

HARPER ADAMS UNIVERSITY

Audit and Risk Management Committee

Minutes of a Meeting of the Audit and Risk Management Committee held on 18 May 2017 in the Boardroom

- v) that the University has taken careful steps to respond to the recent cyber-attack that has affected the NHS and other worldwide major organisations. All University owned PC's and laptops have been reviewed, and security updated as necessary with a new patch. A complete review of desktop PC's has also been undertaken by the IT Team, and thanks were due to Team for working over the weekend to ensure that the cyber risks were reviewed and any additional actions taken as necessary. LF
- vi) that the HEFCE Annual Assessment of Institutional Risk was now in Td (El)3.1 (u)-12.2 (ded)-12.2 (i)3.1 (n)-12.3 (t)-1.1 (he)-12.2 (f)-13.1 (eedb)-12.2 (

- ii) that it was particularly pleasing to see that the Students' Union had completed the final action arising from its report conducted in 2015/16. The internal auditors would be reporting on their follow up at the forthcoming meeting on the 29th June 2017. Informally the University Secretary had been advised by the internal auditors that good progress had been made;
- iii) that the Committee would be interested to understand the reasons why the Students' Union Trustees had decided to delay a review of the SU's reserve policy until August 2017. The University Secretary agreed to seek clarification of this point and to report back to members of the Committee in due course. CEB
(post meeting note- SU has clarified the position as follows: SU Trustees did in fact also review and agree the SU reserves policy in April 2017 as part of their overall annual review of financial policies. The review in August 2017 is a further review at the start of the new financial year to ensure the reserves policy remains in line with budget decisions and any other factors arising from year end and plans for 2017/18)

16/33 Internal Audit Reports

Received: i) a progress report for internal auditors.

- ii) final reports on:
 - i) Non-core Income (Catering, Library & Conference)
 - ii) Value for Money – Domestic Services
 - iii) Cyber Risk and Data Security

Noted: i) that the internal audit plan for 2016/17 was progressing, and final reports would be available and presented to the Committee by its meeting on 29th June 2017. There had however been a slight delay in completing the report on postgraduate research student data, this is due to illness within the RSM team. This factor had also slightly delayed the audit of the access agreement. Nevertheless the relevant RSM staff had commenced reviewing the documentation submitted in advance of the site visit by the audit team, and dates were now agreed to complete this work so that final reports could be presented to the Committee at its June 2017 meeting;

RSM

- ii) that the internal auditors report on non-core income had highlighted that small amounts of cash were being taken by the library for items such as stationery. Due to the rural nature of the campus, and the lack of access to stationery or similar shops in the nearby vicinity the provision of these items were a useful service for students. The Director of Finance confirmed that the University continued to move towards cashless payments, and that an online shop for 2.3 (e8-8 (on)-.1 (and of)-13..

- x) that it would be helpful for RSM to share with the University their framework for Value for Money studies, so that the University could consider, where appropriate, applying all or some of the “

- iii) that the internal auditors had also completed a mapping, showing how the plan engages with key risks identified in the Risk Analysis and Action Plan. This document mapped internal audits undertaken since 2014/15, and also projected those being proposed for 2017/18. This Document was circulated to members at the meeting.
- iv) that independently the Chair of the Committee had also reviewed and mapped how the internal audit plan would review and engage with the major risks identified in the University's Risk Analysis and Action Plan, and in light of this how the internal audit report could provide suitable assurances to the members of the Committee such that they could in turn provide a suitable annual report to the Board of Governors in relation to assurance as part of the year end process.
- v) that as discussed in previous years in the case of Harper Adams, there were some key risks such as access to adequate farm land that were not necessarily appropriate for internal auditors to review or audit. However members acknowledged that these risks were subject to regular discussion at the Farm Strategy Committee, which in turn reported to Finance and General Purposes Committee and to the Board and that in addition to this, these areas were often subject to discussion as part of the Vice-Chancellor's report to the Board.
- vi) that in a discussion around ongoing key concerns for the University, members acknowledged that the University continued to recognise the risks around ensuring student recruitment remained buoyant and that targets were met as far as possible particularly in the very competitive climate and the current

was important, nevertheless members suggested that perhaps a wider scope looking at how the University motivates its staff may be a more appropriate focus, and there may for example be an opportunity for auditors to look at how the University plans, develops and responds to the staff survey. A further focus could be on the effectiveness of succession planning. RSM

x) that in light of the detailed discussions, the Committee members confirmed that they were satisfied that sufficient assurances would be received to monitor the University's risk profile effectively, they also agreed that the strategy covers the organisation's key risks as they are recognised by the Committee, and that the areas selected for coverage during 2017/18 were appropriate. The Committee also agreed that the standards within the Charter in Appendix C of the document were appropriate to monitor the performance of internal audit.

xi) that RSM continue to engage with Horizon Scanning, and actively puts suggestions forward to their HE Clients for areas that would be helpful to be included in audit planning and/or risk registers. RSM also keep under careful review the regulatory environment, and were aware of forthcoming changes in relation to the implementation of the Office for Students, and changes to major data returns such as the HESA return and the DHLE etc. It was also recognised by the Committee that there may be a need to plan ahead and prepare for subject level TEF which was due to take place in 2021.

xii) that the internal auditors had reviewed risk maturity in 2012/13, and at that stage had identified that Harper Adams was not in the highest category of "risk maturity". The Chair asked whether or not, in the view of the auditors, this assessment had changed, and whether the maturity assessment should be reviewed again. In discussion, RSM agreed to review this area and put forward their comments at the forthcoming meeting in June 2017. It was also acknowledged that since 2012/13, internal Audit had considered an aspect of Risk Management during each year, and that this had formed part of the assurances prov-6.4 (t)-1.1 (of)-1 -0.0002 Tc482 -1.32

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- iv) that RSM will prepare an update on their assessment conducted in 2013 of risk maturity for the 2017 meeting and will reflect on the audits they had conducted since that date, and would include benchmarking of the University's performance in managing risks against the performance that they see in their other HEI Clients. RSM

16/35 External Audit Plan year ending 31st July 2017

Considered: the draft external audit plan for year ending 31th July 2017.

- Noted:
- i) that the proposals were very similar to the external audit plan for 2016. However in 2017 there had been no further changes in accounting standards, although there had been some changes in auditing standards and these were outlined in the proposed plan.
 - ii) that the changes to auditing standards would lead to a slightly different form of opinion, however the assurances would be the same.
 - iii) that the Executive Summary presented by KPMG highlighted the same significant risks as those highlighted in the previous year, in particular income recognition and the risk of management override of controls.

schemes, the Shropshire LGPS remains a relatively strong scheme although the University continued to keep the situation under careful review.

- x) that as reported at the Board meeting in April, the University would be introducing an NEST scheme for “workers” paid via the payroll for specific tax reasons.
- xi) that the valuation of the LGPS March 2016 did not reveal a major change. The next valuation would take place in 2019 with any changes coming into force with effect from April 2020.
- xii) that the dates for conducting and preparing reports arising from external audit activity, had been agreed with the Finance Team.

Agreed: to approve the external audit plan for year-end 31st July 2017.

16/36 HEFCE Annual Assessment of Institutional Risk

Received: i) a copy of HEFCE’s letter advising the University of the outcome of the annual provider review process, which included the statement of HEFCE’s risk categorisation for Harper Adams University based on financial sustainability and good management and governance matters, and the judgement on quality and standards matters reached by HEFCE’s Independent Quality Committee. These outcomes replace the former “Annual Assessment of Institutional Risk” letter.

Noted:

- i) that the outcome for Harper Adams was positive with financial sustainability, good management and governance matters being deemed not at higher risk and no action required, and quality and standards matters being deemed as meets requirements with no action required.
- ii) the decision on quality and standards included the Committee’s consideration of additional information on what workforce development arrangements that had been requested from the University, together with others who had similar provision.
- iii) that the statistics attached to the report, were similar to those that had been drawn upon for the TEF exercise which had already been shared with the Board earlier in the year.
- iv) That the University would wish to continue to focus on student retention where its current performance was at benchmark, and where possible, it would wish to perform above benchmark. There had been a discussion on this matter at the University Executive at the beginning of the week. A number of actions were being progressed.

16/37 Accounting Policies

Received: an oral report from the Director of Finance.

Noted:

- Noted:
- i) that the report provided the Committee with an update on progress with the key objectives and plans agreed earlier in the year.
 - ii)

clients submit the TRAC and TRAC 2 returns to their Finance or equivalent Committees and about 50% to their Audit Committees. Members felt that it was debateable which Committee was appropriate as benchmarking financial data was of course useful to F & GP Committee, and in Harper Adams case a dispensation rule applied so that the preparation of TRAC was largely important for benchmarking.

- Agreed:
- i) that when key staff are asked to brief the Audit and Risk Management Committee, they would be asked to particularly comment on any data returns that they are responsible for. PC/CEB
 - ii) that the annual report on student data would continue to be presented to the Committee.
 - iii) that the key data return was a useful addition to the agenda for the Committee, and would continue to be an annual report. CEB

16/41 Briefings from Senior Staff

- Noted:
- i) that the Director of Marketing and Communications would be providing a presentation on the management of risks in his areas of responsibility at the meeting planned for 29 June 2017.
 - ii) that the Committee had previously suggested that the Head of Estates and Facilities would provide a presentation on Estates Management. Although this had originally been planned for 2017 it was suggested that this would now take place in February 2018, and that this would be a useful timetable to follow as in the June 2017 meeting the Committee would be receiving feedback from internal audit on their audit of estates management. CEB
 - iii) that Members of the Committee would welcome a presentation from the Farm Manager on the management of risks on the farm. CEB

meeting.

CEB

- iii) that Members of the Committee were content to request two briefings during 2017/18, although they would welcome an update from the Vice-Chancellor on collaborative projects as discussed above at the meeting in November 2017

CEB/DGL

16/42 Client Briefings from Internal and External Auditors

Received:

- i) Client briefing from internal auditors RSM.
ii) Client briefing from external auditors KPMG.

Noted:

- i) that the RSM review of 18 University Risk Registers was extremely useful and would be drawn upon to inform the University's forthcoming