

HARPER ADAMS UNIVERSITY

Audit and Risk Management Committee

Minutes of a Meeting of the Audit and Risk Management Committee held on 16 February 2017 in the Boardroom

Present:	Mr P Cowdy Mr M Griffiths Mr R Hambleton Mr C Tweed	Chairman (Co-opted member)
In attendance:	Dr D Llewellyn Dr C E Baxter Mrs L Furey Miss L Tweedie Mr M Rowley Professor P Mills	Vice-Chancellor (Observer) University Secretary Director of Finance RSM KPMG For Minute 16/19 only
Apologies:	Mr M Dawson	KPMG

Members were reminded to update their entry in the Register of Interests as necessary.

16/19 Briefing from Senior Staff – Management of Research

Received: a briefing from Professor Mills, Deputy Vice-Chancellor, on the University's management of research, including the management of research projects conducted under Home Office Licence.

- Noted:
- i) that the maintenance of high quality research was very important in relation to the University's reputation with industry and other partners who were interested in research and knowledge transfer. It was also important to ensure that students had the opportunity to engage with research and informed excellent teaching;
 - ii) that the University had established a quality assurance process for managing research which was set out in detail in the University's quality manual;
 - iii) that the roles of the Research Committee/Research Degrees Committee/ Research Ethics Committee and the Animal Welfare and Ethical Review Body were critical in ensuring that the University was able to demonstrate the ways in which it formally considered research proposals and approved them from an ethical and resourcing perspective;
 - iv) that the University had been successful in growing its research income from £100k in 2010 to £4.2m in 2016/2017.

- Agreed:
- i) to thank Professor Mills for his very useful and informative briefing;
 - ii) that a copy of Professor Mills' presentation would be circulated to members, along with the minutes of the Committee.

CEB

16/20 Minutes

Approved: the minutes of the meeting of the Audit and Risk Management Committee held on 16 November 2016 (16/01-16/18).

16/21 Matters Arising

Received: a report prepared by the University Secretary.

Agreed: that all of the matters arising had either been actioned or would be discussed later on the agenda.

16/22 **Risk**

Received: a report from the University Secretary updating members on actions completed to address the Risk Analysis and Action Plan 2016/17.

- Noted:
- i) that the University was continuing to pay close attention to student applications for 2017;
 - ii) that the University, along with other institutions who had more than 500 students studying away from the campus with partner organisations, had been asked to provide a report providing further information on how the quality and student experience for such students was maintained. A further report had been requested during March 2017 and work was currently in hand to respond to this request. The remainder of the feedback on the annual provider review was positive. The Office for Students was expected to continue close scrutiny of performance metrics. The regulatory framework also continued to develop;
 - iii) that the University had submitted its written submission for the TEF process by the due date and the outcome of this process was currently awaited;
 - iv) that the University had received a positive response from HEFCE with regard to its annual report on action taken to implement the PREVENT Duty. The University's work in relation to this area had also been the subject of an internal audit report which would be discussed later on the agenda;
 - v) that the University had been in contact with the HEFCE Assurance Team and a date at the end of June had been established for the Higher Education Assurance Review visit (HAR);
 - vi) that work was in hand to review the Memorandum of Agreement and Code of Practice between the University and the Students' Union;
 - vii) that the Finance and General Purposes Committee had been updated on the outcomes of a detailed review of the Estates Strategy and had confirmed that they were content with the proposals. The Committee would be reporting on this matter to the Board at its April 2017 meeting;
 - viii) that the University had progressed its plan to improve CCTV and a range of other security measures;
 - ix) that the University had taken action to progress recommendations made in the Special Investigations Report. This was an item later on the agenda;
 - x) that the University continued to follow JISC best practice with respect to its firewall and its implementation of the PREVENT Duty with regard to web filtering and other related IT policies. The senior person leading on cyber security would be attending a briefing on web filtering offered by the HEFCE Prevent Team in the next few weeks;

16/22 **Follow up on Internal Audit Reports**

Received: a report from the University Secretary.

Noted: that sound progress was being made with actions arising from previous internal audit reports.

16/23 **Internal Audit**

Received: a report from the internal auditors on progress with the 2016/17 Internal Audit Plan.

- Noted:
- i) that the report from RSM on Benchmarking of Internal Audit Findings for RSM Higher Education clients 2015/16 was published after the agenda for the November 2016. A copy of the report was provided to members at the November 2016 meeting;
 - ii) that the internal audit plan for 2016/17 remained on track following the agreed amendments to the schedule approved by the Committee at its November meeting.

16/24 **Internal Audit Reports**

Received: a report on the Framework for Compliance with the Prevent Duty: 1.16/17.

- Noted:
- i) that the outcome of the audit had been positive with only one low priority recommendation for action being put forward;
 - ii) that the recommendation had been implemented and the University Secretary had already briefed the Students' Union Trustees on the PREVENT policy at their January 2017 meeting.

16/25 **External Audit 2016/17**

Received: an oral report from the external auditors on year-end audit plans for 2016/17.

- Noted:
- i) that KPMG had already held an initial meeting with the Director of Finance;
 - ii) that, at the recent meeting, KPMG had advised that Mark Dawson had been promoted to the role of Director. In light of this it was proposed that although Mark Dawson would be taking up his new role he would continue to engage with the University and would be the responsible person for signing the accounts in future. It was also proposed that he would support and oversee the work of the new audit manager through the period of transition. Mr Rowley also explained that he would be content to remain as overall relationship manager;
 - iii) that the Director of Finance welcomed the opportunity to maintain some continuity in the external audit team that the proposal represented and wished to recommend the proposal to members of the Committee.

The internal and external auditors left the meeting at this point

Agreed: that the Committee was content with the staffing arrangements proposed by KPMG for the forthcoming year end. **LF**

The internal and external auditors re-joined the meeting at this point.

16/26 Value for Money

- Received: a report by the Director of Finance on progress with the Value for Money Plan for 2016/17 and new HEFCE reporting VFM requirements
- Noted:
- i) that the agreed projects for 2016/17 were being progressed as planned;
 - ii) that an important aspect of value for money work during 2016/17 continued to be preparation for the new reporting requirements being introduced by HEFCE from autumn 2017;
 - iii) that the final VFM reporting proposals had not yet been published. Therefore, the Director of Finance and her team had developed outline proposals for the new reporting requirements based upon the consultation document as it was understood that it was unlikely that there would be major change following the conclusion of the consultation process.
- Agreed:
- i) that members were content that the value for money projects identified for 2016/17 were being appropriately progressed; **LF**
 - ii) that the Committee was supportive of the value for money reporting arrangements outlined by the Director of Finance in her paper, subject to the inclusion of any further information or any amendments to the proposed approach once the outcome of the HEFCE consultation became available. **LF**

16/27 Client Briefings from Auditors

- Received:
- i) Client briefings from the internal auditors;
 - ii) Client briefings from the external auditors.
- Noted:
- i) that an emphasis on the financial health of the sector continued to be important. The recent HEFCE report had provided an overview of the forecast of financial health of HEFCE funded HE institutions covering the period 2015/16-2018/19. The Funding Council's report suggested that projected surpluses were relatively small margins and that the sector's net liquidity was likely to decrease year-on-year. It was also highlighted that, overall, institutions were projecting a 12.1% growth in full-time and EU student numbers. This had been identified in the report as a significant risk given the likely changes following BREXIT, and the current reduction in EU student number applications, as well as the increased competition for full time home students particularly at undergraduate level;
 - ii) that the sector recognised that there continued to be a risk relating to the Home Office's consideration of how quality of provision might be measured and taken into account when decisions were made about allocating Tier 4 Visas for international students. It had also been suggested that the tolerance levels for rejected visa applications might be reduced from 10% to 5%. This would be particularly significant for smaller HEIs which only took a relatively modest number of international students each year. GuildHE and the UUK International Unit had been raising concerns in relation to this matter;
 - iii) that the government had proposed in a consultation paper that universities might create further UTCs and academy schools. Harper Adams had been supporting the JCB academy since 2010 and had

asked whether this contribution could be taken into account in the context of the new proposals. It was understood that HEIs might not be able to charge higher fees if they did not engage with this agenda and support a UTC/academy school;

- iv) that the government continued to push forward with HE and research bill although some opposition had been indicated in the House of Lords. In particular, it had been suggested, in particular, that the Bill should recognise that institutions should be capable of contributing to society and providing 'an extensive range of high quality academic subjects'. If this amendment was accepted it was likely to cause issues for the current plans to allow new entrants to the HE market as many commercial organisations were less likely to be able to offer a very wide range of subjects within their organisation/institution;
- v) that a consultation had been issued about the Office for Students. The University had drafted its response to this document;
- vi) that HESA had published a new report on student enrolment and qualifications data. This report had led to considerable media attention, relating in particular, to the increase in students achieving first and upper second class degrees. This had led to some speculation about whether the sector was experiencing 'grade inflation'. Members noted that, as discussed at the Board meeting when members were being briefed on academic quality arrangements at the University, the algorithm for degree classifications at Harper Adams had not changed significantly and, therefore, although every effort had been made to encourage students to work hard and achieve good quality degrees, only modest growth in first and or upper second degree classification had been seen. It was recognised that this sometimes created challenges when the league tables were considering 'good' honours degrees. However, the University had decided to maintain its algorithm and its degree standards;
- vii) that it would be useful for the IT helpdesk to ensure that students were fully aware of cyber risks. Members suggested that a practical workshop or information sheets for students might be useful in this regard; **LF**
- viii) that pension liabilities, as highlighted in the KPMG briefing, continued to be a challenge for the sector. In the case of Harper Adams, the Finance and General Purposes Committee continued to keep this under a watching brief;
- ix) that the University was currently undertaking a review of 'off-payroll' working. External advice had been sought and this had led to a recognition that there might be some risks in this area and therefore engagement with HMRC would be necessary to seek a resolution of these matters;
- x) that the University was aware of the forthcoming new requirements in relation to gender pay gap analysis reporting and plans for addressing this were being put in place.

16/28 Date of Next meeting

Noted: that the date of the next meeting was confirmed as 18 May 2017 and not as outlined on the agenda. The Secretary apologised for this error.