

**Minutes of a Meeting of the Audit and Risk Management Committee held on 13 November 2020 via Microsoft Teams**

Present:	Mr C Tweed	Chairman
	Mr M Griffiths	(Independent member)
	Mr R Hambledon	(Independent member)
	Mr K Greetham	(Co-opted member)
	Mrs Marisa Virseda	(Co-opted member)
In attendance:	Dr D Llewellyn	Vice-Chancellor (Observer)
	Dr C E Baxter	University Secretary
	Mrs L Furey	Director of Finance
	Mrs K Baker	Deputy University Secretary
	Mr M Dawson	KPMG
	Ms L Gardiner	KPMG
	Ms J Bickerton-Hubball	RSM
	Ms A Hire	RSM

Apologies: None

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

The Committee welcomed Mrs Marisa Virseda as a co-opted member of the Committee for 2020/21.

Members acknowledged the helpful briefing provided by the Chief Finance Officer prior to the meeting on the forecast for 2020/21 and 2021/22 which would assist their consideration of going concern later in the meeting.

**20/01 Minutes**

Approved: the minutes of the meeting of the Audit and Risk Management Committee held on 25 June 2020 (19/45 – 19/57), subject to correction of 19/49 to read 2019/20 Internal Audit

**20/02 Matters Arising**

Received: a report prepared by the DnB2 Tm0 G[ ]TJETQqtSecretary

v) that members were content that all other matters arising from the meeting held in June 2020 were either completed or included later on the agenda;

**APPROVED:** the refreshed effectiveness checklist for auditors and the Annual Questionnaire used by the Committee to evaluate its own effectiveness. **KB**

20/03 **Terms of Reference**

Received: the Terms of Reference of the Committee;

Noted: that minor changes to the Terms of Reference had been made to update the membership of the Committee for 2020/21

Agreed: that no further for  
2020/21 and the Terms of Reference should be agreed for the year.

20/04 **Follow-up on Internal Audit Reports**

Received: a report by the University Secretary.

Noted i)

ii) that the Committee were content for Dr Robinson to be granted further time to complete the remaining actions as noted above

iii) that the Committee was content to agree a proposal that the period 1 TRAC return for 20/21 (4 months from Aug-Nov 2020) follow-up data set returns be signed by staff electronically and followed up by HODs and AHODs. RSM confirmed that they were also content with this approach.

## 20/05 Internal Audit 2019/20 and 2020/21

Considered: i) the Annual Internal Audit report 2019/20;

ii) a progress report on the 2020/21 internal audit programme

iii) a report from Internal Auditors on the audit of Apprenticeships;

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 data quality and management 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 Apprenticeships Audit had been conducted as an advisory report rather than an assurance audit. That the audit consisted of substantive testing against ESFA rules. RSM advised that providing assurance in this compliance area is challenging across the whole education sector on account of the very complex/prescribed rules for compliance. RSM advised that any non-compliance would give rise to a risk of clawback of funding. In respect of the University audit, RSM advised that their testing did highlight some issues which may give rise to this risk. The report highlights 14 management actions, all of which will be revisited at follow up in 2020/21. RSM confirmed however that the types of issues found and number of actions recommended were aligned to RSM findings at other HEI audits in this area. RSM advised that ESFA degree apprenticeship funding is new and subject to regular and significant rule changes. Further Education organisations have also had very similar issues/difficulties demonstrating 100% compliance with the rules. LF advised that the University has recently lost a key member of administrative/compliance staff in this area but has increased the hours of current administrative staff to support - the University will also not hold-back on re-recruiting to the Apprenticeship Manag6rr of

20/06 **External Audit 2019/20**

- Received:
- i) an oral report from the Chief Financial Officer advising on changes made to the Annual Report and Financial Statements at or following the meeting of Finance and General Purposes Committee held on 5 November 2020;
  - ii) the External Auditors Report on the External Audit for 2019/20 Accounts together with the Management response
  - iii) the draft 2019/20 Annual Report and Accounts for Harper Adams University;
  - iv) a draft Letter of Representation for Harper Adams University group;
  - v) the draft 2019/20 Annual Report and Accounts for Cedar Energy Ltd;
  - vi) a draft Letter of Representation for Cedar Energy Ltd;
  - vii) a draft Letter of Support and loan arrangements for Cedar Energy Ltd from Harper Adams University;
  - viii) the agreed 2019/20 Annual Report and Accounts for Harper Adams University Development Trust and related Letter of Representation

- Noted:
- i) that details relating to the Access and Participation Plan (APP) and other changes had been added/made as highlighted in green in the draft Annual Report and Financial Statements for 2019/20. Information had also been included on energy and carbon reporting in compliance with the requirements of the Companies Act;
  - ii) that the External Auditors Report to the Audit and Risk Management Committee on the external audit of the 2019/20 still had some areas which remain outstanding for completion, including in relation to opinion on going concern and their opinion with respect to APP funds where OfS requirements were still, as yet, unclear. The Auditors confirmed however, that based on their work to date, they had no major issues to raise;
  - iii) that the External Auditors confirmed that the HEI sector is exposed and remains exposed on account of Covid-19 and the additional financial pressures this has given rise to. However, the Auditors view was that the impacts are perhaps not as significant for the University



- 8ii) that members were content that F&GP wished to recommend the letter of support and loan arrangements for Cedar Energy Limited;
- xiii) that RSM, as Internal Auditors advised that nothing had come to their attention with respect to the external audit that would cause them to review their annual opinion;
- xv) that electronic signatures were proposed for the 2019/20 accounts and reports
- xvi) that the External Audit Management Letter still needed to be sent to the OfS in its final form; **LF**

Agreed:

- i) to **REVIEW** by circulation the updated draft Annual Report once KPMG final reports have been issued **KB**
- ii) to **RECOMMEND** to the Board for its approval the accounts for Harper Adams University draft Letter of Representation for the Harper Adams University group, the draft 2019/20 Annual Report and Accounts for Cedar Energy Ltd for 2019/20 together with the draft Letter of Representation for Cedar Energy Ltd;
- iii) to **RECOMMEND** to the Board for its approval the 2019/20 Annual Report and Accounts for the Harper Adams University Development Trust for 2019/20 and Letter of Representation for the Development Trust; **KB**
- iv) to **RECOMMEND** to the Board for its approval the Letter of Support for Cedar Energy Ltd from Harper Adams University.
- v) to **RECEIVE** an updated report from external auditors once the APP and going concern issues had been finalised and thereafter agree their report as complete for submission to the Board **KPMG/LF/KB**
- vi) to **APPROVE** the use of electronic signatures where possible



plan strategy around Covid response and the 2021 planning group also currently meets weekly. Plans for looking after students who will not return home over the Christmas break are continuing. Catering income remains challenging. The University continues to p

Considered

- Noted: i) that the BDO session had been useful. The matters discussed included information on the Government funding available to universities to alleviate pressures on cash flow (such funds need to be paid back), the upturn in the student demographic but against the risk on lower international students which remains and bank covenant breach risks. It was noted that the University appears to be managing resilience as effectively as possible in the current climate in comparison with others.
- ii) that the Board approved on 2nd October to permit the Deputy University Secretary to act as an authorised signatory of the Board. The Chair of Audit and Risk Management Committee had also agreed the changes in advance of the Board meeting.
- iii) the Committee wanted to note its thanks to University staff for all the work done with response.

**Date of next meeting** it was agreed that the date of the meeting would be moved to 27 January 2021 at 9.30am