



# HARTPURY

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

### Minutes

10am Monday 14<sup>th</sup> November 2022

Via Videoconferencing – Microsoft Teams and Gordon Canning Room

#### Members

Ms Lucie Hammond  
 Professor Ian Robinson  
 Dr John Selby  
 Mr Patrick Brooke  
 Ms Barbara Buck  
 Ms Mary Heslop  
**In Attendance**  
 Ms Lynn Forrester-Walker

Ms Gillian Steels

Mr Iain Williams

Dr Michael Collier  
 Mr Richard Bott

Ms Carol Davey  
 Professor Andy Collop  
 Professor Kathryn Nankervis

#### University Audit Committee

Present (Chair)  
 Present  
 Present (Vice-Chair)  
 Co-opted Member - Present  
 Co-opted Member - Present  
 Co-opted Member - Present

Present (Chief Operating Officer)

Present (Clerk to the Board)

Present (Head of Finance)

Present (TIAA)  
 Present until 11.10 (Mazars)

Present (Mazars)  
 Present (Vice-Chancellor) (  
 Present Item 9.4 (Assoc. Prof Equine)

#### College Audit Committee

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 Present (Chair)  
 Present  
 Present

Present (Chief Operating Officer)  
 Present (Clerk to the Board)  
 Present (Head of Finance)  
 Present (TIAA)  
 Present until 11.10 (Mazars)  
 Present (Mazars)  
 Present (Principal)  
 Present Item 9.4 (Assoc. Prof Equine)

		<b>ACTION &amp; DATE</b>
<b>AR01/11/22</b>	<p><b>Apologies &amp; Confirmation of Quoracy</b>            There were no apologies.</p> <p>Lucie Hammond was welcomed to the University Audit and Risk Management Committee.</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>AR02/11/22</b>	<b>Declaration of Interest.</b>	

	<p>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>AR03/11/22</b>	<p><b>Minutes of the Meetings – 28<sup>th</sup> June 2022</b></p> <p>The minutes of the University Audit and Risk Management Committee and the College Audit and Risk Management Committee 28<sup>th</sup> June 2022 meetings were <b>APPROVED</b> as true records.</p>	
<b>AR04/11/22</b>	<p><b>Matters Arising</b></p> <p>The updated Action Log was noted.</p> <p>It was confirmed the actions to be completed by July had been completed.</p>	
<b>AR05/11/22</b>	<p><b>Financial Statements</b></p>	
<b>5.1</b>	<p><b>Audit Highlights &amp; Memorandum Year ending 31 July 2022 (inc draft management letter)</b></p> <p>Richard Bott, Mazars – External Auditors took the Committees through the key points of the Audit Clearance Report.</p> <p>It was noted that 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. The matters that were of most significance in the audit of the Financial Statements for disclosure in our auditor's report were:</p> <ul style="list-style-type: none"> <li>• Risks</li> <li>• Income Recognition – confirmed income had been recognised in the right year, there had been one minor payment which had been amended</li> <li>• Management override of controls – no issues identified</li> <li>• Capital and maintenance Judgements - recognised that there were a lot of projects going on but confirmed no issues had been identified</li> <li>• Depreciation of fixed assets - confirmed treatment of Old Graze, given development of new Graze. Confirmed Vicarage Field written off</li> <li>• Income recognition</li> <li>• Defined benefit pension scheme liabilities - Mazars actuaries reviewing and had confirmed, some differences of opinion regarding pay award assumptions, but no issues of concern It was confirmed management had used the actuaries' assumptions.</li> <li>• Doubtful debts</li> <li>• Leases</li> <li>• Impairment of tangible asset. -</li> </ul> <p>He advised that the clearance meeting had taken place a month ago and that the audit had been a very smooth process. He advised that some minor areas of work remained ongoing. Mazars had written to all the Pension Funds for information relating to proportion of assets held by Hartpury (and other clients). Feedback on this was awaited. Work to check judgements and assumptions against last year had been undertaken. The challenges on obtaining this information were recognised.</p>	

He updated on ongoing court changes re holiday pay. It was confirmed Hartpury was looking at this but it was not considered to be a significant issue. Mr Bott confirmed that the potential amount was not considered material.

Hartpury Charitable Fund – noted this was consolidated, and that £1m was to be distributed. The Letter of Support required by Hartpury Rugby was outlined.

It was confirmed that the Letter of Representation was standard. The Chief Operating Officer confirmed that she was not aware of any reason why the Boards should not sign this.

It was noted that the reference to the war in Ukraine was standard.

Governors queried whether the irregularity referred to within equine needed to be reported in the Financial Statements or the Audit Reports. Mr Bott advised that the Internal Audit Report had been shared with the External Auditors and also updated to them by management. He confirmed it was not considered material.

Mr Bott confirmed that it was a positive opinion:

“We have audited the financial statements of Hartpury University (‘the University’) and its subsidiary undertakings (‘the Group’) for the year ended 31 July 2022 which comprise the Consolidated and University Statements of Comprehensive Income and Expenditure, the Consolidated and University Statements of Changes in Reserves, the Statement of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard Applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the Group’s and University’s affairs as at 31 July 2022 and of the Group’s and University’s income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting for Further and Higher Education. and

Mazars confirmed their independence.

The Committee considered the reflection pieces. It was confirmed that Hartpury had in place a Freedom of Speech Policy and appropriate processes for the approval of external speakers. Governors noted the recommendation in relation to students identifying a Trusted Contact in case of concerns regarding Mental Health. The Clerk advised that the Vice-Principal Resources had advised this would be reviewed at the Safeguarding Committee to see if any further steps were required at Hartpury. The Clerk confirmed she would update the Committee on this.

Clerk Mar 23

Governors queried when climate reporting would be required, it was noted this would be in the future, but that the date was not yet fixed.

Governors considered the future requirements relating to Short Term Business Visitors and noted Hartpury was looking into any requirements related to this. It was likely the impact would be minimal. It was noted Hartpury had no staff based overseas.

	<b>The Committees NOTED the Audit Outcome and Opinion.</b>	
<b>5.2</b>	<b>Hartpury University Financial Statements 2021/22</b>	
	<p>A financial bridge reconciling the surplus before pension adjustment in the July 2022 management accounts for Hartpury University to the financial statements had been provided. Governors agreed this was very helpful.</p> <p>It was confirmed that the Committee Chairs had been given the opportunity to review the Financial Statements prior to the meeting and their feedback taken forward.</p> <p>A governor highlighted that two different staff percentages were referenced and it was agreed this would be revised.</p> <p>A governor commented that given Limbury was very small whether it would be wound up in the future. The Chief Operating Officer advised it was planned to do this in the next year. A governor queried what the Strategic Development Fund SWLEA was and the Chief Operating Officer confirmed she would check this and confirm in the final version for the Board. It was noted that the first paragraph on page 83 was inconsistent and agreed this would be updated.</p>	<p>COO Nov 22</p> <p>COO Nov 22</p>
	<p>Governors reflected on the risk relating to Hartpury's high level of debt as detailed within the strategic commentary and queried how risky this position was. The Chief Operating Officer advised this would be debated at SFR. She advised that the Finance Plan which SFR were considering reflected continuing growth in student numbers. It was noted this had been successful for the past 4 years, but was becoming more challenging. It was confirmed work was ongoing to ensure recruitment activities were effective which would reduce the level of this risk. The Vice-Chancellor and Principal confirmed that this was an area which was being closely monitored by management, and that ways to optimise growth were being considered. He noted that the outcome of the OfS Review into small and specialist status would also be significant. Governors queried whether this issue would be debated before further debt was taken on and this was confirmed. Governors queried if the issue was likely to raise concerns by our regulators. The Chief Operating Officer advised it had not been an issue previously. Mr Bott commented that all universities were having to manage the issue of frozen student income.</p> <p>The challenges of working to reduce non-pay while some costs were being driven by the external environment, such as fuel were noted.</p> <p>A governor queried whether the TPS valuation had taken place in 2016 and not been reported until 2019. This was confirmed.</p> <p><b>The University A&amp;RMC AGREED to RECOMMEND the University Financial Statements to the University Board for Approval.</b></p>	
<b>5.3</b>	<b>Hartpury College Financial Statements 2021/22</b>	
	<p>The Committees considered the College Financial Statements. Governors queried whether the expectation was that government funding would continue to be provided to cover the additional TPS costs. The Chief Operating Officer advised that the AoC understood that this was likely to be consolidated into the allocation, and that colleges would be updated on this in c February/March, but there had been no confirmation on this.</p>	

	<p>The Chair highlighted the requirements on every director to confirm they had taken all reasonable steps to confirm the information provided. It was agreed the Chair should highlight to the Board pre the Board considering APPROVING the Financial Statements as had been the process the previous year.</p>	<p><b>Chair A&amp;RMC Nov 22</b></p>
	<p><b>The College A&amp;RMC AGREED to RECOMMEND the College Financial Statements to the College Board for Approval.</b></p>	
5.4	<p><b>Subsidiary Company Accounts:</b>  <b>5.4.1 Hartpury Rugby Ltd.</b>  <b>5.4.2 Rudgeley Services Ltd.</b>  <b>5.4.3 Limbury Ltd.</b></p> <p>It was noted these had been provided for completeness and would be signed off by their appropriate Boards. It was confirmed they were incorporated within the University Group Audit completed by Mazars. A minor amendment within the Rugby commentary was noted.</p> <p><b>The Financial Statements were NOTED.</b></p>	
5.5	<p><b>Letter of Support Hartpury Rugby</b></p> <p>It was confirmed this would be taken forward to the University Board. The timing was agreed after consideration.</p>	
5.6	<p><b>Going Concern Statement – University</b></p> <p>It was highlighted that in the approving and signing the annual financial statements for Hartpury University for 2021/22, Governors make the following statement relating to Going Concern:  “After making appropriate enquiries, the Corporation considers that Hartpury University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.”</p> <p>The report provided an assessment of actual, forecast and budgeted out turn to 2025/26 based on the latest strategic financial plan to be submitted to the OfS in December 2022. This included a summary of the cash generation from operations for each year demonstrating solvency.</p> <p>The report concludes the University is a ‘Going Concern’.</p> <p>It was noted that a 1% contingency was held which could be released if necessary.</p> <p><b>The University A&amp;RMC recommended the Going Concern Statement to the University Board.</b></p>	
5.7	<p><b>Going Concern Statement - College</b></p> <p>It was highlighted that in the approving and signing the annual financial statements for Hartpury College for 2021/22, Governors make the following statement relating to Going Concern:  “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 report provided an assessment of actual, forecast and budgeted out turn to 2023/24 based on the latest financial forecast submitted to the ESFA in July 2022.</p> <p>This included a summary of the cash generation from operations for each year demonstrating solvency.</p> <p>The report concluded the College is a 'Going Concern'.</p> <p><b>The College A&amp;RMC recommended the Going Concern Statement to the College Board.</b></p>	
<b>5.8</b>	<p><b>Audit &amp; Risk Management Committee Annual Report – University</b></p> <p>It was noted that the Office for Students requires all UK HEIs' Audit &amp; 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"> <li>- Risk management, control and governance</li> <li>- Economy, efficiency and effectiveness (value for money)</li> <li>- Management and quality assurance of data submitted to regulators, funding bodies and statutory bodies.</li> </ul> <p>The Committees considered the Annual Report. It was agreed that the approving of the Safeguarding Policy should be added to the assurances within the report.</p> <p><b>The University A&amp;RM Committee APPROVED the Report for submission to the University Board.</b></p>	
<b>5.9</b>	<p><b>Audit &amp; Risk Management Committee Annual Report – College</b></p> <p>It was noted that the Educational and Skills Funding Agency (ESFA) required all Further Education Corporations' to prepare an annual report for submission to its governing body and the Accountable 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"> <li>- Risk management, control and governance</li> <li>- Economy, efficiency and effectiveness (value for money)</li> <li>- Management and quality assurance of data submitted to regulators, funding bodies and statutory bodies</li> </ul> <p>The Committees considered the Annual Report. It was agreed that the approving of the Safeguarding Policy should be added to the assurances within the report.</p> <p><b>The College A&amp;RM Committee APPROVED the Report for submission to the College Board.</b></p>	
<b>AR06/11/22</b>	<p><b>Risk Management</b></p> <p><b>6.1 Review Risk Management Register</b></p>	

It was confirmed 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. The changes to the Risk Register were highlighted in red in the main risk register. A summary was also provided in the report.

New Risks added were:

**Strategic**

Rising Utility costs significantly impact on the overall surplus generated and as a result ability to generate cash for future investment.	Reflection of current situation with utility costs
A resurgence of a new strain of Covid impacts upon our ability to deliver to students in the short term and impacts on our staffing and financial position.	Reflection of the position of Covid nationally

**FE Academic**

Failure to engage with the LSIP and risk of no alignment to curriculum offer and associated accountability agreements.	Increased importance of LSIP in determining curriculum offer.
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Risks had increased in the following areas:

**Strategic**

Hartpury do not have the management capacity to deliver the strategy and accompanying developments.	Recognition that in some areas capacity is stretched and, in some instances, fragile
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**ULH Capital**

Inability to secure a contractor to undertake work to timescale and budget.	Reflects the issues over the summer with the first choice contractor going into administration.
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**HR**

Inability to recruit develop and retain professional services and academic staff of the required experience and expertise.	Reflects increasing difficulties in recruiting staff to some areas.
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Actions being taken to manage these risks were outlined, noting that more detailed updated were considered on an ongoing basis at relevant committees/Boards.

Risks which had been deleted (relating to capital projects which had been completed and the completion of the Europeans) were outlined. It was noted there was no longer a separate Covid register but a risk on Covid remained within the overall register.

**The Risk Register was NOTED.**

	<p><b>6.2 Review Top Risks</b> 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><b>The Committees reviewed and NOTED the top risks.</b></p> <p><b>6.3 Risk Management Group Minutes</b> It was noted Business Continuity had been considered.</p> <p><b>The Risk Management Group Minutes were NOTED.</b></p> <p><b>6.4 Deep Dive March – Confirmed as Safeguarding</b></p>	
AR07/11/22	<p><b>Audit Recommendations Follow Up Update</b> The Committee considered the update which detailed progress on the recommendations. It was noted the Information Security Policy and the ICT Acceptable Use Policy actions had been completed. The other recommendations were on track, with wider KPI discussions to be considered at the Board in November.</p> <p><b>The Audit Recommendations Update Report was NOTED.</b></p>	
AR08/11/22	<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, or there was only a single supplier. He confirmed that the Press and PR contract was considered to be the best solution, given the company's experience. It was noted that sometimes it could be challenging to obtain 3 quotes but this was the aim, in line with the Financial Regulations Requirements. The Committees considered the Gloucester Rugby Sponsorship and it was confirmed the three opportunities to use the box were used as business development opportunities and that the commercial relationship was for the betterment of the student experience and to support student recruitment and to maintain Hartpury's positive profile in this area.</p> <p><b>The Procurement Compliance Report was NOTED.</b></p> <p>11.10am Mr Bott left the meeting</p>	
AR09/06/22	<p><b>Internal Audit Update</b></p>	
9.1	<p><b>Summary Internal Controls Assurance (SICA) Report</b></p>	
	<p>This 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 4th November 2022. Dr Collier advised that the plan for 2022/23 was progressing smoothly with all audit allocated and dates agreed. He advised that the Estates Management Audit had commenced and was at draft report stage and would come to the next meeting.</p>	

	<p>He advised that the IT Security Audit from the 2021/22 plan was being finalised and would be issued as soon as possible. He advised that the report would not change the overall opinion within the Internal Audit Annual Report. He confirmed that this was the highest-level opinion.</p> <p>It was noted within the appendix that the dates should be 2023.</p>	
	<p><b>The Committees NOTED the Report</b></p>	
9.2	<p><b>ICT Security Update -</b> <b>The Update above under 9.1 was NOTED.</b></p>	
9.3	<p><b>Internal Audit – Draft Annual Report 2021/22 - Update</b> It was agreed the report should refer to Hartpury University and its subsidiaries’ <b>The update above under 9.1 was NOTED.</b></p>	
9.4	<p><b>Confidential Item – Closed Minutes</b></p>	
AR10/11/22	<p><b>Internal Audit Guidance Notes and Hartpury Response</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 were shared with the committees and in response to a request by the committee to demonstrate the briefings have been considered. The report updated against ongoing actions from earlier briefings and provided the most recent briefings and planned actions. The Committees agreed the report provided helpful assurance and closed the loop on the information provided</p> <p><b>The Update was NOTED.</b></p>	
AR12/11/22	<p><b>Updated ESFA – Post-16 Audit Code of Practice</b> The latest changes made to the Post 16 Audit Code of Practice had been provided. These followed changes made in April.  It was confirmed the full code was available on the governors’ website. <b>The Committees NOTED the update.</b></p>	
AR13/06/22	<p><b>Committee Terms of Reference &amp; Self-Assessment</b> <b>College</b> <b>University</b> The report enabled the Committees to review their performance and consider any changes required. <b>Self-Assessment</b> It was noted the Committees had undertaken a full Self-Assessment in 2021. It was agreed that the next time the self-assessment would be a streamlined process. The Self-Assessment has therefore been completed building on the 2021 version, feedback from the meeting where it was discussed, feedback from governors at their annual appraisals, work of the Committees and input from governors to Clerk on how the Committees were operating.  Points highlighted are:</p>	

	<ul style="list-style-type: none"> <li>- the work to build resilience of membership through the appointment of a new University A&amp;RMC Chair and the mutual co-opting of Committee members.</li> <li>- Opportunity for the Committees to identify any training needs.</li> </ul> <p><b>The Committees AGREED the Self-Assessment.</b></p> <p><b>Terms of Reference</b> The terms of Reference were updated in November 2021 and March 2022. No changes had been proposed. At the meeting it was suggested that the need to ensure any staff governors appointed to the Committee were independent. The Committees are asked to approve the terms of reference.</p> <p>Subject to the amendment above the TERMS of Reference were APPROVED&gt;</p> <p><b>Agenda Cycle</b> This was NOTED.</p> <p><b>No Internal or External Auditors present for this item:</b></p>	
<b>AR11/11/22</b>	<b>Performance Indicator Review – IA and EA</b>	
	<p>It was noted that the KPI's had been completed by management for discussion with the Committee. The Chief Operating Officer advised that management were comfortable with the service being provided by Internal and External audit, commenting that they were responsive and well informed with the required expertise.</p> <p>The Committees considered the question "Does the auditor – IA and EA – have an effective relationship with the Committee". Governors confirmed they considered this to be in place.</p>	
	The KPI performance was agreed.	
<b>AR12/11/22</b>	<b>Any Other Business</b> The resignation of the Management Accountant was noted	
<b>AR13/11/22</b>	<b>Dates of future meetings all at 10am</b> <b>Noted</b>	

**The meeting closed at 12.30**

APPROVED