

HARPER ADAMS UNIVERSITY
Audit and Risk Management Committee

Minutes of a Meeting of the Audit and Risk Management Committee held on 29 January 2020 in M31

Present:	Mr P Cowdy Mr M Griffiths Mr C Tweed Mr R Hambleton	Chairman (Co-opted member)
In attendance:	Dr D Llewellyn Dr C E Baxter Mrs L Furey Mr M Rowley Mr M Dawson Ms L Tweedie Mrs R Hayhurst	Vice-Chancellor (Observer) University Secretary Director of Finance KPMG KPMG RSM Student Services Manager (for item 1 only)
Apologies:	Mr K Greetham	(Co-opted member)

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

19/17 Briefing by Rebecca Hayhurst, Head of Student Services

Received: a briefing on how risks relating to Student Services are managed.

- Noted:
- i) that in addition to the risks where the Head of Student Services is asked to lead on or support management of a particular risk, the Student Services team members also contribute significantly to the management of other key risks;
 - ii) that the role of student volunteer wardens was key to the work of the team; in the most recent years the number of applicants for these positions had reduced somewhat and the team were addressing this decline.
 - iii) that the teams' work is informed by a range of statutory and regulatory requirements including the Risk Code on Student Accommodation, OfS requirements, Prevent and Data Protection;
 - iv) that the team regularly benchmark their approach against guidance and best practice published by bodies such as UUK and the Association of Managers of Student Services in Higher Education (AMOSSHE);
 - v) that the team work closely with other colleagues on student well-being and retention. Liaising with the local community is also a key area of work.

Agreed: to thank Mrs Hayhurst for her enthusiastic and informative presentation and to circulate a copy for reference to all members of the committee.

CEB

19/18 Minutes

Approved: the minutes of the meeting of the Audit and Risk Management Committee held on 14th November 2019 (19/01 – 19/16)

19/19 Matters Arising

Received: a report prepared by the University Secretary

Noted: that members were content that all matters arising from the meeting held in November 2019 were either completed or included later on the agenda.

19/20 External Audit 2019/20

Received:

- i) an oral presentation from Mr Mike Rowley updating members on recent HE sector matters including an update on sector specific risks;
- ii) an oral update from Mr Dawson on preparations for issuing an External Audit Engagement Letter for 2019/20.

Noted:

- i) that a significant level of change continued to impact on HEIs in England. There were also a wide range of strategic opportunities and challenges including OfS Regulation, Brexit, TEF, REF, Apprenticeship Policy, Pensions and demographics;
- ii) that the OfS had been required to make funding cuts, although protection for some areas including high cost subjects, world leading, small and specialist institutions were proposed;
- iii) that the OfS had published its Value for Money strategy. Key focus areas included improving teaching quality, protecting students as consumers, increasing transparency and securing positive employment.
- iv) that the University's financial sustainability as benchmarked against other HEIs remained positive;
- v) that it remained vital for data returns and records relating to apprenticeships to be carefully managed. It was understood that a range of common audit issues had been identified which can affect a funding claim and impact of performance calculations. It was noted that RSM, as internal auditors would be undertaking an audit of apprenticeships at the University shortly as set out in the internal audit plan for 2019/20;
- vi) that there were a number of important changes to company strategic report developments which would affect the University;
- vii) that there were also likely to be changes to the conduct and focus of external auditors arising from a number of reviews that were ongoing;
- viii) that the external audit engagement letter was being re-drafted by KPMG to ensure new requirements were addressed. The additional work required would involve additional work and fees for all HEIs. Mr Mark Dawson would circulate the letter when it was available. **MD**

Agreed:

- i) that it would be helpful to remind the Committee and the Board of how the University meets OfS regulatory requirements and to update any elements of the mapping document presented in 2019, along with the specific mapping against the public interest governance principles shared with Accountable Officers in autumn 2019 and included later on the agenda; **CEB**
- ii) that it would be useful to alert the Business Development Manager and Apprenticeship Manager to the issues being raised from SFA/Ofsted reports including sub-contracting risks; **LF**
- iii) that the slides would be circulated by email following the meeting; **MD/MR**

19/21 **Risk Management**

Received: i) a report by the University Secretary.

ii) a mapping of the OfS Regulations with regard to Public Interest Governance Principles setting how the University's arrangements address these requirements.

Noted: i) that the University was actively keeping abreast of risks relating to coronavirus;

ii) that 'HEIF' should be added to the list of acronyms; **CEB**

iii) that the IT Infrastructure team have been testing a product which may further enhance filtering of 'spam' or similar in-coming emails which are often directed to senior staff;

iv) that the summary report on progress had been re-formatted to include further information on risk rating calculations as recommended by the recent internal audit.

v) that actions are in hand arising from a recent Home Office visit to review animals in science procedures;

vi) that the mapping of current practice against the OfS' list of public interest governance principles was helpful and members were content that it was accurate;

vii) that the requirement of 'probity' related to consideration of whether expenditure could be justified;

viii) that the University has engaged with a debate on the revised draft CUC code, and a formal submission in response to the consultation on the draft code would be submitted. **CEB**

Agreed: to recommend the mapping document on public interest governance principles to the Board **PC**

19/22 **Follow up on Previous Internal Audit Reports**

Considered: a report from the University Secretary

Agreed: that progress with the completion of actions was positive with no major issue to report

19/23 **Follow up on Internal Audit Reports 2019/20**

Considered: i) a report from the internal auditors on progress with the 2019/20 Internal Audit Plan;

ii) Key Financial Controls- Payroll and Expenses;

iii) Mental Health and Wellbeing Arrangements for Students

iv) Departmental Review – Animal Production, Welfare and Veterinary Sciences.

Noted: i) that the Internal Audit Plan remained on track with the agreed timetable;

- ii) that the outcome of the payroll and expenses audit and the audit of the arrangements for supporting mental health and wellbeing had both led to a substantial assurance judgement;
- iii) that the Animals Department audit had resulted in a reasonable assurance rating. The actions highlighted were overall low level and related mainly to a need to ensure full compliance with existing regulations;
- iv) that data analytics were used to consider payroll information- no significant issues were raised but a number of variances were highlighted. Although these were not of concern, it was suggested these may be useful to explore in terms of seeking to improve efficiency. RSM would provide a list to the Chief Financial Officer. **LF/RSM**
- v) that the recommendation arising from the audit of arrangements to support student mental health and wellbeing related to ensuring training arrangements for relevant staff were offered systematically. This was in hand;
- vi) that the internal audit plan for 2020/21 would be drafted for approval at the May 2020 meeting of the committee. RSM would arrange a date and invite the Chair and senior staff to contribute to the discussion. **RSM**

19/24 **Value for Money**

Considered: a report by the Director of Finance on progress with the Value for Money Plan for 2019/20

- Noted:
- i) that procurement data showed some positive gains in a number of areas with more work to do in other areas;
 - ii) that tenders are evaluated on cost but also on quality;
 - iii) that an update would be provided at the next meeting of the committee with the usual full review and update in November 2020. **LF**

19/25 **Transparency Review and Costing (TRAC) and Teaching (TRAC(T))**

Received:

- i) a copy of a letter from the TRAC Development Group (Office for Students)
- ii) the draft TRAC & TRAC (T) returns.

- Noted:
- i) that the aim of TRAC was to provide a transparent method of allocating costs for teaching and research. It originally assisted HEFCE to justify the government spend on higher education. More recently, OfS were using the data to look at cost of delivery and this could relate to a value for money assessment in due course;
 - ii) that there had been many changes to templates. The University believed it had completed the templates provided correctly. However if there are further changes to the templates further feedback to OfS may need to be given after submission;
 - iii) that as required, any significant differences had been explained;
 - iv) that assistance on TRAC accuracy and progress was provided via regular internal audits, the work of the TRAC Steering Committee, the Data Quality Group and regular reports to Audit Committee on how returns are managed;
 - v) that the TRAC draws on costs declared in the financial statements and additional costs using a formula drawn from the margin for sustainability. This seeks to recognise the difference between costs set out in financial accounts and future

economic costs. The calculations relate to ASSUR, which the University has continued to use as a useful tool to inform the Board's assessment of sustainability. The process also considers performance against full economic cost;

- vi) that the University continues to be able to use dispensation rates for research costing due too the University's costs being lower when compared to other HEIs in relation to Research Council funding;
- vii) that TRAC(T) allocates costs between teaching, research and 'other' such as catering, farm, consultancy etc;
- viii) that a self-assessment against the guidance has been completed with no concerns highlighted. The University benchmarks its approach against peer HEIs and also previous years' results. It also received a positive internal audit report about its approach. Two minor recommendations were made which related to compliance by departments administrative processes both of which have been fully addressed. No issues were raised about the fundamental approach or process used;
- ix) that three areas required explanation and had been explained as required;
- x) that Heads of Academic Departments had reviewed time allocations to ensure consistency as part of the TRAC Steering Group process. Reasonable adjustments had been made where necessary to ensure costs were realistic and that institutions own funding for research was properly recognised. In future the research accounting team would be reminding staff to ensure that they allocate costs more accurately for each project at the onset of a project;
- xi) that overall cost increases reported were reasonable and not out of line with the previous year. Agriculture costs were close to benchmark and significantly ahead of benchmarking for engineering due to the specialist nature of the provision at Harper Adams. When TPS uplifts are included in 2020 TRAC figure costs are likely to rise by c. 7%.

That the Director of Finance and Mrs Furniss had briefed the Chair in detail on the draft returns by telephone conference prior to the meeting, which had been most helpful.

- Agreed:
- i) to thank the Finance team for all their work; **LF**
 - ii) that it had been very helpful for the Chair to receive a full briefing on TRAC/TRACT;
 - iii) that the Chief Financial Officers' involvement with the national TRAC development group was useful as was Mrs Furniss' engagement with TRAC group meetings. Thanks were expressed to Mrs Furniss for her work on the TRAC return; **LF**
 - iv) that it would be useful for at least one member of the committee in future to always be briefed ahead of the meeting where approval is being sought; **LF**
 - v) that members were content that the University has prepared the return in accordance with the TRAC requirements and that it should be approved and submitted to the OfS after signature by the Vice-Chancellor as Accountable Officer; **LF/DGL**
 - vi) that should the OfS identify that its template has any embedded errors which OfS has not yet identified, the Chair would be kept informed and if necessary, a teleconference would be held to reconsider an amended submission; **LF**

19/26 **Management of Data Returns**

Received: a report on Payment Practices Reporting

- Noted:
- i) that a report was required every six months to meet Department for Business, Energy and Industrial Strategy requirements;
 - ii) that a high percentage of payments were being made on time and this was considered reasonable when the relatively high volume of transactions was taken into account;
 - iii) that a standard payment period of 45 days was under consideration;

19/27 **Client Briefings from Auditors**

- Noted:
- i) a client briefing from the internal auditors on employment matters as highlighted in Item 7 (i)
 - ii) a client briefing for members of Audit Committees provided by the external auditors.
 - iii) that the KPMG presentation had highlighted key points for members;
 - iv) that RSM had also sent a tax update to the Finance team recently;
 - v) that alongside the proposed new CUC Code, a revised CUC Handbook for Audit Committees had been mentioned. Members would be kept informed;

19/28 **Briefing on Implementation of Worktribe**

Received: a briefing from the Deputy Chief Financial Officer on the implementation of 'Worktribe' software.

- Noted:
- i) that the workflow and document system is now in place and matches the refreshed and reiterated procedures arising from the internal audit of research governance in 2018/19 and the action taken to improve compliance;
 - ii) that further 'self-service' may be rolled out once staff are fully familiar with the system;
 - iii) that bid costing was now more consistent and staff were seeking advice and support from the outset of a proposed bid;
 - iv) that eligible cost control and further training had been put into place;
 - v) that engineering projects were all captured on the system with others due to be added in February. The system would be fully implemented by summer 2020;
 - vi) that manual sign off remained in place until a digital approval system could be implemented;
 - vii) that holding all documents in one place was very useful and enabled Finance and academic staff to view the records at any time. Workflow and reporting alerts were also embedded as were any agreed changes such as extensions of time or revised eligibility periods;

viii) that bids were not being submitted without due authorisation;

ix) that it was pleasing to note positive engagement by staff across the University.

19/29 **Date of Next Meeting**

11 May 2020