

HARPER ADAMS UNIVERSITY

Audit and Risk Management Committee

Minutes of a Meeting of the Audit and Risk Management Committee held on 28 June 2018

Present: Peter Cowdy (Chair)
Richard Hambleton
Campbell Tweed
Mark Griffiths (Co-opted member)
Mark Dawson (KPMG)
Louise Tweedie (RSM)

In attendance: Mrs L Furey, Director of Finance
Dr C E Baxter, University Secretary

To Apologies: Dr David Llewellyn (Vice-Chancellor) - Observer

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

17/44 Briefing from the Farm Manager

The University Secretary presented apologies on behalf of the Farm Manager who was unable to attend the meeting. Unfortunately it had not been possible to rearrange for one of the other staff to attend due to other diary commitments. Members agreed that the Farm Manager should be invited to make his presentation in February 2019.

Noted: that the Deputy Vice-Chancellor would be invited to meet the Committee in May 2019 and the Head of HR would meet the Committee in June 2019 as previously planned. Members asked the University Secretary to remind staff that there was no need for a formal or lengthy presentation, rather members wish to engage in a dialogue about current risks and challenges and how these were being managed. **CEB**

17/45 Minutes

Approved: the Minutes of the meeting of the Audit and Risk Management Committee held on 14 May 2018 (17/27-17/43).

17/46 Matters Arising

Received:

- i) a report from the University Secretary including a proposal to include a new section in the Business Continuity Plan on handling data breaches;
- ii) an updated external audit engagement letter from KPMG reflecting the changes in regulator for HEIs in England.

Noted:

- i) that following the committees' consideration of the Business Continuity Plan at its May 2018 meeting, the University's Data Protection and Freedom of Information Officer had suggested that it would be helpful to add a further Crisis Management Protocol setting out the arrangements for dealing with a serious data breach or loss incident. A detailed procedural document for reporting potential data breaches/data losses had also been developed in discussion with the IT team and will shortly be shared with staff across the institution;

- ii) that KPMG had updated their External Audit Engagement Letter to reflect the new roles of the Office for Students and Research England. No other substantive changes have been made to the document;
- iii) that a recent Financial Reporting Council (FRC) report on acceptable standards of auditing within KPMG have been published. Mr Dawson confirmed that the issues related to year end December 2016 and had not related in any way to higher education audits. Furthermore, the company had taken steps to improve its arrangements and anticipated that the FRC report for year end 2017 would be much more positive. New procedures and processes had been put in place including further data analytics which would be used during year end 2018 at Harper Adams to improve data interrogation and replace previous sampling arrangements; **AJ**
- iv) that the Chair had recently attended a workshop led by BDO. The session had been very useful with a particular emphasis on changes being introduced by the OfS. In discussion, members noted that the University had already informed the OfS about the Joint Vet School project as a process for seeking permission for major projects was now in place. BDO had also discussed the top 10 risks from their perspective that universities needed to be aware of. The Chair confirmed that all of these were reflected in the University's Risk Analysis and Action Plan with the exception of cyber security, which is currently rated at a lower level by the University. Members suggested that it would be useful to review their scoring again over the forthcoming summer, in preparation for representation of the RAAP at the November meeting of the Committee. **CEB** Members also noted that the Marches LEP area included a specific cyber security group and that there may be an opportunity to engage with this group in relation to agricultural technology during a forthcoming meeting;
- v) that the OfS wish to use National Insurance data as part of the LEO dataset which have been published by the Department for Education (DFE) and subsequently re-presented in a range of different tables and formats with further information due to be submitted shortly. LEO data was already being used within the Teaching Excellence Framework and there were plans to extend the dataset to include postgraduate students. Discussions around linking the funding of universities to the level of income secured by the graduating students were also ongoing; **AJ**
- vi) that the Vice-Chancellor continued to be a member of the Student Data Group and through this work had commented on the LEO dataset. Notwithstanding, reservations expressed by the Committee, the DFE had been clear that the dataset would be published. The Vice-Chancellor had also engaged with leading members of the agri-food industry on a number of occasions to explain to them the challenges within the dataset as it currently showed agriculture and related careers towards the bottom end of the salary range just above creative arts. This was a concern as this may put some people off from entering the sector although, it was also understood that the figures did not necessarily include other in-kind benefits such as housing, food and/or transport. Wales had still continued to refuse to allow its data to be published and there was some understanding among DFE and OfS colleagues that there was a need for the data to be interpreted and explained;
- vii) that at a recent advance HE workshop on small specialist institutions, Mr Hamilton had noted that LEO data had been recognised as having limitations but was the best available information to date. It had also been suggested in the session that further work on self-assessed income was being taken forward. In discussion, members acknowledged that the University, along with all other HEI's, continues to be challenged on its budget in the midst of a demographic downturn and other major changes which were some of the largest in higher education during the past 25 years. In the case of Harper Adams in the industry

that it particularly supports, uncertainty about BREXIT also continued to cause further challenges;

- viii) that it would be useful for the Director of Finance to consider whether or not it would be useful to open a second current account given issues that had arisen over recent months where banks have been unable to operate due to cyber issues. The Director of Finance agreed that she would consider this matter and report back to the Committee at its next meeting. **LF**

- Agreed:
- i) to approve the Crisis Management protocol on dealing with a serious data breach/data loss; **CEB**
- ii) to agree the revised External Audit Engagement Letter.

17/47 Risk Management

Received: a report from the University Secretary

- Noted:
- i) that the University had received a very positive report from its submission to TEF 3 and had been awarded a further gold award. The written commentary would be useful to the University when reapplying for ISF funding. Along with all other HEI's, Harper Adams would also need to prepare for subject level TEF in 2020;
- ii) that a team from TAFE were now working in the Agri-Epi building alongside university staff from the Hands-free Hectare project. The Agri-Epi SMART Dairy was also now operational;
- iii) that the University was continuing to explore a possible opportunity for a new partnership with Warwickshire College;
- iv) that work to engage with the Neighbourhood Plan with particular reference to the need to secure planning for a new Veterinary School building was also being progressed actively;
- v) that a letter had been sent to Shropshire LGPS based on professional advice which challenged the scheme's decision to implement new termination charges for certain admitted bodies whose membership of the scheme had been agreed under pre-existing arrangements. It was understood that the new termination charges applied to 4 admitted bodies only, as most of the other admitted bodies were relatively new members and had, therefore, been admitted under new regulations. A formal reply was expected from the scheme towards the end of June 2018;
- vi) that new Cyber Security training had been issued to all staff with the completion date of 1 September 2018. The online training would be monitored to ensure that all staff completed the necessary modules;
- vii) that it continued to be very challenging to secure and retain good quality farm staff both in the pig unit and on the farm. A review of the current remuneration package had been undertaken and housing was now being included to try and match the offer for farm staff being made elsewhere in the marketplace. The Farm Strategy Committee had agreed over the summer further consideration should be given to the development of the graduate scheme that might attract recent graduates to undertake a two or three-year training programme within the University's unique mixed farm environment. It was thought that such training would offer good career progression opportunities to a range of management roles within the agri-sector. The idea suggested by Mr Bailey had been that trainees would be replaced on a rolling basis;

- viii) that a benefit in kind review is currently underway supported by KPMG. The university was also discussing with the Student Union its arrangements for providing accommodation for the Student Union President and Vice-President;

17/48 Internal Audit Reports 2017/18

- Received:
- i) a progress report from the Internal Auditors;
 - ii) a report on an Audit of Governance Research;
 - iii) a report on an Audit of Student Numbers/Data Quality – UNISTATS;
 - iv) a report on an Audit of the Students Union – Strategy, Governance and Procurement;
 - v) the internal auditors follow-up of previous internal audit recommendations;

- Noted:
- i) that the report on Research Governance highlighted a number of important areas for further work and had concluded that partial assurance could be provided to the Board in relation to this activity. The main issues related to ensuring that all staff adhere to the University's existing processes for approving bids and processing bids. The University had invested in a new 'work tribe' system and it was hoped that this could be fully rolled out to try and improve current processes. Management responses to the report confirmed that actions would be taken quickly to try and address the shortcomings and the Committee will be updated on progress at its next meeting; **PRM**
 - ii) that the report on Student Numbers/Data Quality was very positive with only one minor area highlighted for further attention;
 - iii) that the report on the Student Union highlighted a number of important areas for further work. The overall rating was at the level of partial assurance with a number of high and medium priority actions needing to be progressed. Issues included ensuring that potential conflicts of interest among Trustees were appropriately managed and that a skills matrix was completed. There were also actions relating to appropriate recording and record-keeping of tenders and market testing services. While the report would not impact on the overall Internal Audit opinion of the university, it was nevertheless important that these actions were addressed by the Student Union, which receives public funds via the University and the Committee received assurance to this effect;
 - iv) that the report on the follow-up to previous Internal Audit recommendations was very positive with all actions being confirmed as completed and to that were still in progress;

- Agreed:
- that members of the new Student Union committee should be invited to attend the next meeting of the Committee to present the progress that had been made with the addressing the recommendations set out in the Internal Auditors report; **CEB**

17/48 Annual Review of the Schedule of Delegation

- Received:
- a report from the University Secretary summarising the annual review of the Schedule of Delegation.

Agreed: that, as recommended by the report no further changes were needed to the schedule.

. *The University Secretary was not present for consideration of the next item*

17/49 **Review of the role of the University Secretary/Clerk to the Board of Governors**

Received: i) a report from the University Secretary on the progress report from the Internal Auditors;

Agreed: that the arrangements remained appropriate and no changes were necessary for 2018/19

The University Secretary re-joined the Committee at this point

17/50 **Assessment of the effectiveness of the Audit and Risk Management Committee**

Received: i) an oral report from the Secretary on feedback received from independent members of Committee;

ii) the Terms of Reference for the Audit and Risk Management Committee.

Noted: i) that feedback from all members have been very positive with no issues highlighted. As usual, the Chair had not commented on the effectiveness of his role, although he had suggested that it remains important for the Committee to ensure that it was playing an independent and critical role to support the work of the Board and of the University more widely;

ii) that the Chair had also suggested that it would in due course be helpful to review the membership of the committee to try and enhance its diversity. The University Secretary reported that this would be a key focus of the forthcoming Nominations Committee meeting. The Vice-Chancellor also noted discussions at a recent Good Governance event where diversity had been a key area of discussion. A possible governor exchange programme between universities and other sectors such as the health sector was also being discussed at that meeting. The Nominations Committee would also be considering an opportunity engage with the Board Apprentice Scheme as well as expressions of interest the recent public advertisement. Members further noted that there was an opportunity to appoint a further co-opted member and it was agreed that the Chair and Secretary would give this further thought and put forward any recommendations to the Nominations Committee in due course; **CEB/PC**

iii) that the Terms of Reference have been subject to a thorough review in 2017 and members had no further changes to suggest although it was noted that it would be important to keep the Terms of Reference under review should the Office for Students issue any new guidance or requirements with respect to the role of audit committees in Universities.

17/51 **Annual Review of the Whistleblowing Procedure**

Received: a report on the Annual Review of the Whistleblowing Procedure;

Noted: that no changes had been suggested in light of the annual review;

Agreed: that the Whistleblowing Procedure remained fit for purpose for 2018/19.

17/52 Briefings from Internal/External Auditors

Received: client briefings from Internal Auditors are assembled from the External Auditors KPMG.

Noted: i) that the OfS Accounts Direction had highlighted changes to the content of Corporate Governance reports particularly with reference to the work of Remuneration Committees in universities. Members acknowledged that the University had already taken steps to address the CUC Remuneration Code both in its draft and final form and the report would be made to the Board at its forthcoming meeting in July 2018. It was further noted that discussions with UCEA were ongoing to further review the dataset on pay multiples as the presentation of this data as specified by the Office for Students was slightly different to that specified in the CUC Remuneration Code. It was understood that unless the OfS changed its requirements the format of the pay multiples would need to be published in line with the accounts direction documentation. The University was also aware of the need to update its Corporate Governance and will be working on this over the summer period. **CEB/LF**

Date of Next Meeting

15 November 2018