation relating to cash handling for Hartpury Rugby was being followed up, although there were currently no spectators. Work was ongoing to move to online ticket sales to reduce cash handling.. This would be progressed in readiness for a return of spectators. The General Ledger Control Recommendation relating to the documentation of procedures was in progress. It was confirmed the completion date for this was now July 2021. The Audit Recommendations Update Report was NOTED.	
AR06/04/21	Internal Audit Reports	
6.1	Marketing - SUBSTANTIAL ASSURANCE – no recommendations	
	The Director of Marketing and Communications was present for this item	
	The Internal Auditor advised that the review had considered the arrangements in place to market the Hartpury brand in order to successfully recruit Further Education (FE) and Higher Education (HE) students including: the marketing and communications strategy and consideration of the use of social and digital media and marketing tools such as open days in support of student recruitment from application to acceptance; and the use of market intelligence to evaluate effectiveness of and to inform future campaigns. She advised that no recommendations had been made. The area had been assessed as well controlled with clear processes in place. The Director of Marketing and Communications advised it had been a thorough Audit and a helpful process. The Vice-Chancellor and Principal commented that significant funds had been invested in marketing and communication and it was pleasing to get an audit outcome which demonstrated the return achieved through this. He advised that Marketing and Communications was a strong department well led by the Director of Marketing and Communications. A governor commented very positively on the strength of Hartpury's marketing	

	<p>and queried if there was a way this could be updated to governors. The Director of Marketing and Communications agreed to restart the issuing of an update of marketing information to governors.</p> <p>A governor commented that it was very positive that the Marketing and Communications Teams were also training other staff in marketing and communications, again a good return on investment.</p>	<p>D M&C April 2021 (Complete)</p>
	<p>The Committees NOTED the Marketing Audit.</p> <p>The Director of Marketing and Communications left the meeting.</p>	
<p>6.2</p>	<p>Business Continuity Audit – REASONABLE ASSURANCE</p> <p>Action Points:</p> <ul style="list-style-type: none"> 3 – Important 2 – Routine 4 – Operational 	
	<p>The Director of Digital Services was present for this item</p>	
	<p>The Internal Auditor advised that the review had considered the arrangements for reviewing and updating and sharing departmental business continuity plans including changes made as a result of lessons learned from the recent Covid-19 pandemic. The review considered a sample of departmental plans and looked to identify best practice for sharing across the University / College. They reflected that the experience of the pandemic was one no organisation had envisaged, with a long term move off site, and that all organisations had been led to look again at their business continuity plans. They advised that Hartpury had a comprehensive Business Continuity Plan and had taken on board best practice and policy. Some Business Impact assessments had not been completed and this needed to be prioritised to ensure Hartpury had a full understanding of its key areas and processes. It was recognised that a huge amount of work had been undertaken to respond to Covid and Hartpury’s approach was considered exemplar.</p> <p>It was noted the Business Continuity Plan and Policy were currently in draft and needed to be formally signed off. A governor queried if this had now been actioned. The Director of Digital Services advised that they would be signed off at the May Risk Management Group. It was confirmed that the work on the Business Impact Assessments was ongoing and would be reviewed in the early summer.</p> <p>A governor queried whether it was planned to assign a budget to this area, noting this was a point raised in the Audit. The Chief Operating Officer advised that there was an overall contingency within the budget rather than separate budgets for risk in each department. The Internal Auditor suggested a small budget for a testing exercise might be helpful and this was supported by the Committees and the Vice-Chancellor and Principal.</p>	

	<p>A governor raised the issue of cyber security highlighted in the report. It was noted that the main threat was staff. The impact of ransomware was stressed and the need for the Committees and Board to understand the actions being taken to protect Hartpury were noted. It was confirmed that following a discussion at the Strategy, Finance and Resources Committees that an Annual Report on IT and Cyber was to come to the Audit and Risk Management Committees in the future (scheduled for April 2022 onwards).</p> <p>A governor queried how the Client Briefing Notes referred to were circulated by the Internal Auditors. The Internal Auditor agreed to circulate these to the Clerk for provision to the Committees.</p> <p>The Business Continuity Audit was NOTED with the Recommendations to be added to the Audit Recommendations Follow Up Report.</p> <p>The Director of Digital Services left the meeting</p>	Internal Auditor/Clerk April 21 (Complete)
6.3	<p>HESA Staff Return Audit – SUBSTANTIAL ASSURANCE – 1- operational action point</p> <p>The Head of HR was present for this item</p>	
	<p>The Internal Auditor advised that the review considered the processes in place to ensure the HESA staff data return was correctly completed using accurate data, was subject to appropriate quality review and sign off and was submitted within the required deadline. They advised this was another very positive report</p> <p>The HESA Staff Return Audit was NOTED.</p> <p>The Head of HR left the meeting</p>	
6.4	<p>Internal Audit Progress Report - Summary Internal Controls</p> <p>The Committees considered progress against the Internal Audit Plan and the Summary Internal Controls. It was confirmed that the Internal Audit on Cyber was to be re-assigned to a different member of staff due to illness within the Internal Audit Team. It was confirmed that the remaining Internal Audits had been scheduled and were ready to be actioned. There were no significant issues the Internal Auditors wished to raise at this point.</p> <p>It was confirmed that the areas the Internal Auditors would follow up were where there were formal recommendations not operational points which were suggestions for reflection. It was agreed by the Committees that on this basis these would not be added to the Audit Recommendations Follow Up Log.</p> <p>The Internal Audit Progress Report was NOTED.</p>	
AR07/11/20	<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. In response to a question from a</p>	

	<p>governor it was confirmed that there was a contract review process in place for preferred contractors, with them generally being tendered after 5 years. The Chief Operating Officer advised that the electrical contractor was benchmarked to ensure value for money was being achieved. It was advised that a general review of preferred contractors was to be undertaken to ensure value for money and where appropriate tendering would then be undertaken. The Committees confirmed they were satisfied with this assurance.</p> <p>The Head of Finance highlighted to the Committees that the values for reporting had been updated within the latest version of approved Financial Regulations and that future reports would reflect these updated values.</p> <p>The Procurement Compliance Report was NOTED.</p>	
AR08/04/21	Audit Codes of Practice	
8.1	Post – 16 Audit Code of Practice (ESFA)	
	<p>The Committees had been provided with the updated Post-16 Audit Code of Practice which had been issued by the ESFA in March 2021. Key changes and the impact or potential impact on Hartpury were highlighted within the report. It was noted that the Code applied from August 2020 and for the financial year 2020/2021.</p> <p>The Committees considered the new requirement that “external auditors will present their findings annually to the board of governors”. It was confirmed that the reports from the External Auditors were already routinely provided to the Board within the Annual Accounts papers at Hartpury. It was agreed additionally the External Auditors could be invited to attend the meeting of the Board where the Accounts were considered so that the External Auditor could attend if they considered it necessary. The importance of the work of the Audit and Risk Management Committees not being conflicted or reduced in value was stressed by governors and the External Auditor.</p> <p>The Committees asked for more information on the impact of the new clarification that the ESFA gains assurance over subcontracted provision through an external process but does not accept responsibility for the regularity of partner organisations and the introduction of the requirement for independent assurance reports on subcontracting arrangements to be considered by audit committees. Governors queried whether there would be a requirement for more audit and queried the likely cost. The Chief Operating Officer advised that currently Hartpury’s subcontracting was below the audit threshold and was very minimal, but confirmed this would be kept under ongoing review. The External Auditor advised that under the new Accountancy Ethical Standards the External Auditors would not be able to conduct such an Audit.</p> <p>Concern was also expressed at the potential cost of additional audit to meet the requirements of the clarification that, whilst the ESFA will continue to provide both corporations and their auditors with a statement of grant payments made in respect of the funding year, the statement does not constitute assurance over the funds earned by the college. The External Auditor advised that the Audit firms were in ongoing discussion with the ESFA on this. It was hoped an approach could be agreed by the summer.</p> <p>It was highlighted that this proposed change would add significantly to the number of days required for audit and therefore increase costs.</p> <p>The College Audit and Risk Management Committee NOTED the revisions</p>	

	<p>to the Post 16 Audit Code of Practice and the potential implications.</p> <p>The University Audit and Risk Management Committee NOTED the update.</p>	
8.2	<p>CUC HE Audit Code of Practice</p> <p>It was noted that the Committee of University Chairs (CUC) published its Higher Education (HE) Audit Committees Code of Practice (the Code) in May 2020 and that the Code was more succinct in comparison to the Audit Handbook published in 2008, and would be reviewed as a minimum every four years. It was noted that whilst there was no mandatory requirement for institutions to follow the Code, it set out good governance arrangements to ensure an audit committee functions in an effective manner. The Committees noted the content and purpose of the Code. It was agreed a review would be carried out by the Clerk to assess practice against the Code.</p> <p>The College Audit and Risk Management Committee NOTED the update.</p> <p>The University Audit and Risk Management Committee AGREED to formally adopt the CUC HE Code of Audit Practice.</p>	Clerk June 21
AR09/04/21	<p>Audit and Risk Management Committee Self-Assessment</p> <p>It was noted it was good practice to undertake a Committee Self-Assessment process. It was agreed both the Committees would use the draft provided, recognising the committees worked closely together. It was agreed it would be helpful for all those who were part of the Committee whether governors, managers or auditors to complete the assessment to obtain a holistic view.</p> <p>The College and University Audit and Risk Management Committees AGREED the proposed self-assessment format.</p>	
AR10/04/21	<p>Risk Management</p> <p>10.1 Review Risk Management Register</p> <p>The Committees considered the Register. The Chief Operating Officer advised that 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. The latest version (available on the Governors' website) had been reviewed by the Executive at a recent meeting.</p> <p>The latest version of the Risk Register had been updated to include a separate register for corporate risks associated with the impact of Mass Testing for Covid-19 across Hartpur. All risks associated with Covid 19 were monitored weekly by Executive at a focused planning meeting for 2020/21 academic year.</p> <p>It was noted that a further new Risk Register has been added to record and monitor the corporate risks associated with the Box Park Development and the funding attached to that development. This Risk Register was monitored monthly at the Project Board meetings for this project.</p> <p>The Committees were advised that there had been a few minor changes in</p>	

	<p>wording for some risks, their risk indicators and mitigations. These are highlighted in the main risk register.</p> <p>It was noted that the risk associated with the OfS had reduced due to improved engagement opportunities, the risks associated with BREXIT had reduced – although it was recognised it was hard to separate the impact of Covid and BREXIT on some risks. The Cyber Security risk had been reduced but remained high (this was to be amended for the next iteration). It was confirmed the weighting relating to Blackfriars should be showing as 1X5 = 5</p> <p>The Risk Register was NOTED.</p> <p>10.2 Review Top Risks</p> <p>The governors considered the Top Risks and changes since the last meeting. It was confirmed the Risk Management Group had met to discuss these risks and updated where appropriate, the Senior Management Team had also reviewed the list.</p> <p>The report identified all risks across the Main Risk Register and Capital Risk Register, which were RAG rated as red when the risk was identified and therefore were the most significant risks Hartpury faced.</p> <p>It was noting there had been quite a lot of movement. It was noted that all the red Covid Risks were included, as well as mass testing and the Box Park. A governor queried why Risk CV40 had been assessed the same both pre and post mitigations. The Chief Operating Officer agreed to check this with the Risk Owner Vice Principal Resources.</p> <p>The Committees reviewed and NOTED the top risks.</p> <p>5.3 Risk Management Group Minutes</p> <p>The Risk Management Group Minutes were NOTED.</p>	<p>Chief Operating Officer June 2021</p>
<p>AR11/04/21</p>	<p>Any Other Business</p> <p>Subsidiary Accounts</p> <p>A governor highlighted his concern that the subsidiary accounts showed on the Companies House website in a different format to that presented to the Boards. The Chief Operating Officer advised this reflected changes in the submission process at Companies House. The External Auditor agreed to review the position and identify if the Auditors could submit the Accounts on Hartpury's behalf. The External Auditor agreed to investigate and liaise with the Chief Operating Officer to support this.</p> <p>A governor requested that in future all the subsidiary company annual accounts be seen by the Audit and Risk Management Committee and the Strategy, Finance and Resources Committee as well as their respective Boards. The External Auditor advised this was more usual practice, although the External Audit report would highlight any issues within the subsidiaries within the group report.</p>	<p>EA/COO April 2021</p>

It was **AGREED** going forward that all subsidiary annual accounts would come to the **Audit and Risk Management Committees and the Strategy, Finance and Resources Committees** for review as well as their **Boards** for approval.

National Insurance Costs

A governor suggested it would be clearer to split the National Insurance costs between departments within the Management Accounts. The Chief Operating Officer advised that it was useful to see the National Insurance costs together so that the burden could be easily monitored. Within the TRAC return, ESFA returns and HE Costings the costs were considered across curriculum levels. It was confirmed that the Strategy, Finance and Resources Committees would consider the information provided in their June meeting. SMT had considered the information and found the current format met their needs.

AR12/11/20	Dates of future meetings all at 10am 29 th April 2021 15 th June 2021 4 th November 2021
-------------------	---

The meeting moved into confidential session with all managers leaving the meeting

The meeting closed at 12.10

APPROVED June 2021

--	--	--

APPROVED June 21