

HARPER ADAMS UNIVERSITY
Audit and Risk Management Committee

Minutes of a Meeting of the Audit and Risk Management Committee held on 14 November 2019 in the Boardroom

Present: Mr P Cowdy Chairman
Mr M Griffiths (Co-opted member)
Mr C Tweed
Mr K Greetham (Co-opted member)

In attendance: Dr D Llewellyn Vice-Chancellor (Observer)
Dr C E Baxter University Secretary
Mrs L Furey Director of Finance
Mr M Dawson KPMG
Ms L Tweedie RSM
Mr Ali Burr SU Director (for item 4-SU Report only)

Apologies: Mr R Hambleton

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

19/01 Minutes

Approved: the minutes of the meeting of the Audit and Risk Management Committee held on 27th June 2019 (18/45 to 18/56)

19/02 Matters Arising

Received: a report prepared by the University Secretary

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

19/03 Terms of Reference

Received: the Terms of Reference of the Committee;

Noted: i) that the Board had agreed a change to the Terms of Reference in July 2019 to reflect the fact that ARMC would be considering the TRAC returns in January 2020 instead of F&GP as in previous years. detail in 2017/18;

ii) that as advised by KPMG in their sector update, the new terms and conditions of funding letter issued by OfS for 2019/20 does not include the previous Audit Code of Practice., although it has been suggested that further guidance may be issued at some point. The main change was that Audit Committees no longer have to provide an annual opinion on the effectiveness of risk management, internal control, gov asF2 10.02 Tf1 0 0 1 164.72 254.54 Tm0 G[(that)3()] TJETQ3a0 0 1 164.7272 254.54 Tm0 G

should continue to provide an opinion all of these matters to the Board at least annually. Members therefore concluded that no changes the Committee's terms of reference were required for 2019/20.

19/04 **Follow-up on Internal Audit Reports**

Received: a report by the University Secretary.

Noted i) that good progress had been made with all reports. The Deputy Academic Registrar

19/05 **Internal Audit 2018/19 and 2019/20**

- Considered:
- i) the Annual Internal Audit report 2018/19;
 - ii) a progress report on the 2019/20 internal audit programme
 - iii) a report from Internal Auditors on the audit of Academic Collaborative Arrangements;

- Noted:
- i) that the Internal Auditors Annual Report included a positive opinion for the year. In particular, the auditors confirmed that in their opinion the University had an adequate and effective framework for risk management, governance, internal control and economy, efficiency and effectiveness and that during the year the auditors had identified further improvements to the framework of control for these areas to ensure that it remains adequate and effective; They also confirmed that they were not aware of any matters which would change this opinion up to the present date.
 - ii) that the Internal Auditors had provided with their Client Briefings for the meeting, their annual report on benchmarking across their HE clients. The University continued to perform well and had returned to the stronger levels of performance seen prior to 2017/18 when a partial assurance opinion arising from the audit of Research Governance had reduced its overall performance. Members were pleased to see the positive performance in 2018/19;
 - iii) the outcome of the Academic Collaborative Audit was positive with a green opinion, two low and one medium recommendation, all of which had been agreed by management. Auditors confirmed that this was particularly noteworthy as there tended to be more issues arising from similar audits at other HEIs.
 - iv) that the Internal Audit Plan for 2019/20 was progressing as planned. Some dates had been slightly amended to meet diary requirements for key staff. A helpful meeting had once again been arranged by RSM with key staff involved in the Internal Audit Plan across the University. This had helped to brief staff on documentation required and to agree appropriate dates when auditors would be coming to the University to meet with relevant staff and consider documentation etc. Discussion of the scope for the Access and Participation Audit has led to a proposal to focus on the framework for delivery of the 2020-2025 APP as the 2018/19 plan had been largely subsumed into the new 2020-2025 APP;

Agreed: that the internal Audit of the Access and Participation Plan should focus on the 2020-2025 APP. **RSM**

19/06 **External Audit 2018/19**

- Received:
- i) an oral report from the Director of Finance advising on any changes made at or following the meeting of Finance and General Purposes Committee held on 7 November 2019 and on the University's response to the OfS publication on Compliance with 2017/18 Accounts Direction and Accounts Direction from 1 August 2019. Copies of both documents had been circulated to members;
 - ii) a briefing note on reporting requirements to meet Charity Commission regulations

- v) a draft Letter of Representation for Harper Adams University group;
- vi) the draft 2018/19 Annual Report and Accounts for Cedar Energy Ltd;

KPMG's valuation differed slightly from that provided to the University by Mercers (actuaries to the Shropshire LGPS). However, the difference was not significant and the Mercers advice was slightly more cautious;

- vii) that the University was considering testing alternative actuarial advice to inform its dialogue with LGPS. Mercers had suggested an estimate of £2M in 2019/20 which represented a significant uplift from the £1.2M included for 2018/19 and the £750K

19/08 **Audit and Risk Management Committee Annual Report 2018/19**

Considered: the draft Report of the Audit and Risk Management Committee to the Board of Governors for 2018/19 financial year.

- Noted:
- i) that the draft report was due to be submitted to OfS by 2 December 2019 along with a copy of Internal and External Auditors Annual Reports;
 - ii) that the draft report had been shared with the Chair for his comments in advance of the meeting and had also been shared with the Internal and External Auditors. Both had confirmed they were content with the draft report.
 - iii) that references to 'designated officer' needed to be updated to read 'Accountable Officer' and a typographical error needed to be amended at paragraph 5; **CEB**

Agreed: to present the Annual Report of the Audit and Risk Management Committee to the Board of Governors at its meeting on 27 November 2019.

19/09 **Risk Management**

- Received:
- i) the University's Risk Management Policy for 2019/20;
 - ii) the University's updated Risk Analysis and Action Plan for 2019/20;

- Noted:
- i) that the Risk Management Policy 2019/20 had been reviewed in light of the outcomes of the internal Audit of Risk Management. The recommended changes including the inclusion of risk scoring had been added;
 - ii) that following a detailed review of the Risk Analysis and Action Plan by those staff responsible for leading and assisting the management of risks, and wider discussion with their teams as recommended by the internal auditors, it was proposed that the rating of eight risks be amended as set out in the draft RAAP. The inclusion of comments from a wider group of staff had been helpful in this regard;
 - iii) that the University Secretary had considered a publication on risk management in HEIs published by KMPG and also of a recent publication by RSM included in the Client Briefing pack for the meeting. No major changes had emerged from consideration of these documents and the internal and external auditors concurred with this conclusion;
 - iv) that a small number of minor updates to the wording of risks reviewed by Academic Board and one minor suggestion to include

be the case that very regular monitoring and evaluation of progress would be made at University Executive and at the Board (through the Vic-Chancellor's Report) to ensure that should progress slow or reduce, intervention could be quickly identified and progressed to minimise risks of not meeting targets in the time agreed. [post meeting note: at the meeting of Academic Board that followed ARMC meeting on 14 November 2019, this matter was raised. Academic Board concurred with the above explanation of the risk assessment and this was supported by the Academic Registrar and Director of Learning and Teaching who attend Academic Board and are two of the key staff managing this risk];

- vii) that the University continues to encourage students to ensure they are vaccinated prior to coming to University. However, it was noted that immunity is not always guaranteed from disease such as mumps and the University cannot force students to be vaccinated as a condition of entry;

Agreed: to **RECOMMEND** to the Board that the University's Risk Management Policy for 2019/20 and subject to the above minor updates, the updated Risk Analysis and Action Plan for 2019/20 be approved;

19/10 **Review of Internal and External Auditor Performance**

The Internal and External Auditors left the meeting for discussion of this item.

Received: i) an aide memoire on the sources of information and key questions recommended by the CUC for evaluation of the performance of Internal and External audit providers;

- ii) the views of University Officers and members of the Audit and Risk Management Committee on the conduct of the Audit Plan in 2018/19;

Noted: i) that the performance of Internal Auditors had been appropriate and the annual planning meeting that had taken place to prepare for the forthcoming 2019/20 Internal Audit Plan had once again been particularly helpful to clarify documentation and timetable for the process;

- ij) that the performance of KPMG had been appropriate and there were no issues. Mr Rowley had agreed that he would attend the Audit and Risk Management Committee in February each year and provide a sector update. Mr Dawson would be asked to ensure this was arranged; **MD**

- iii) that a tender for external audit services would be required in early 2021 after completion of the 2020 audit?]. A framework for external audit services was now in place managed by the North West Universities Purchasing Consortium and this would be explored;

Agreed: to recommend to the Board that RSM be reappointed as Internal Auditors for 2019/20 and that KPMG be reappointed to the role of External Auditors for 2019/20.

The Internal and External Auditors re-

Agreed: that the Auditors had no issues to raise in relation to the conduct of the audit programs during the year. They expressed their appreciation for the helpful support they had received from University staff.

University officers re-joined the committee at this point.

19/12 Client Briefing/Charity Commission Briefing

Received:

- i) Internal Audit Client Briefings;
- ii) External Audit Client Briefings (included with the External Auditors Report)

