

HARPER ADAMS UNIVERSITY

Audit and Risk Management Committee

Minutes of a Meeting of the Audit and Risk Management Committee held on 25 June 2020 by MS Teams

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

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

19/45 **Briefing on Management of Marketing and Communications Related Risks**

The Director of Marketing and Communications gave a presentation on how the Marketing and Communications team were managing risks related to their activity. Members noted the increasing use of data analytics; new social media platforms and in particular, the adoption of virtual platforms to engage with a wider range of external stakeholders; together with better quantification of the impact of activities to inform decision making and spending priorities. A very successful Virtual Open Day (VOD) had been delivered to the highest number of participants in any open day over the past five years. Engagement had been strong at the VOD and follow up work was in hand. A postgraduate VOD and a further UG VOD would take place in July 2020. The marketing team were also engaging with virtual shows and events including Cereals, Three Counties Show and the Lincolnshire Show as well as careers events. Events were also generating further levels of engagement from industry contacts as well as prospective students, alumni and other stakeholders. New and innovative ways to continue engagement with meeting targets identified in the University's Access and Participation Plan were in hand, with creative packs and activities being sent out to schools and colleges. Teachers had feedback that the activity packs were very welcome and had been more popular than those sent by some other HEIs which tended to focus on applying to University rather than encouraging interest in subjects that might equip a student to progress to HE in due course. Work to engage with BAME communities was also on-going with some new opportunities arising in Stoke on Trent. The team was also working hard to support 2020 recruitment and conversion of late cycle applicants for UG and PG programmes. Support and engagement with EU and overseas partners and potential and current applicants remained in place. Applications were holding up in some areas but were less positive in others. Proactive work to support and promote all areas was in hand. The Vet School had very strong conversion with an overall preference for being based at Harper Adams which would need to be managed carefully as applicants start to firm their choices up over the summer period.

Mrs Grover was thanked for her contribution and left the meeting at this point.

19/46 **Minutes**

Approved: the minutes of the meeting of the Audit and Risk Management Committee held on 11 May 2020 (19/30-19/44)

19/47 **Matters Arising**

Received: a report from the University Secretary;

- Noted:
- i) that the follow up to the audit of mandatory training, included later on the agenda, confirmed that the actions arising from the audit had all been successfully completed. Members also noted that lead governors for sustainability had been updated and received copies of the latest Carbon Management Plan and Environmental Sustainability Strategy progress report;
 - ii) that members were content that the actions arising from the previous meeting had either been addressed or were included later on the agenda.

19/48 Risk Management

- Received:
- i) a report from the University Secretary;
 - ii) a copy of the OfS's letter on the outcome of Prevent monitoring for Harper Adams University 2018/19;
 - iii) an oral update on the management of COVID-19 related risks,
 - iv) a copy of a KPMG/WONKHE publication together with feedback form members on their attendance at the KPMG Audit Committee Institute webinar held on 4 June 2020,

- Noted:
- i) that arrangements to recruit a new Deputy Vice-Chancellor were in hand, following Professor Mills' retirement;
 - ii) that F&GP Committee had been updated on progress with the project to review potential DC schemes. The Board would also be updated at its July 2020 meeting;
 - iii) that engagement with the local authority on the future layout of the B5062 should further major development occur had been on hold during COVID-19 but would be progressed in due course.
 - iv) that the OfS had confirmed a positive outcome following its assessment of the University's compliance with the Prevent Duty.
 - v) that 58 students had been advised of a delay to their placement date or of a cancellation due to COVID-19 restrictions. 40 student placements had been postponed and 18 roles had been withdrawn. The University had agreed to reduce the minimum placement period required to help facilitate the late start of some placements while businesses recovered from "lock-down". However new placement opportunities for 2020/21 were still arising and employers offering scholarships and placements for 2021/22 were still confirming that they were keen to engage and, in some instances, grow the number of opportunities being offered.
 - vi) that the University has started a gradual return to campus operations starting with researchers. Risk Assessments and induction to the new workplace arrangements were in hand, along with extensive signage and floor markings as required by government guidance. Line Managers would be working with their teams to plan a steady return to the campus over summer to enable staff to adapt to new working arrangements and prepare for virtual lectures and new style practical classes. Feedback from staff had been gathered via a survey and this had been followed up with departments and individuals to ensure their feedback was considered. Communications with staff, students and applicants and Board members remained very important and a range of media were being used to deliver key information. The Vice-Chancellor has also met 366 staff

during open on-line meetings to discuss the plans for returning to campus operations;

- vii) that the COVID Group and 2020 Planning Group continued to meet and were working hard to address issues as they arise and to plan for 2020/21. Social distancing at 2M was a challenge for all HEIs and it was hoped that the reduction to 1M may become firmer over the summer. Arrangements to support Vet School students and their travel were also in hand. In the meantime, timetabling for 2M and 1 M was in hand. With support from the Learning, Teaching and Student Experience Committee, the Student's Union had conducted a survey on the experience for students of on-line delivery during lockdown. Overall feedback was positive with students finding on-line recorded lectures useful to replay and access as and when they wished. Some students had encountered weak rural broadband challenges and this has been raised with the HE Minister. So far assessment results were as expected or better in some instances which may be due to on-line open book time limited examinations rather than unseen papers/exams stress for some students;
- viii) that engagement with the local authority and local resilience forum was also in hand as part of planning for a "second wave" or breakout on campus should this occur. The University had experienced one staff case and one suspected case (later tested and shown not to be COVID) in recent weeks. Both had been managed and in the confirmed case, no other staff had displayed symptoms, which was likely to be due to key workers ensuring they had kept to social distancing and hand hygiene arrangements;
- ixi) that the financial impact of COVID-19 remained very serious for all HEIs including HAU as reported to the Board at its last meeting. The assessment of going concern by external auditors remained a key aspect of the forthcoming year end process. As previously advised by KPMG, this would be based on a "six months no income" basis. Stress testing of scenario planning and forecast would also be a feature of the external audit at year end 2020. The risks for HAU were similar to those for all HEIs where significant income had been lost in 2019/20 and student recruitment for 2020/21 was still uncertain. Some improvement in PG applicant numbers was being seen, and apprenticeship enquiries were starting up again;
- x) that two members of the Committee had attended the KPMG webinar. The WONKHE/KPMG Publication arising from it that had been circulated was also noted by members;
- xi) that finding opportunities to embrace change had been highlighted as a positive outcome of COVID-19 restrictions identified by speakers during the webinar. However, they had also noted challenges like meeting bank covenants; risks and opportunities around collaborations that may emerge as some institutions may find they need to adapt quickly to survive; and the challenge of securing students amongst even further competition as many HEIs predict much lower numbers of international students and so seek to recruit more Home/EU students to replace them as a time when the UK demographic dip is at its lowest point;
- xii) That speakers had also stressed that the quality of education would also need to be maintained in the new approach of blended learning. In discussion, members noted that at Harper Adams, steps were being taken during July and

August 2020 to support staff to further develop on-line learning and teaching techniques ahead of autumn 2020. The expectations set out by QAA and OfS were also noted in relation to academic quality;

- xiii) that arising from the discussion, it was suggested that it might be sensible for the Committee to revisit the Internal Audit Plan in autumn 2020 to check whether any new areas of higher emerging risk needed to be considered in place of other planned audits determined in April 2020 when the draft plan was first developed;

Agreed: that RSM would re-present the Audit Plan for 2020/21 at the November meeting and would highlight, after discussions with management and the Chair, whether any changes to the agreed plan were needed in light of the impact of COVID-19 or other HE sector issues. **RSM**

19/49 Internal Audit 2017/18

- Received:
- i) Progress Report for 2019/20;
 - ii) Follow-Up on previous internal audit reports and recommendations for Harper Adams University;
 - iii) Follow-Up on the previous audit of the Student's Union- Strategy and Governance and Procurement.

- Noted:
- i) that the planned audit of the framework for management of apprenticeships had been affected by COVID-19 restrictions as paper files needed to be reviewed by the audit team. This report would be presented at the autumn 2020 meeting. All other audits had been completed;
 - ii) that the Follow-Up Report by RSM on the University's progress with action arising from previous internal audits confirmed good progress with all actions being either fully completed or in progress;
 - iii) that RSM's Follow-Up Report on actions arising from the audit of the Student's Union had shown evidence of reasonable progress and had confirmed that remaining actions in progress for completion during September 2020.

19/50 Annual Review of the Schedule of Delegation

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

- Noted:
- i) that temporary changes to spending authority levels and additional controls to manage expenditure were currently in place for most areas, with the exception of those such as marketing where spend remained critical for recruitment. These had not been reflected in the Schedule as they were temporary in nature at this time;
 - ii) that no changes were suggested to the Schedule of Delegation for 2020/21.

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

19/51 Review of the role of the University Secretary/Clerk to the Board of Governors

Received: i) a report from the University Secretary reminding members of the role of the University Secretary/Clerk to the Board;

Agreed: that the arrangements remained appropriate and no changes were necessary for 2020/21

The University Secretary re-joined the Committee at this point

19/52 Assessment of the Effectiveness of the Audit and Risk Management Committee

Considered: i) feedback from members arising from the completion of the Audit Committee questionnaire completed by members;

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

Noted: i) that overall, feedback was very positive with the majority of areas scoring 5 (all of the time fully satisfactory) and all areas scoring at least an average of 4 (most of the time/above average/meets requirements). Only one area was scored by one member as less than 4.

ii) that it would be useful for members to discuss in private whether they felt any further work could be undertaken to raise all areas to the highest rating of 5. During a private discussion, members agreed the following points:

- that some areas such as “sufficient time between meetings” would always be a challenge in the autumn period when external audit timelines meant that there was limited time to consider matters before reporting to the Board each November in order to meet OfS deadlines.
- that there was an appropriate and inevitable tension between audit committee roles and those of management as the Committee’s role was to challenge and act independently to provide assurance to the Board.
- that having a standing item (as suggested in the new CUC Code for HE Audit Committees-see below) where an opportunity for members to discuss any items without senior staff, either with or without auditors present, would also be a useful way to consider any areas where members felt further information or assurance might be needed, or where such a discussion might in fact help resolve a member’s query.

iii) that no further changes to the terms of reference had been suggested followed the review in 2019. A review against the new CUC Code for HE Audit Committees had also highlighted no areas requiring amendment;

Agreed: i) that the terms of reference remained appropriate for 2020/21;

ii) to introduce, as a standing item to all meetings, an opportunity for members to hold a private session and to invite the auditors to join that session if and when required

CEB

19/53 **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 2020/21.

19/54 **CUC HE Audit Committee Code of Practice**

Received: a mapping of current practice at Harper Adams in light of the new CUC HE Audit Committee Code published on 13 June 2020.

- Noted:
- i) that the University was already meeting the vast majority of Code;
 - ii) that in a few areas, further work to enhance arrangements was agreed as follows:
 - include an opportunity for a private discussion between members and auditors or between members of the Committee without staff present at the end of each meeting as a standing item; **CEB**
 - formalise the existing principles that were established for allowing the University's external audit firm to undertake other work such as tax advice into a policy document that would be reviewed annually; **LF**
 - present the fraud policy set out in the Financial Regulations annually to ARMC as an aide memoire of its role in this important policy; **LF**
 - arrange for co-opted members of Audit and Risk Management Committee to observe a meeting of Finance and General Purposes Committee; **CEB**
 - ensure co-opted members are asked to complete year end questionnaires on related third-party transactions; **LF**
 - review the current checklists for evaluating the effectiveness of auditors and of the Committee against the revised CUC guidance; **CEB**
 - iii) that the Code suggested an annual budget might be agreed by the Board to facilitate its Audit Committee seeking independent legal or audit advice. In considering this, members felt that setting an artificial budget to cover such an eventuality when the scope and scale of the issue could vary enormously was not very practical, rather, the Committee would wish to seek Board approval of any such work being commissioned and that it would propose a budget as necessary to cover the required level of advice/external advice identified;

- Agreed:
- i) to undertake the actions set out above;
 - ii) to recommend to the Board that should the Audit and Risk Management Committee need to seek a budget to facilitate external advice to assist it with its work, such a budget and the reasons for it would be discussed and agreed with the Board as necessary; **PC**
 - ii) to recommend to the Board that the University should comply with the new Code and that this should be reflected in the Annual Report and Financial Statements for 2019/20. **PC**

19/55 **Client Briefings from Internal and External Auditors**

- Received:
- i) client briefings from the Internal Auditors;
 - ii) client briefings from the External Auditors;

19/56 **Retirement of Mr Cowdy as Chair of the Committee**

Members expressed their sincere thanks to Mr Cowdy for his hard work and dedication as Chair of ARMC and as a member of the Committee over the past eight years and wished him every good wish for the future. Mr Tweed had agreed to take over as Chair from July 2020, and the Nominations Committee would be reviewing membership of all Committees over summer 2020 with a view to filling any vacancies for 2020/21. It would also be placing an advert seeking expressions of interest in joining the Board with effect from July 2021.

19/57 **Date of next meeting**

13 November 2020 at 10.00