



HARTPURY

AUDIT AND RISK MANAGEMENT COMMITTEES HARTPURY UNIVERSITY AND HARTPURY COLLEGE

Minutes 10.00am Tuesday 15th June 2021 Via Videoconferencing – Microsoft Teams

Members

Ms Lisa Oliver
Professor Ian Robinson
Dr John Selby
Mr David Seymour

Ms Katrina Naphine
Mr Patrick Brooke
Mrs Barbara Buck
Ms Mary Heslop

In Attendance

Ms Lynn Forrester-Walker
Ms Gillian Steels
Mr Iain Williams
Ms Helen Cargill
Mr Richard Bott
Ms Carol Davey
Mr Russell Marchant

Apologies

University Audit Committee

Present (Chair)
Apologies
Present
Present (appointed member for the meeting)

Apologies

-

-

-

Present (Chief Operating Officer)
Present (Clerk to the Board)
Present (Head of Finance)
Present (TIAA)
Present (Mazars)
Present (Mazars)
Present (Vice-Chancellor)

College Audit Committee

-
-
-
Apologies
Present (Chair)
Present
Present

Present (Chief Operating Officer)
Present (Clerk to the Board)
Present (Head of Finance)
Present (TIAA)
Present (Mazars)
Present (Mazars)
Present (Principal)

		ACTION & DATE
AR01/06/21	<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>	
AR02/06/21	<p>Declaration of Interest. 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.</p>	
AR03/06/21	<p>Minutes of the Meetings – 29th April 2021 The minutes of the University Audit and Risk Management Committee and the College Audit and Risk Management Committee 29 April 2021 meetings were APPROVED as true records.</p>	

AR04/06/21	<p>Matters Arising</p> <p>The Action Log updated was noted. It was noted that in future the subsidiary accounts would be submitted to Companies House by post.</p> <p>Query relating to how National Insurance and Pensions were shown within the Management Accounts – it was confirmed this had been taken forward for consideration by the SFR Committees at their meeting on 22nd June.</p>	
AR05/06/21	<p>Audit Recommendations Follow Up Update</p> <p>The Committee considered the update which demonstrated that there were only three recommendations to be completed. It was noted that the recommendation relating to cash handling for Hartpury Rugby was being progressed. It had been hoped to have a pilot but as there had been no charges applied at the recent match this had not been possible. It was confirmed that the revised process, incorporating a move to online ticket sales to reduce cash handling, would be in place for the 2021/22 year. The General Ledger Control Recommendation relating to the documentation of procedures also being progressed. It was noted the completion date had been further revised to August and members asked for assurance that this new date would be met. The Head of Finance confirmed that this was on target to be achieved before year end work started. The Business Continuity Audit Recommendations were ongoing in line with the agreed timeline, of the 5 recommendations 4 had been completed and one was on track to be completed 31st October 2021.</p> <p>The Audit Recommendations Update Report was NOTED.</p>	
AR06/06/21	<p>Internal Audit Reports</p>	
6.1	<p>Payroll - SUBSTANTIAL ASSURANCE – one routine recommendation</p> <p>Ms Cargill, TIAA -Internal Audit advised that the review had considered the arrangements for the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries. She advised that no urgent or important recommendations had been made. One routine recommendation had been made, relating to version control on the Payroll Procedures and Policy which had already been put in place. The area had been assessed as well controlled with clear processes in place.</p> <p>A governor queried whether payroll should be included on the Risk Register. Ms Cargill, TIAA -Internal Audit advised that as the audit had demonstrated that controls were well-embedded she did not consider it needed to be on the Risk Register.</p> <p>The Committees NOTED the Payroll Internal Audit.</p>	
6.2	<p>Follow Up Report</p> <p>Ms Cargill, TIAA -Internal Audit advised that the review had confirmed that of the 15 recommendations made over the year 13 had been completed which was considered good progress. She noted that other institutions were not making such good progress due to other priorities. The</p>	

	<p>Committees were pleased at this positive indication.</p> <p>The Committees NOTED the Follow Up Audit.</p>	
6.3	<p>Safeguarding – SUBSTANTIAL ASSURANCE – 1- operational action point</p> <p>Ms Cargill, TIAA -Internal Audit advised that the review considered the safeguarding arrangements in place to ensure the safety of students in the 16-18 Accommodation. This included consideration of the following: identification of safeguarding and medical priorities; arrangements for ‘At risk’ students, enforcement of acceptable behaviour standards, out of hours nursing provision on site and the role of wardens. She advised that this was another very positive report which had been anticipated given the College’s current Outstanding classification by OFSTED. One operational point had been raised, flagging that some of the safeguarding information was difficult to find on the website. A governor highlighted this issue and also the link to the Ofsted Review on Sexual Harassment and the need to ensure there was no complacency – which had been confirmed in her recent visit to the Safeguarding Team.</p> <p>The Vice-Chancellor and Principal commented that it could be difficult to meet the expectations of regulators that a range of aspects were given high prominence on the website, particularly reflecting that its key role was in marketing Hartpur. He did however provide assurance that safeguarding information was embedded in the communications to students and parents as students made their student journey to ensure they received this important information directly. During the pandemic this had been reinforced with communication from the Covid-Response team a key part of parent and student communication.</p> <p>The Safeguarding Audit was NOTED.</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 ongoing and would be completed and submitted before the end of the year. Ms Cargill, TIAA -Internal Audit advised it was not expected this Audit would impact on the Internal Audit Opinion.</p> <p>A governor commented that he found the style of the reporting from TIAA very helpful. He asked whether the reference within the report “There are a range of operational matters arising from the COVID 19 pandemic which impact upon the Governance, Risk and Internal Control arrangements and examples of such have been summarised in Appendix A.” should be a point of concern to the Committees. Ms Cargill, TIAA -Internal Audit advised that this reference reflected the need to flag this potential issue at the start of the pandemic but advised that the Internal Audit work now completed indicated this statement and the appendix were no longer relevant and would be removed going forward.</p> <p>A governor referred to the root cause indicator and queried whether the fact that the direction of travel for the Governance Framework should be a cause for concern for the Committees. Ms Cargill, TIAA -Internal Audit advised that the number of recommendations were actually very small and therefore the direction of travel – two recommendations increasing to three should not be viewed as a concern. She stressed the fact that the Internal Audits were only identifying a small number of, generally, low level recommendations and this should be the overall number of recommendations and timeliness of progress were the key</p>	TIAA June 2021

	<p>points for the Committees to monitor.</p> <p>The College Audit and Risk Committee Chair commented that he was not aware of having seen a TIAA Audit Chair Newsletter for some time. Ms Cargill, TIAA - Internal Audit advised that the next one was due to be issued shortly and would then be provided. [Post the meeting she provided a summary of Post lockdown feedback from clients on plans for meetings post lockdown – which was circulated to the Committee].</p> <p>A governor queried how the Committees could be assured on how the issues flagged within the Client Briefing Notes were being addressed where required by Hartpury. The Chief Operating Officer confirmed that where they were relevant they were shared with the relevant manager for action and follow up. She offered to provide Internal Audit with an update on action taken/planned in response to the Client Briefing Notes so that this feedback could be incorporated in the next version of the report.</p> <p>The Internal Audit Progress Report was NOTED.</p>	<p>COO/TIAA Nov 2021</p>
<p>6.5</p>	<p>Internal Audit Annual Report Update</p> <p>It was confirmed this would be issued shortly. Based on the current reports and discussions to date relating to the Cyber Report, which was still ongoing, Ms Cargill, TIAA -Internal Audit confirmed this was expected to be a positive report with a positive opinion which would provide the Committees with assurance for the Committees' Annual Reports.</p> <p>The Committees noted the position.</p>	
<p>AR07/06/21</p>	<p>Internal Audit Annual Plan</p> <p>Ms Cargill, TIAA -Internal Audit confirmed that the proposed Audit Plan for 2021/22 had been informed by a risk assessment carried out across TIAA's education clients and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. It was highlighted that 2021/22 will continue to be another challenging year for the sector in terms of funding pressures, viability and the on-going impact of COVID-19. We have identified a number of key areas which require consideration when planning internal audit coverage. Analysis of the other risks facing the sector were also provided. It was noted that the plan was also informed by the Three Year Strategy which they had presented at appointment. It was confirmed that the plan built in governance and risk management and would consider the Performance Indicators for Risk Management and the Board assurance Framework. For ICT the Digital Strategy would be considered. It was noted that finance aspects were considered on rotation and this year budgetary control and the Purchase Ledger would be reviewed. In terms of Data Assurance is was currently planned to look at FE Student records – enrolments and withdrawals. Ms Cargill, TIAA -Internal Audit flagged that due to the ESFA Audit Code of Practice changes it was not clear if this would duplicate work which the External Auditors were now required to undertake in relation to Student Records. If it was identified that this would be a duplication then a number of alternatives had been identified (Governance Arrangements of Capital Projects – for example Graze or OfS Registration) which could be confirmed at a later date. Additionally, the Audit Plan would include an Audit of Student Accommodation (recognising the UUK Code required this to be done regularly and that it was required to be done in the next 12 months) and the Annual Audit Recommendations Follow Up Report.</p>	

	The Committees APPROVED the Annual Internal Audit Plan for 2021/22.	
AR08/06/21	External Audit Strategy	
	<p>Mazars – External Audit presented the proposed External Audit Strategy for the financial year ending 31st July 2021. The Strategy covered:</p> <ul style="list-style-type: none"> • Engagement and responsibilities summary • Audit engagement team • Audit scope, approach and timeline • Significant risks, key audit matters and other key judgement areas • Fees for audit and other services • Commitment to independence Materiality and misstatements 	
	<p>Mr Bott, Mazars - External Audit advised that it was hoped to do some of the audit work on site, depending on restrictions and the Team. A hybrid approach was likely. It was confirmed that the Interim Audit starting 21st June would continue. He highlighted that there was more emphasis on “going concern” this year. He flagged the increase in cyber fraud and the need for everyone to be alert for phishing attacks. He advised that the Team and approach were consistent with the previous year.</p>	
	<p>Mr Bott, Mazars - External Audit highlighted the changes to the ESFA Audit Code of Practice in relation to income recognition and the ILR (individual learner records) as had been discussed at the April meeting. He advised that this would have a major change to the scope of the audit – with implications for time, cost and availability of audit staff with the appropriate expertise. The change had been introduced without consultation and had been flagged as a point of concern by all external auditors. It was noted it would not be possible to rely on the work of Internal Audit for this. Mazars and other External Auditors were currently assessing the scale of work required to give the required level of assurance, using a risk-based approach, and the Management Team and Committees would be updated once this had been worked through. Factors to be considered within the risk-based approach would be when an ESFA ILR had last been undertaken, changes in personnel and changes in systems. The complexity of an ILR Audit – both for the auditors and the college staff was outlined. It was expected more information on how this element of the Audit would be undertaken would be provided within two weeks.</p>	Mazars July 2021
	<p>Ms Davey, Mazars – External Audit, took the Committees through the other audit risks and the focus on risks relating to the overriding of controls. She updated that there was a new Going Concern standard for the year which required the external auditors to have a more challenging approach to assess how the Boards satisfied themselves in relation to the cashflow forecasts, repayment of loans and required the challenge of management assumptions as part of the process. As last year it was expected that a Going Concern paper would need to be presented to the Boards to support the Boards’ Going Concern assessment. Capital and Maintenance treatment would also need to be considered and the impact assessed.</p> <p>It was noted that the Fees could not be confirmed until the implications from the changes to the ESFA Audit Code of Practice had been worked through as detailed above.</p> <p>It was confirmed that the materiality level would be £800k, although variances of</p>	

	<p>£24k would be reported in their work.</p> <p>It was noted that to date OfS had not issued a new accounts directive for the year, and that at this stage were not expected to do so.</p> <p>The Committees were advised that the External Audit Report would be longer as they would comment on the risk judgements within the accounts.</p>	
	<p>Mr Bott, Mazars – External Audit commented on the revision to the Audit Code of Practice which required the External Auditors to present to the Board, although they routinely presented to the Audit Committee. He advised that this change had been raised with the ESFA who had suggested that if the Chair of the Board was present this would cover this requirement, and the External Auditors could be invited to attend and could assess whether there were points that needed their attendance. The Committees considered the issue. The need to recognise the specific role of the Audit Committee in the process to support the approval of the accounts and to avoid duplication or subverting their role was discussed. It was agreed the position should be raised with the Chair and College Board.</p>	<p>Clerk/A&RM Ch June 2021</p>
	<p>A governor asked which Pension Fund the External Audit covered and were advised this was the Teachers' Pension Fund.</p>	
	<p>A governor queried whether one sensitivity that needed to be considered was the likelihood of fees reducing to £7.5k. The Chief Operating Officer advised any such change would be long term due to the requirements of the Competitions and Markets Authority which meant that the 2022/23 were required to be known already to help inform choice. It was confirmed this issue was kept under review by the Executive within horizon scanning and within the Risk Register. Currently it was unclear whether such a reduction in fees would be put in place for HE courses and if so which courses it would apply to. It was noted that many of Hartpury's HE courses were STEM courses to which it was not expected such a reduction would apply.</p> <p>A governor questioned whether the Box Park, which was externally funded, would be included within the Capital and Maintenance Review and this was confirmed.</p> <p>A governor noted that the areas of Management Judgement would include Current Assets and queried whether any assets currently recorded had been found to be redundant due to actions to respond to Covid. The Chief Operating Officer advised that this was not the position, although blended learning had been put in place pressure on facilities remained. Additionally, some new assets had been purchased to support ongoing on-line learning such as a lecture capture system. Going forward the aim was for the majority of learning to return to face to face except for large scale lectures or catch up or revision sessions.</p> <p>A governor asked whether the materiality errors would be shared with the Committees. Ms Davey, Mazars – External Audit, advised that they would look at bad debt, the depreciation policy, LGPS and undertake an impairment review. She advised that it was expected that any changes would be brought to the Committees. She agreed more detail would be put in the Audit Completion Report. It was agreed it would be helpful if the requirements were in the conclusion.</p> <p>It was queried whether Mazars would continue to undertake the tax compliance work given ongoing regulation changes. Mr Bott, Mazars – External Audit advised</p>	<p>Mazars Dec 2021</p>

	<p>it would be subject to the revised guidance relating to public interest entities. It was hoped that smaller entities would not be included within the requirements but further information was awaited. It was considered that currently under the new ethical rules this would still be possible, but noted the position might change.</p>	
	<p>A governor highlighted the reference in Appendix C to institutions having a Climate Change Lead and asked for more information on Hartpury's position. The Vice-Chancellor and Principal advised that Hartpury was currently recruiting for a Sustainability Manager which would incorporate Climate Change. Work was ongoing with UWE to benchmark existing practice and develop a vision for the future. It was planned to update governors on this at the Strategic Event.</p>	
	<p>A governor queried whether the VAT Tribunal case in the sector was likely to impact on Hartpury. The Chief Operating Officer advised that currently as the College did not hold assets or pay utilities it was unlikely this would have an impact. If it was decided to apply any change retrospectively to pre the inception of the University the position might be different.</p> <p>The External Audit Strategy for the Year Ending 31st July 2021 was APPROVED.</p>	
AR09/06/21	<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. No issues were raised by the Committees.</p> <p>The Head of Finance highlighted to the Committees that the values for reporting reflected the updated values in the latest Financial Regulations.</p> <p>The Procurement Compliance Report was NOTED.</p>	
AR10/06/21	<p>ESFA – Regularity Self-Assessment</p> <p>The Committees had been provided with the annual update of the ESFA Regularity Self-Assessment. It was noted that this assessment was undertaken each year by the College to report on its processes and systems to support regularity and propriety. The ESFA require that this document was reviewed by governors to assist the Chair of Governors and the Principal (as the Accounting Officer) to sign the self-assessment. It was confirmed that the Self-assessment was to be reviewed at the June Audit Committee and then approved at the June Board meeting, signed by the Chair of Governors and the Principal so that the External Auditors have a signed copy for the start of their work. It was noted that the previous year Covid related questions had been added over the summer and the Assessment had then had to be additionally reviewed in November. At this stage the Self-Assessment did not include any Covid related questions so it was possible this might also happen in this year.</p> <p>A governor commented that further information was required in the "How Conflict of Interests were avoided" section and the Chief Operating Officer advised she would add in information on the review process to record Conflicts of Interest and the Financial Regulation requirements.</p> <p>A governor queried whether there needed more clarity in relation to the fraud question. The Chief Operating confirmed this related to the question above which</p>	<p>COO June 2021</p>

	<p>indicated there had been no cases but confirmed she would review and clarify the response. It was agreed that in relation to the Disposal of Fixed Assets question that this should be revised to Not Applicable rather than no. In relation to Project Appraisal it was agreed that a clarification reflecting the relationship with the University would be added. It was agreed the role of Internal Audit in relation to Value for Money within their audits would also be made more explicit.</p> <p>The College Audit and Risk Management Committee, subject to the changes agreed above, APPROVED the ESFA-Regularity Self-Assessment for recommendation to the College Board and signing.</p> <p>The University Audit and Risk Management Committee NOTED the update.</p>	<p>COO June 21</p>
<p>AR11/06/21</p>	<p>Audit and Risk Management Committee Self-Assessment – Summary and Discussion</p>	
	<p>The Committees had undertaken the Self-Assessment Review as agreed at the last meeting with input from the Committee members and attendees. The Committees considered the feedback. Following discussion at the meeting they confirmed they were satisfied with the information currently being provided, the managers currently attending, the timeliness of the papers issued and the debate flow.</p> <p>It was agreed a training cycle should be developed and that for the next review a subset of questions would be asked.</p> <p>The College and University Audit and Risk Management Committees NOTED the feedback from the Self-assessment Review.</p>	
<p>AR12/06/21</p>	<p>Review of Practice Against HE Code of Audit Practice</p>	
	<p>At the April Meeting the University Audit and Risk Management Committee adopted the CUC HE Audit Code of Practice and agreed that a review should be undertaken to measure Hartpury University Audit and Risk Management Committee against the Code to identify any areas where an explanation might be required reflecting a comply or explain approach or to consider whether any changes in operation might be appropriate.</p> <p>The review identified that there were no significant items identified. Committee members suggested some additions , noting that the FE Board also had staff and student governors and that it was planned to continue with Self-Assessment going forward. Some corrections to typos were also provided.</p> <p>The Committees NOTED the update.</p>	
<p>AR13/06/21</p>	<p>Risk Management</p> <p>13.1 Review Risk Management Register</p> <p>The Committees considered the Register. 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>	

It was noted that there had been a few minor changes in wording for some risks, their risk indicators, and mitigations. These were highlighted in the main risk register.

The Chief Operating Officer advised that following the last Audit and Risk Management Committees, a member of the committee had pointed out that a couple of stray 0.5 scores had crept into the Risk Register these have been amended on risk 1.3, 1.5 and 2.03. It was noted a few still needed to be amended and the Chief Operating Officer agreed to action these.

Changes to the Risks were highlighted. Following the recent appointment of a Project Manager with expertise relating to ERDF Projects and a successful initiation meeting the risk related to this aspect of the Box Park Project had been reduced. The risk relating to compliance with the Covid Code of Conduct had been reduced following review of the mitigations, following the highlighting of this point at the April meeting.

It was noted there were no significant changes to the governance risks.

A governor noted the improvements in the way the Risk Register operated. He flagged the fact that risks sometimes were totally unexpected and were not within Hartpury's control, such as Covid or changes to funding. The Chief Operating Officer advised that whilst Covid had not been predicted the Risk Register had covered other major disaster's which meant equivalent risks and approaches to mitigation had been able to be put in place rapidly.

A governor further queried why the mitigations put in place to mitigate the Cyber Risk had not had an impact. The Chief Operating Officer advised this reflected that although Hartpury was operating in line with best practice that cyber was an area where there could be no complacency. She agreed to re-discuss the issue with the Director from that area. It was confirmed Hartpury had in place cyber insurance and provided staff with training to ensure they were cyber aware.

A governor commented on the risk relating to "ability to keep pace with growth" noting this seemed to be an ongoing issue in terms of residential and classroom accommodation/facilities and queried whether the mitigation was optimistic. The Vice-Chancellor and Principal advised that the 2025 Strategy set in place the pillars for growth relating to student growth, student residential accommodation and other facilities which recognised that these aspects needed to progress together to ensure the student experience. He confirmed that capping course processes were in place to support this.

The Risk Register was NOTED.

13.2 Review Top Risks

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.

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.

**June 2021
COO
(Complete)**

	<p>Changes to the Risks were highlighted which were as set out within item 13.2.</p> <p>The Committees reviewed and NOTED the top risks.</p> <p>13.3 Risk Management Group Minutes The Risk Management Group Minutes were NOTED.</p> <p>13.4 Consideration Potential Area for Deep Dive The Chief Operating Officer advised this had been discussed at Exec and IT had been suggested for this given the ongoing discussions relating to Cyber. The Committees supported this. It was agreed this should be scheduled for the April 2022 meeting.</p>	Clerk April 2022
AR14/06/21	<p>Proposed Performance Indicators – Internal and External Audit The proposed Performance Indicators for Internal and External Auditors were considered. It was agreed that the Performance Indicator relating to Percentage attendance of Client Manager at Audit de brief sessions should be 100% where there were priority 1 recommendations rather than for all reports.</p> <p>The Performance Indicators, subject to the revision above, were agreed for use for Internal Auditors and External Auditors from Dec 2021 meeting.</p>	
AR15/06/21	<p>Any Other Business David Seymour was thanked for his attendance.</p>	
AR16/06/21	<p>Dates of future meetings all at 10am 1st December 2021</p>	

The meeting closed at 11.45am

--	--	--