

HARPER ADAMS UNIVERSITY

Audit and Risk Management Committee

Minutes of a Meeting of the Audit and Risk Management Committee held on 27 June 2019 in the Boardroom

Present:	Mr P Cowdy Mr M Griffiths Mr R Hambleton Mr K Greetham Mr C Tweed	Chairman (Co-opted member) (Co-opted member)
Apologies:	Mr M Dawson	KPMG
In attendance:	Dr D Llewellyn Dr C E Baxter Mrs L Furey Prof P Mills Ms K Scott Ms A Hire Mr A Allen	Vice-Chancellor (Observer) University Secretary Director of Finance (For item 2 only) KPMG RSM Organisational Development Manager for item 1 only

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

18/45 **Briefing on Management of Human Resources Related Risks**

Members welcomed Mr Andy Allen, Organisational Development Manager. Mr Allen and Dr Baxter presented to members a briefing paper prepared by the Head of Human Resources which set out how the University is managing the HR related risks included in the Risk Analysis and Action Plan. The document also described the HR strategy, noting that an interim action plan was currently in place and that the HR strategy would be fully revised and updated once the new University Strategic Plan is in place from 2020 onwards. It was also confirmed that a separate programme of planned policy development work is also in place which ensures that policies remain up-to-date on a routine basis in addition to updates being made as and when legal requirements change or best practice guidance is received from external sources such as UCEA.

The University was continuing to focus on actions arising from the Gender Pay Gap and had recently received the summary from an independent external adviser who had sought feedback from female academic staff about how they felt they could be better supported and encouraged to apply for promotion. The recommendations had been drawn up into an action plan which was being regularly monitored by the University Executive. Some of the actions would be beneficial to all female staff as it was recognised that was also a need to offer personal development opportunities to all female staff. The reinstatement of the Line Managers Meetings had also proved to be very helpful in terms of improving communication on HR -related matters and in seeking feedback from line managers on any support or development needs they might have in managing their teams. It had been recognised through the recent internal audit of PDR and mandatory training, that there was further work to do to clarify the purpose of PDR and to ensure that the policy was in line with practice and that managers were aware that having the appropriate conversation with their members of staff was the most important thing.

Members also noted the positive feedback received to date from the introduction of the Employee Assistance Programme and that usage of the programme in the first quarter had been confirmed as a benchmark by the scheme for a new member.

Mr Allen was thanked for his contribution and left the meeting at this point.

18/46 **Minutes**

Approved: the minutes of the meeting of the Audit and Risk Management Committee held on 14 May 2019 (18/28-18/44)

18/47 **Matters Arising**

Received: i) a report from the University Secretary;
ii) an oral briefing from Mr Griffiths on a recent BDO seminar for members of HE Audit committees;

Noted: i) that the Finance Office team had published information for applicants and students on how fees are spent. A copy had been circulated to members for their information;

ii) that the OfS had confirmed that it would not be issuing a new Accounts Direction for year ended 31 July 2019. Instead, as previously suggested, they would require Universities to comply with the direction issued for year ended 31 July 2018. A new Accounts Direction was to be issued for year ended 31 July 2020 and members would be updated in due course; **LF**

iii) that following feedback from Mr Griffiths arising from the BDO seminar for members of audit committees; the inclusion of 'fit and proper' definitions as specified by OfS and the Charity Commission would be included in year-end declarations; **LF**

iv) that the BDO session had been very useful with a focus on the changes introduced by the OfS in terms of regulatory compliance and additional requirements and the need to ensure that governance arrangements were in line with those recommended by the Committee of University Chairs (CUC). The session has suggested that it was useful for members of Audit Committees to meet with staff and students from time to time and it was noted that the HAU's ARMC Committee's arrangements for receiving briefings from staff and also its occasional meetings with the student union, were helpful in this regard. Members were also invited to meet staff and students at a range of University events from time to time. Briefings from staff enabled ARMC members to ask questions of staff responsible for key areas and learn more about how risks are being managed across the organisation;

v) that the session had also highlighted risks of overstating financial sustainability. Members noted that the Finance and General Purposes Committee had been briefed on the recent OfS letter with respect to the latter. F&GP members had been content that the assumptions in the draft five-year forecast were prudent and not overly optimistic and there had been a useful debate at the committee to test the assumptions. It was also noted that the Board would be testing the assumptions further at its meeting on 4 July 2019 when it considers the forecast. It was further noted that KPMG's recent publication on financial sustainability had been considered by the F&GP committee;

vi) the seminar had also highlighted the growth in competition across all HE providers especially new providers that it was believed were focusing on areas such as law and business. Key risks for HEI's and their audit committees had been highlighted including the need to be assured about the accuracy of data as well as data submissions to OFS and HESA. There had also been a focus on the accuracy of data included in access and participation plans. It was noted that this would be an area tested by internal audit in 2019/20 as agreed by the Committee previously;

- vii) that the Director of Finance continued to review tax arrangements for external examiners, visiting lecturers and other people who provide occasional services and the need to clarify their status with regard to “employment” where tax was to be deduced at source and would update the Committee at its next meeting; **LF**

18/48 Risk Management

Received: i) a report from the University Secretary;

- ii) a copy of the OfS’s letter on Prevent monitoring and an oral update on the Prevent Review held at Harper Adams on 17 June 2019;

Noted: i) that the BDO event has suggested that HEI Governors review the top 3 risks. It was noted

that the Board at HAU review the risks assigned to it plus any other risks that fall within the top 10. Members agreed that this worked well;

- ii) that the risks suggested as important to most HEIs by BDO were all included in the Risk Analysis and Action Plan for Harper Adams. The University would also ensure that it benchmarked its annual review of the RAAP over summer 2019 against the advice set out in the KPMG Report on its review of HE Risk Registers which was included later on the agenda; **CEB**

- iii) that the OfS had advised that it was content that the University was not at higher risk in relation to Prevent following its submission in December 2018, but no feedback from the annual assurance process with regard to any other matter had been received to date. A Prevent Review Meeting had taken place on 17 June 2019, as Harper Adams was included in a random sample by the OfS of the first round of such meetings. Feedback was awaited and the Committee would be updated at its next meeting; **CEB**

- iv) that a small number of students had contracted mumps despite being vaccinated and that while the University continues to encourage students to be vaccinated, it cannot insist that they have vaccinations before they take up their place. Mumps had been prevalent at another University and Harper Adams rugby team had played at that University before this was known. There appeared to be a connection between the incidents of mumps. Affected students had recovered.

18/49 Internal Audit 2017/18

Received: i) Progress Report for 2018/19;

- ii) HR Framework- Staff Development & Mandatory Training;

- iii) Carbon Management Arrangements;

- iv) Key Financial Systems: Assets and Inventories;

- v) Follow-Up on previous internal audit reports and recommendations for Harper Adams University;

- vi) Follow-Up on the previous audit of the Student’s Union- Strategy and Governance and Procurement.

Noted: i) that the outcome of audits on Carbon Management and Key Financial Controls- Assets and Inventories were substantial assurance with a small number of low and one medium rated action agreed by management;

- ii) that the outcome of the HR – Staff Development and Mandatory Training was reasonable assurance with 4 medium and one low action agreed by management. It was noted that following a review of PDR processes it had been agreed at Staffing Committee that staff who have very regular daily contact, on-going regular on the job training and work focused discussions with their line manager could opt out of a competing a formal document-based PDR. However, this approach had not in fact been captured in the PDR Policy document. In discussion, Members noted that Staffing Committee had been made aware of the outcome of this audit and had agreed that a further review of the PDR (Professional Development Review) process to ensure record keeping and feedback was improved was needed. The key outcome and aim of the PDR process was to ensure that managers and staff have a conversation and that this is then recorded in an appropriate way and fed back to HR. The HR team had received documentation for 44.5% of staff in 2017/18. However, it was understood that the number of PDR discussions that had taken place was known to be higher. However, staff and managers were not always completing the documentation and submitting it to HR as some perceived it as too onerous. The review of the PDR Policy and associated documentation agreed by Staffing Committee would address this and all other aspects of the audit recommendations. ARMC would be updated at its next meeting on progress;

It was also noted that there was significant public debate around the traditional ‘annual appraisal’ model, which was no longer used by some organisations (Deloitte being mentioned as one example).

- iii) that the implementation of mandatory cyber security training was well in hand with only two staff yet to complete at the date of the meeting- both were being followed up. All new staff have to complete the training within one week of starting at the University;
- iv) that the Follow-Up on the University’s progress with action arising from previous internal audits had highlighted reasonable progress with three (two low and one medium) re-iterated actions being agreed in relation with management to ensure that all actions were fully implemented. All other actions had either been fully completed or superseded;
- v) that the follow up on the internal audit of the Students Union- Strategy, Governance and Procurement-Tenders had identified poor progress overall as while some progress had been made and some actions were fully completed, the new SU Director (Mr Burr) had taken a very thorough look at the actions to date and concluded that further work was needed to ensure all actions were robustly completed and sustainable. In discussion, members asked for clarification on whether the “high” rated action in relation to ensuring a possible SU Trustee conflict with respect to the provision of services to the SU was addressed had been fully completed. It was noted that this was to be confirmed by the end of the week as the Trustee had agreed he would step down. The delay had, in part, been due to a change of SU Trustees during the year and the need for some continuity. The SU accounts had declared the required related party transactions. The robust approach was welcomed by the Committee. [post meeting note- the SU Trustee confirmed his resignation on 27 June 2019 at the SU Trustee Board meeting as five new SU Trustees are now in place and supported by the experienced SU Director, and one longstanding Trustee also remains in his role];

- vi) that the planned internal audits for 2018/19 were now completed. The Internal Auditors Annual Report for 2018/19 would be provided in due course for the Committee to consider: **RSM**

Agreed: that Mr Burr would be invited to the November 2019 meeting of ARMC to discuss progress to date with the SU internal audit action timetable. **CEB**

18/50 Internal Audit Plan 2018/19

Received: the draft internal Audit Plan for 2019/20.

Noted i) that RSM had reflected the discussion at the May meeting of the Committee. Suggested dates were indicative as these had not yet been shared with relevant staff, and so adjustments may be needed;

ii) that a meeting would be arranged for September 2019 for RSM to meet relevant staff to discuss the audits in terms of documentation and areas of focus. This would include the Follow up Audit areas for 2019/20;
CEB

iii) that the areas of focus in 2019/20 for data quality assurance would be apprenticeship data and returns as well as data used to inform Access and Participation planning. RSM would make this clearer in the final version of the Internal Audit Plan; **RSM**

iv) that it would be useful to include current risk score in Appendix B and to rank the planned future audits in order of risk score to show how the higher ranked risks are being covered in the internal audit programme; **RSM**

v) that it would be useful to include the audit relating to financial systems for the November 2019 ARMC meeting if possible and thereafter plan audits for reporting in February, May and June 2020; **RSM**

vi) that the area of focus for the audit of Safeguarding and mental health for students would be the UUK publication "Student Well-Being in Higher Education" **RSM**

Agreed: the Internal Audit Plan 2018/19 subject to the above clarification and confirmation of final audit dates in due course; **RSM**

18/51 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

18/52 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 2019/20

The University Secretary re-joined the Committee at this point

18/53 Assessment of the effectiveness of the Audit and Risk Management Committee

Considered: i) feedback from members arising from the completion of the Committee Questionnaire completed by members as part of the 2019 Effectiveness Review of the Board;

ii) the terms of reference for the Audit and Risk Management Committee;

Noted: i) that feedback from members has been positive and no issues for further discussion had been raised as part of the Effectiveness Review (ER) 2019 process. Members were content that there had been no need to also complete the usual annual questionnaire process in addition to the ER questionnaire;

ii) that the terms of reference had been updated to change references to HEFCE to read "OfS" and to include the newly delegated role for the Committee to consider, on behalf of the Board, the TRAC and TRACT(T) returns in January each year;

Agreed: to recommend the updated terms of reference to the Board at its July 2019 meeting. **PC/ CEB**

18/54 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 2019/20.

18/55 Client Briefings from Internal and External Auditors

Received: i) client briefings from the Internal Auditors;

ii) client briefings from the External Auditors;

Noted: i) that JISC had reported being able to penetrate a significant number of HE websites (173). As HAU had arranged for JISC to undertake penetration testing of its web site and changes recommended had been made some time ago, the Director of Finance and IT team would be asked to clarify whether HAU's website had been affected by the recent penetration testing and if so, a report on actions taken would be sought; **CEB/LF**

ii) that the KPMG report on benchmarking of HE risks had been drawn up by the KPMG southern team, and so HAU was not included in the survey. However, it was felt that the risks identified in the report were already covered by HAU in its RAAP. However, the report would be used to inform the annual review during summer 2019; **CEB**

iii) that HAU had developed, as part of the RAAP a separate BREXIT Risk Register which had been updated and presented in November 2018 and again in January 2019. This would also be reviewed over the summer and reported to ARMC in November 2019. **CEB**

18/56 **Date of next meeting**

14 November 2019 at 10.00