



# HARTPURY

## AUDIT AND RISK MANAGEMENT COMMITTEES HARTPURY UNIVERSITY AND HARTPURY COLLEGE

### Minutes

2pm Monday 22<sup>nd</sup> November 2021

Via Videoconferencing – Microsoft Teams and Gordon Canning Room

<b>Members</b>	<b>University Audit Committee</b>	<b>College Audit Committee</b>
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
<b>In Attendance</b>		
Ms Lynn Forrester-Walker	Present (Chief Operating Officer)	Present (Chief Operating Officer)
Ms Gillian 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)
Ms Carol Davey	Present (Mazars)	Present (Mazars)
Mr Russell Marchant	Present (Vice-Chancellor)	Present (Principal)
<b>Apologies</b>		

		<b>ACTION &amp; DATE</b>
<b>AR01/11/21</b>	<p><b>Apologies &amp; Confirmation of Quoracy</b> Apologies were 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>	
<b>AR02/11/21</b>	<p><b>Declaration of Interest.</b> 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>	
<b>AR03/11/21</b>	<p><b>Minutes of the Meetings – 15<sup>th</sup> June 2021</b> The minutes of the University Audit and Risk Management Committee and the College Audit and Risk Management Committee 15<sup>th</sup> June 2021 meetings were <b>APPROVED</b> as true records.</p>	

AR04/11/21	<p><b>Matters Arising</b></p> <p>The Action Log updated was noted.</p>	
AR05/11/21	<p><b>Risk Management</b></p> <p><b>5.1 Review Risk Management Register</b></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> <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 Committee considered the risk relating to the IT and the power outages and actions being taken in response and the issues relating to CCTV support. The Committees were advised that the Power Outages related to issues experienced by Western Power. These had caused an issue in the Server Room and recovery work was still ongoing. It was confirmed there had been no data loss. In relation to the CCTV it was confirmed that the back-up and support contract was now let and that the period of time CCTV needed to be retained for was being reviewed. It was noted that New Graze start date had been impacted by Covid but that contractors were now on site. It was noted that the additional NI cost had been added and that the potential for a cap on HE numbers had now increased. The risk relating to UNIT-E – the learner records package used for HE and FE was also considered. Governors queried what actions were planned. The Chief Operating Officer advised the Head of Digital was in contact and that Hartpury was in discussions with the new owner. They had advised they remained committed to the product. It would be an area to keep under review. It was noted that the risks relating to New Vicarage Fields had been removed as the project was not progressing.</p> <p>The risks relating to national changes to the HE Admissions process were considered. It was noted this had been discussed at QuEst and that the timeline for change was not yet known.</p> <p>A governor queried if it would be helpful for Triodos to provide a Strategic Review of its approach to the HE sector, however it was decided that as Triodos had only a small number of HE clients that this would not be broad ranging. It was noted that the Boards' Financial Strategy would be considered at the Strategy Away Days in April.</p> <p><b>The Risk Register was NOTED.</b></p> <p><b>5.2 Review Top Risks</b></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>Changes to the Risks were highlighted which were as set out within item 5.1. It was noted that a number of the Risks continued to be Covid related. It was agreed that succession planning both for the Vice-Chancellor and Principal and the Boards should be added to the Risk Register.</p> <p>It was suggested that Risk 33 could be reduced and the Chief Operating Officer agreed to review this</p> <p><b>The Committees reviewed and NOTED the top risks.</b></p> <p><b>5.3 Risk Management Group Minutes</b> A governor commented on the use of the Risk Maturity Questionnaire by the Risk Management Group. It was confirmed this had provided helpful feedback which would be used to target training over future meetings of the Risk Management Group. It was agreed it would also be helpful for this to be undertaken by the Audit and Risk Management Committees.</p> <p><b>The Risk Management Group Minutes were NOTED.</b></p> <p><b>13.4 Consideration Potential Area for Deep Dive</b> It was noted that Cyber which was the area which had been proposed for this had now been discussed in detail at the September Boards. It was agreed it had been covered in sufficient depth and therefore an alternative area which had remained red after mitigation should be considered. Safeguarding was considered. <b>It was agreed the area should be confirmed with the Chairs post meeting.</b></p>	<p><b>COO Dec2021</b></p> <p><b>COO Dec2021</b></p> <p><b>COO Feb 2022</b></p> <p><b>Clerk/COO/ Chairs Feb 2022</b></p>
<p><b>AR06/11/21</b></p>	<p><b>Audit Recommendations Follow Up Update</b> The Committee considered the update which demonstrated that there were only two recommendations to be completed. These were subject to new deadlines. It was confirmed the revised deadlines were achievable and that significant work had already been undertaken in both areas (cash handling at Rugby and Business Continuity Review).</p> <p><b>The Audit Recommendations Update Report was NOTED.</b></p>	
<p><b>AR07/11/21</b></p>	<p><b>Procurement Compliance</b> 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. It was confirmed that the accommodation refurbishment had been time critical to complete during the holidays. It was confirmed that the contractors used had previously been market tested.</p> <p><b>The Procurement Compliance Report was NOTED.</b></p>	

AR08/11/21	<b>Internal Audit Reports</b>	
8.1	<b>Assurance Review of Information and Cyber Security</b>	
	<p>The review had considered the arrangements for the pro-active identification, prioritising and mitigating against cyber-crime. It was noted the scope of the review did not include detailed testing to assess whether there is evidence of possible fraudulent actions.</p> <p>Key Strategic Findings were:</p> <ul style="list-style-type: none"> <li>• There are appropriate arrangements in place for cyber security.</li> <li>• The Information Security Policy needs to be approved.</li> <li>• The organisation has introduced long passwords using three random words in compliance with National Cyber Security Centre (NCSC) guidance</li> <li>•</li> </ul> <p>One important Action Point and two Operational Action Points had been identified. It was noted that the IS Policy had now been approved by the SMT. Cyber Essentials accreditation was being considered.</p>	
	<b>The Committees NOTED the positive assurance provided.</b>	
8.2	<b>Internal Audit Annual Report</b>	
	<p>The Committee formally considered the 2020/21 Annual Report by TIAA on the internal control environment at Hartpury University and College, which had been verbally updated on in June and then circulated between meetings.</p> <p>It was noted that the annual internal audit report summarises the outcomes of the reviews carried out on the organisation's framework of governance, risk management and control.</p> <p>The Head of Internal Audit's Annual Opinion was considered. "TIAA is satisfied that, for the areas reviewed during the year, Hartpury University and College has reasonable and effective risk management, control and governance processes in place and there was evidence to support the achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed. 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 Hartpury University and College from its various sources of assurance." It was noted this was the highest level of assurance. It was confirmed that TIAA considered that it had been able to undertake the necessary reviews despite Covid.</p> <p>It was noted that in the recommendations review it was confirmed that 13 out of 15 recommendations had been progressed which was considered very positive, demonstrating that recommendations were actioned in a timely way.</p>	
	<b>The Committees NOTED the Internal Audit Annual Report and Opinion.</b>	
AR09/11/21	<b>Internal Audit Guidance notes and Hartpury Response to Fraud Update</b>	
	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 are shared with the committees and in response to a request by the committee	

	<p>to demonstrate the briefings have been considered. The report included a table which summarised the various briefings and Fraud Stop notifications received from the Internal Auditors since the last meeting and detailed how Hartpury had dealt with the actions and recommendations raised. The Committees agreed the report provided helpful assurance and closed the loop on the information provided.</p>	
<b>AR10.1/11/21</b>	<p><b>External Audit Completion Report</b></p> <p>It was confirmed that the Audit had been completed as agreed within the Memorandum reviewed by the Committees in June, with the level of materiality and risks as highlighted.</p> <p>The key audit matters that were of most significance in the audit of the Financial Statements for disclosure in the auditor's report: were:</p> <p>Risks</p> <ul style="list-style-type: none"> <li>• Management override of controls</li> <li>• Income Recognition</li> <li>• Going Concern &amp; Impact of Covid 19</li> <li>• Capital and Maintenance • Classification of Funds Judgements</li> <li>• Depreciation of Fixed Assets • Accrued Expenditure</li> <li>• Defined Benefit Pension Scheme Liabilities</li> </ul> <p>It was highlighted that the Pensions issue in relation to the assumptions of the scheme actuaries in relation to potential salary increases was highlighted for the boards to note.</p> <p>Mazars took the Committee through the Going Concerns testing which had been undertaken. This had included consideration of the latest student numbers and confirmation that cash was been generated of sufficient scale.</p> <p>Mazars also highlighted the write off discussions which had been held in relation to the cancellation of the Vicarage Field project when the planning application was rejected. It was confirmed that the costs had been assessed for residual value and those without value had been written off. Costs retained given the potential to reuse such as the design etc would be reviewed again in 2021/22. The Committee members reflected on this and endorsed the approach following this review.</p> <p>Mazars highlighted that the Charitable Trust had now appointed independent Trustees and confirmed funds were held in a separate investment portfolio and were consolidated within the Financial Statements. As previously discussed Mazars detailed the additional work which had been required on the ILR to provide assurance on income. It was noted that it had been a small sample given Hartpury had limited apprenticeship funds and AEB. No issues had been identified. It was noted that some funds double paid by ESFA were detailed as part of the transparency of the process.</p> <p>It was confirmed that no control recommendations had been identified. There had been only a very minor misstatement re bad debts and the auditors confirmed they had no concerns.</p> <p>It was confirmed that the Letter of Representation would be as set out, and confirmed there were no issues.</p>	

	The Committees considered the Report on the Sector, noting particularly the expected HE White Paper.	
	<b>The External Audit Report was NOTED.</b>	
<b>AR10.2/11/21</b>	<b>ESFA – Regularity Self-Assessment - Update</b>	
	The Committees had been provided with the revised annual update of the ESFA Regularity Self-Assessment which had been issued post the June meeting to reflect Covid.  <b>The College Audit and Risk Management Committee, APPROVED updated ESFA-Regularity Self-Assessment for recommendation to the College Board and signing.</b>  <b>The University Audit and Risk Management Committee NOTED the update.</b>	
<b>AR10.3/11/21</b>	<b>Hartpury University Financial Statements</b>	
	It was noted all the Financial Statements had also been looked at by SFR.  A governor queried the reference to a positive operating position given the Pension adjustment. The Chief Operating Officer agreed to revise this wording. It was confirmed that all other points raised by the Chairs of the Committees had been actioned. It was agreed that the Committee Chair should highlight the disclosure requirement required by the Board to the Board when the Financial Statements were considered.  The consolidation of the Charitable Trust, as highlighted above, was noted. It was confirmed separate Financial Statements were not required as there were no transactions and it was an unregistered charity and not registered at Companies House. It was confirmed that the share holding with Novazera was not material. It was agreed the reference to the first Hartpury PHD would be clarified. It was agreed the Governors Committee membership would be updated.  <b>The University A&amp;RM Committee AGREED to Recommend the Financial Statements to the University Board for APPROVAL and Signing.</b>	<b>Chair Uni A&amp;RMC Dec 21</b>
<b>AR10.4/11/21</b>	<b>Hartpury College Financial Statements</b>	
	The Committee considered the Financial Statements.  <b>The College A&amp;RM Committee AGREED to Recommend the Financial Statements to the College Board for APPROVAL and Signing.</b>	
<b>AR10.5/11/21</b>	<b>Hartpury Subsidiaries Financial Statements</b>	
	It was noted these Financial Statement had been approved, subject to Audit, by their Boards earlier in the day.  <b>Limbury</b> <b>Hartpury Rugby</b>	

	<p><b>Rudgeley</b></p> <p>It was confirmed all points raised by the Committee Chairs previously had been addressed.</p>	
AR10.6/11/21	<p><b>Letter of Support Hartpury Rugby</b></p> <p><b>The proposed letter of Support was NOTED.</b></p>	
AR10.7/11/21	<p><b>Going Concern Statement – University</b></p> <p>It was confirmed this was in line with the previous years' format. It was noted it reflected the latest information on NI and liquidity. It was confirmed it had been shared with Mazars. It was noted a date needed amending and confirmed the COO would action this (completed prior to Dec Board).</p> <p><b>The Going Concern Statement was NOTED.</b></p>	
AR10.8/11/21	<p><b>Going Concern Statement College</b></p> <p>It was confirmed this was in line with the previous years' format. It was noted it reflected the latest information on NI and liquidity. It was confirmed it had been shared with Mazars. It was confirmed that the ESFA had graded the College as Outstanding for Financial Health.</p> <p><b>The Going Concern Statement was NOTED.</b></p>	
AR10.9/11/21	<p><b>Audit and Risk Management Committee Annual Report – University</b></p> <p><b>This was APPROVED.</b></p>	
AR10.10/11/21	<p><b>Audit and Risk Management Committee Annual Report - College</b></p> <p><b>This was APPROVED.</b></p>	
	<p><b>The Internal and External Auditors left the meeting for the following item</b></p>	
AR11/11/21	<p><b>Performance Indicators – Internal and External Audit</b></p> <p>The Performance Indicators outturns for Internal and External Auditors were considered. It was confirmed that there had been some issues in time taken with External Audit queries, but Mazars had acknowledged this and it was agreed there were no significant issues. It was agreed the Auditors were working well with each other and providing the Committees with the required assurance.</p> <p><b>The Performance Indicators Outturns were NOTED.</b></p>	
AR12/11/21	<p><b>Terms of Reference</b></p> <p>It was noted there were no proposed changes. It was confirmed the Terms of Reference did not preclude staff governor membership if this was agreed by the Committees, subject to there being no conflicts of interest.</p>	

AR12/11/21	<p><b>Any Other Business</b> Katrina Napthine was thanked for her contribution to the Committees.</p>	
AR16/06/21	<p><b>Dates of future meetings all at 10am</b> 1<sup>st</sup> December 2021</p>	

The meeting closed at 4pm

	<p><b>Closed Session Without Management with Internal and External Auditors</b></p>	
	<p>It was confirmed there were no issues either set of auditors wanted to raise. It was noted that both sets of Auditors were finding staff were needing to readjust to on site audit.</p> <p>It was noted that the Internal Audits would commence shortly.</p>	