

## HARPER ADAMS UNIVERSITY

### Audit and Risk Management Committee

#### Minutes of a Meeting of the Audit and Risk Management Committee held on 13 May 2019 in the Boardroom

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

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

#### 18/28 **Membership**

Members welcomed Mr Ken Greetham as a co-opted member of the Committee. Members introduced themselves to each other. Mr Greetham had met with the Chair, Secretary and auditors before the meeting for an initial briefing and hoped to attend a BDO HE Audit Committee Member's Briefing event in the autumn.

#### 18/29 **A Briefing by the Deputy Vice-Chancellor on the Management of Research Risks**

Received: a short presentation by Professor Mills followed by discussion with members of the Committee. (Slides presented by Prof Mills have been circulated to members, the slides have been annotated to remove staff names as agreed)

Key points noted from the briefing included:

- i) that there are now a range of research centres in place. These have grown over past years building on a strong base in Crop Science and Animal Science. There is further opportunity to develop research in Land, Farm and Agri-Business Management. This work had started with the appointment of the Elizabeth Creak Professors of Agri-Tech Economics who were both active in research and knowledge transfer. Food research was also an area for further attention in the next few years;
- ii) that key projects such as the Hands Free Hectare and Precision Livestock /Farming work had enabled significant funding to be secured. A Hands Free Farm was now in development as part of a consortium which had won £2m funding over the next 3-5 years;
- iii) that research income had grown steadily and the quality and range of publications, including peer reviewed journals ( as required for the Research Excellence Framework) were growing. Securing research funding was always challenging with a 25% success rate on average. This was in line with other HEIs. The key risk was to ensure that staff continued to bid and did not get disheartened when bids were not successful;

- iv) that a scientific writer was in place who asked staff to share their peer reviewed work in short briefing notes that were accessible to all, alongside academic and scientific outputs. This dual approach was important for Knowledge Exchange in particular;
- v) that the Deputy Vice-Chancellor (DVC) Chairs the Research & Knowledge Exchange Committee and manages the Research Office and the Research Coordinator. The Research Ethics Committee and Animal Welfare and Ethical Review Body also had vital roles to play in reviewing and approving research proposals;
- vi) that the role of the Finance Office in supporting research bids and costings was very important. Following the internal audit in June 2018, significant progress had been made to strengthen and embed the processes for applying and managing bids. Academic staff had been briefed on the processes and this work would continue as new staff are appointed in the future;
- vii) that the Academic Quality Manual sets out the arrangements for managing the quality of research. The Risk Analysis & Action Plan (RAAP) also describes the key risks and identifies the key measures and mitigation actions that are in place to manage the risks;
- viii) that as identified by RSM in their audit of risk management there would be further briefings for staff about risk management to help colleagues understand how they can help mitigate risks by following agreed processes and/or by identifying new risks and working with the DVC to mitigate these as necessary. The University Secretary would be working with colleagues to brief staff over the next few months; **CEB**
- ix) that preparations for the REF were in hand including detailed analysis and recording of potentially eligible publications and their impact factors;
- x) that it would be useful to make Research Ethics arrangements more explicit in the RAAP given possible reputation risks if ethical matters were not fully addressed. This would be reviewed as part of the annual review over the summer period. **PRM/CEB**

*Members thanked Professor Mills and he left the meeting at this point.*

**18/30 Minutes**

Approved: the minutes of the meeting of the Audit and Risk Management Committee held on 14 February 2019 (18/17-18/27)

**18/31 Matters Arising**

- Noted:
- i) that the Board had approved the mapping of Compliance against the Regulatory Framework. Staff responsible for compliance with the various areas covered by the Framework were aware of the obligations and the need to ensure compliance;
  - ii) that revised dates for ARMC meetings in 2019/20 had been circulated and noted by members;
  - iii) that information on how funds are spent has now been produced in an appropriate format and will be published on the website by the Finance Team; **LF**

- iv) that the internal audit tender process had been completed. RSM had been re-appointed for the period 2019-2024 subject to an initial year and two further 1 year extensions, all of which would be subject to annual review by the Committee. Congratulations were offered to Louise Tweedie and the RSM team.

## 18/32 Risk Management

Received: i) a report from the University Secretary;

- ii) an oral update from the Director of Finance on the outcome of the UK Research and Innovation Audit of the University's management of relevant research grants;

Noted: i) that the OfS had not yet issued confirmation advising institutions on its assessment of institutional risk;

- ii) that the recent changes at Dairy Crest had not affected the links to the University and positive messages about ongoing relationships had been received;
- iii) that plans for a vertical farm had been delayed due to structural changes in the company with which the University had been in discussion. F & GP Committee would be advised at its next meeting;
- iv) that the OfS expectations around Prevent had changed and a new Prevent Review Meeting arrangement was in place where 10% of providers would be audited each year. The 10% would be made up of institutions felt to be a potentially higher risk ( eg new providers) and the balance by a random sample of other HEIs. Once a visit was completed and a satisfactory outcome achieved, the HEI would not normally be audited again for three years unless there were major changes during that period. The University would be setting up a Prevent Group to formally review the risk assessment as well as external speaker approval, referrals and staff training arrangements. The group would meet at least annually;

**CEB**

- v) that the NFU Health & Safety Advisor had supported the roll out for all staff of the HSE guidance on 'What makes a good farm';
- vi) that the Mumps outbreak related to HAU students who had played sport at Nottingham Trent University shortly before a mumps outbreak at NTU appeared to have settled down. Students had returned home after Easter and Public Health England had advised this would be helpful to mitigate risk of infection. The affected students had all been vaccinated but PHE had advised that in some instances, vaccinations wear off and so younger people can still be at risk. It was also noted that the University could only advise students on health/vaccination matters, as the vast majority were over 18 with few exceptions, they were adults and so had to take responsibility for their own health;
- vii) that a new Director of Marketing & Communications was being sought with interviews planned for June 2019. The Chief Technical Officer was retiring at the end of May 2019. Arrangements to replace by advertising a Head of Infrastructure post was in hand. The aim was to try and redirect some resources in due course, to a senior role focused on digitalisation;

- viii) that the news SU Director had taken up his post and would be meeting senior staff as part of his induction;
- ix) that the need to ensure all staff complete the Cyber Security training package was being reinforced with a deadline of 20 May 2019. The Committee supported this approach;
- x) that the UKRI Audit of the University's management of relevant research projects had been very nearly completed; It had been a thorough process with expenditure scrutinised to the last penny. A number of ineligible transactions had been identified; mainly relating to timing of expenditure towards the end of a grant or after its end date. A total of £8k out of £1.9m had been identified that needed to be returned. The Director of Finance & Deputy Vice-Chancellor had agreed management responses and would be progressing these over the coming months; **LF/PRM**
- xi) that three key recommendations had been identified relating to improving transaction descriptors and ensuring time frames for grants are understood and managed. The overall outcome was the second most positive opinion (moderate assurance);
- xii) that internal and external auditors felt this appeared to be a reasonable outcome compared to their experience at other HEI's;
- xiii) that the University is clear that undergraduate external examiners must be paid via payroll for taxation reasons. The situation for postgraduate external examiners was less clear and the Director of Finance would look into this and report back; **LF**
- xiv) that the proposed process appeared to be a pragmatic way to undertake right to work checks where face to face checking of original documents could not be facilitated prior to the appointed person undertaking a specific role as an External Examiner or External Advisor on a validation panel. Bringing forward the appointment for External Examiners for taught programmes would address the largest group and allow face to face checking in advance of work being allocated to individuals;
- xv) that it was understood from legal advisors that other universities had taken the same approach to facilitate checks as fully as possible where face to face checking was not possible until after some work had been undertaken. In light of this the Committee felt the approach was reasonable and went some way to mitigate risks in as practical a way as possible, ensuring face to face checks follow an initial check undertaken at a distance;
- xvi) that further advice from Eversheds would be sought on payroll related matters and the impact of the Right to Work requirements; **CEB/LF**

### **18/33 Follow up on Internal Audit Reports**

Received: a report from the University Secretary.

Noted: i) that good progress had been made by the University overall, with actions that were not yet due for completion in hand;

- ii) that the Student Union's progress with completing its actions had been slower than hoped. The new SU Director had started and he would be asked to address the remaining issues, especially the management of trustee membership and consideration of avoiding conflicts of interest where a trustee was also providing some services to the Union. The internal auditors would formally report on their follow up with the SU Governance Audit at the June 2019 meeting of the Committee. **RSM**

#### **18/34 Internal Audit**

Received: reports from the internal auditors

- (i) Progress Report
- (ii) Data Quality Management- Student Loans
- (iii) Competition and Markets Authority- Compliance
- (iv) Risk Management Framework Maturity

- Noted
- i) that the current year's plan was progressing as planned;
  - ii) that the remaining four audits would be completed for the next meeting of the Committee;
  - iii) that the audit of the Student Loan Company data had identified two actions around processing data and checking attendance as well as chasing the SLC for change of circumstance confirmation. The Finance Office would be assisting with some of the actions; **LF**
  - iv) that the outcome of the Competition and Markets Authority audit was positive with only one action, that was in hand. It was confirmed that this is a very good outcome when compared to outcomes at other HEI audits;
  - v) that the assessment of the University's monitoring in relation to risk management had improved and was now 'risk managed'. The auditors were content with many aspects but had made some recommendations to enhance current practice in relation to documentation and engagement of further staff in the principles of risk management. The outcome was on a par with practice elsewhere and it was agreed that in the case of a small specialist HEI on a single campus with close and frequent communication and management there was no need for separate departmental risk registers to be developed. However, it was agreed that staff leading on each risk should ensure they engage their teams with the annual review process; **CEB**

#### **18/35 External Audit Plan for year ending 31 July 2019**

Considered: the draft External Audit Plan for year ending 31 July 2019

- Noted:
- i) that no major changes to the audit approach were planned. An update to the SORP was forthcoming for 2020 and this would be addressed during 2019/20 in preparation for year ending 31 July 2020; **KPMG**
  - ii) that the OfS had not yet confirmed whether it would issue an updated Accounts Direction for 2019 or whether the document issued for 31 July 2018 will stand; **LF/KPMG**

- iii) that sector and audit professionals had pressed OfS for clarification and a review of the pay multiple methodology, but it was not thought this would lead to change;
- iv) that the external audit would focus on significant risks similar to those in 2018 and in line with the approach at other HEI's. Areas would include LGPS, Revenue Recognition and Management over ride of controls. The overall approach was the same as in 2018. Although the overall income would be slightly higher this had not significantly affected materiality calculations;
- v) that revenue recognition would include use of further analytics. The aim was to consider all undergraduate income and identify any anomalies. This would help to address audit regulator expectations;
- vi) that the auditors would give their opinions of 'going concern', use of funds and capital in addition to providing an opinion on whether or not a 'true and fair opinion' was appropriate and whether funds had been used for the purpose intended;
- vii) that KPMG would also audit Cedar Energy and Harper Adams University Development Trust;
- viii) that the interim audit would take place in July;
- ix) that the audit fee had risen due to increased work related to the increased regulatory requirements for the audit regulator and the OfS;
- x) that non-audit work undertaken during the year was similar to that completed in previous years relating to tax advice and advice to both Keele and Harper Adams on Joint Vet School matters;
- xi) that the audit team was consistent with that deployed in 2018 and the Audit Manager would be working on site 1-2 days each week to support the team;

Agreed: that members were content with the External Audit Plan.

### **18/36 Accounting Policies 2019**

Noted: that there were no changes to report at this time. Should the OfS Accounts Direction be revised the Committee would be updated at its next meeting; **LF**

### **18/37 Annual Review of the Business Continuity Plan/IT Disaster Recovery Plan 2019/20**

Received: i) proposed updates to the Business Continuity Plan 2019/20;

ii) a revised IT Disaster Recovery Plan following recent testing;

Noted: i) that no major changes were proposed to the Business Continuity Plan. Updates proposed were minor/typographical only;

ii) that the protocol for managing a student death had sadly needed to be followed and had worked to plan. The protocol around contagious disease had also been followed in relation to concerns about a small number of scabies and mumps cases and had again worked well;

- iii) that the IT Disaster Recovery Plan reflected an update to on site back-up arrangements including telephony as well as IT solutions.

- Agreed:
- i) the Business Continuity Plan;
  - ii) the IT Disaster Recovery Plan for 2019/20.

### **18/38 Value for Money**

Received: a report by the Director of Finance on progress with the Value for Money Plan for 2018/19.

- Noted:
- i) that it had continued to show improvement to date;
  - ii) that the other Value for Money plans were in hand;
  - iii) that work to update the Carbon Management Plan and quantify savings was in hand.

### **18/39 Management of Data Returns**

Received:

- i) a report from the Academic Registrar and Director of Academic Services on the management and quality assurance of student data;

- ii) a report on management of other key data returns.

Noted:

- i) that the OfS continued to emphasise the importance of accurate student data. The annual report by management aimed to provide another source of compliance to the committee in addition to that received from internal audit outcomes;

- ii) that the key Data Returns Report had been updated to reflect changes to the Destination Leavers Survey;

Agreed:

- i) that management of apprenticeship data and SFA returns should be added to the report for 2019/20; **LF**

- ii) that the Data Forum would engage with the staff preparing apprenticeship data and SFA for Higher Level Degree Apprenticeships and for staff completing apprenticeships funded by the University's own levy account. **LF**

### **18/40 Payment Practices Reporting**

Received: a report on the University's compliance with Regulatory Payment Practices Reporting.

- Noted:
- i) that reports are submitted every six months as required;
  - ii) that currently 94% of payments were made within 30 days. Longer payment periods usually related to disputes or queries;
  - iii) that there were no major differences to cash flow. 'No order/No pay' was helping to streamline processing;

#### 18/41 Briefings from Senior Staff

Received: a briefing note from the Chair on briefings received to date:

Noted: i) that the Head of HR would be briefing the Committee in June 2019;

ii) that an update on the Strategic Plan would be a separate item during 2019/20 to ensure co;-opted members and auditors were kept updated as the development of the next plan 2020-2025 is undertaken; **DGL**

Agreed: i) that the following briefings would be requested:

- Director of Marketing & Communications- May/June 2020 **CEB**
- Head of Student Services- February 2020 **CEB**

ii) that the focus of the Head of Student Services briefing should also include reference to how the experience of students joining the Joint Vet School is being managed. Members also wished to hear about the Respect Campaign;

#### 18/42 Client Briefings from Internal and External Auditors

Received: i) client briefings from the Internal Auditors

ii) client briefings from the External Auditors

#### 18/43 BDO Seminar

Received: a short briefing from Mr Griffiths on his attendance at a recent BDO seminar for members of Audit & Risk Management Committees;

Noted: that Mr Griffiths would be circulating a brief note on key points. In the meantime, he advised that BDO had highlighted a need to repeat a check of whether Governors were 'fit & proper persons' on an annual basis.

Agreed: to include the guidance on 'fit & proper' attributes as part of the year end questionnaire for members of the Board; **LF/CEB**

#### 18/44 Internal Audit Plan 2019/20

Received: i) a copy of the Internal Audit Plan for 2019/20 & 2020/21 as attached in the 2018/19 plan;

ii) a note from the Chair mapping internal audit coverage and key 'top ten' visits;

Noted: i) that following the positive outcome of the UKVI audit the rating of this risk was likely to be reduced for 2019/20 during the annual review process;

ii) that an appropriate focus for student data quality audit in 2019/20 would be Higher Degree Apprenticeships and claims for staff apprentices against the University's levy account. This would involve HR who manage the latter aspect; **RSM**

iii) that collaborative arrangements with international and UK partners would be an area of focus; **RSM**

iv) that to assist with the proposed collaborative audit the University Secretary would provide RSM with a copy of the current list of collaborative partners so they could select areas for audit; **CEB/RSM**

- v) that timetabling/room utilisation and space management would be an area for audit in 2019/20 as previously planned and would be a useful Value for Money focus; **RSM**
  
- iv) that Strategic Planning would be moved to 2020/21 to allow the 2020-2025 plan to be developed in 2019/20. **RSM**
  
- vii) that Access & Participation would be audited in late spring/summer 2020; **RSM**
  
- viii) that an audit of how Student Services are implementing safeguarding/mental health services and wellbeing for students as set out in UUK's 10 recommendations; **RSM**
  
- ix) that Prevent would be an area for 2022/21 or 2021/22 as no major changes to the University's risk analysis action plan or systems or processes for managing Prevent had occurred to date; **RSM**
  
- x) that IT Business Continuity would be an area for consideration in 2020/21; **RSM**

Agreed: that a draft plan would be circulated at the next meeting of the Committee for approval.

**Date of next meeting**

27 June 2019 at 10.00