



**USP College Corporation  
Risk and Audit Committee**

**Minutes of the Meeting held on Tuesday 20 October 2020**

**Meeting held via Microsoft Teams  
Meeting commenced: 16.00hrs  
Meeting ended: 17.15hrs**

**Present**

Malcolm Bell	Independent Member	Chair
Jacob Smith	Independent Member	
Andy Williams	Independent Member	

**Apologies for absence**

Roger Key	Independent Member
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**In attendance**

Steven Hendy	Chief Operating Officer (COO)
John Revill	Vice Principal Partnerships, Funding & Business Planning (VP P,F&BP)
Leisyen Keane	Scrutton Bland
Paul Goddard	Scrutton Bland

**Clerk**

Sue Glover	Clerk to the Corporation
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**032.20 Declaration of Interest**

Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

There were no declarations of interest.

**033.20 Apologies for absence**

Apologies for absence were received from Roger Key.

The Risk and Audit Committee agreed to accept the apologies for absence.

**034.20 Appointment of Chair of the Committee**

The Clerk advised members that as the previous Chair of the Committee, Graeme Loveland, has resigned from the Board it is necessary to appoint a new Chair of the Committee at this meeting.

Members were advised that, in accordance with the Terms of Reference for the Committee, the Chair of the Committee is appointed by the Corporation from among the independent members of the Committee. It was unanimously agreed by the Committee that Malcolm Bell should be appointed Chair of the Risk and Audit Committee.

## **Resolved**

The Risk and Audit Committee recommends to the Corporation Board that Malcolm Bell is appointed Chair of the Committee

### **035.20 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 9 June 2020**

The minutes of the meeting were approved and signed as a correct record.

### **036.20 Matters arising and action points from the minutes of the previous meeting**

Members reviewed the schedule of action points, noting those that had been completed and those carried over.

Members agreed that there were no other matters arising from the minutes of the previous meeting.

### **037.20 Fraud, Irregularity and Whistleblowing Matters**

The COO advised that there were no matters relating to Fraud, Irregularity and Whistleblowing to report.

### **038.20 Annual Risk Management Report for 2019/20**

The COO presented for consideration the Annual Risk Management Report for 2019/20.

The Committee was reminded that

- Risk management is a standing item on the Committee's agenda and at each termly meeting consideration is given to the risk profile together with any change in the risk scores
- Headline risks of the College are the main focus of the Committee and are monitored throughout the academic year
- It has a responsibility to
  - oversee the College's risk management process in accordance with its Terms of Reference
  - provide, in its annual report and in accordance with the Post-16 Audit Code of Practice, an opinion on the adequacy and effectiveness of the College's risk management

Members considered the detail of the report, noting

- there were twenty one headline risks for 2019/20 – fifteen risks met the target risk rating at the end of the year and five remained above the target rating set for 2019/20
- four headline risks were either removed, replaced or amended during the year and a new one added relating to the support for new and existing staff and the recruitment of new staff
- in 2020 the Covid-19 risk register was introduced and the key risks presented to the Committee. These risks will continue to be assessed whilst the Pandemic is still ongoing
- the training arrangements in place for 4Risk management software
- a full review of the risk management process is planned later this term to review the detailed content of 4Risk

Members commented that the significant 'red' risks related to student recruitment targets not being met and insufficient levels of funding and, whilst the issues of funding and recruitment are matters for the Finance and Resources Committee, the VP P,F&BP was able to advise the Committee that, currently, recruitment was 80 above target, which could result in an in-year funding claim or, alternatively, the benefit of this will be reflected in next year's allocation.

In discussion, the Committee agreed that there are appropriate arrangements in place for the monitoring and review of risk management at each meeting.

### **Resolved**

The Risk and Audit Committee endorses and commends the Annual Risk Management Report for 2019/20 to the Corporation Board for acceptance and approval

**039.20**

### **Quarter 2 Headline Risk Register 2020/21**

The COO presented a report, which provided details of the headline risks together with the risk register summary for Quarter 2 2020/21, including the additional risk register for Covid-19 related risks.

Members were advised that

- the headline risks have been reviewed and agreed by the Senior Management Team (SMT)
- the review was carried out in October where SMT considered the current headline risks and agreed the Covid-19 risk register
- the reporting provided has been taken from the risk management software, 4Risk

Members considered the detail of the report and risk registers, noting:

- there are 20 headline risks, all have been reported as on track for 2020/21
- the Covid-19 risk register has been updated in line with the headline risk register and will continue to be in place until such time as the virus is deemed no longer to be a threat to the College and nationally; there are currently 9 key risks identified which have been assessed and allocated an inherent risk level
- the risk register review for January 2021 will provide updates on the risks relating to 2020/21 and will include departmental risk assessments and review
- a separate risk register is held for ITEC Learning Technologies Limited and will be provided at the appropriate ITEC Board meeting

Members discussed the issues raised and, in response to questions, were advised that

- the ITEC risk register follows a similar format to that of the College and focuses on apprenticeships, the budget position, particularly with regard to cash
- there is a recovery plan in process for ITEC as, following a recent review by the ESFA of its financial health and fitness for funding, it will need to demonstrate going forward that it will become self-sufficient and not reliant on the College, which is the key risk for 2020/21
- the ITEC Board will meet on 8 December 2020 when the risk register will be presented

It was agreed that the ITEC risk register would be presented to the committee for review at the next meeting following the ITEC Board.

Members considered the risks relating to the capital funding application for capital grants and the status of the land sale and, in discussion, were advised that

- the college had received condition funding from the government £800k towards the condition of the college and a submission made by the college to demonstrate how the funding will be used. It is anticipated that further government funding will become available for colleges

- land sale discussions had been put on hold due to Covid-19. However, discussions are now commenced again with Castle Point Borough Council who have submitted their local plan for approval
- negotiations are continuing with the bank to refinance college loans into one, the bank is waiting to see the outcome of the budget review and the subsequent financial plan to be submitted to the ESFA in November

Members discussed the Covid-19 specific risk register and agreed that it continues to be appropriate at this time.

### **Agreed**

The Risk and Audit Committee agreed

- to receive and note the risk management report and risk registers Quarter 2
- that the report and risk registers are presented to the next meeting of the Corporation Board

## **040.20**

### **Post-16 Audit Code of Practice for 2019/20**

The Clerk presented for information the Post-16 Audit Code of Practice (the Code) for 2019/20.

Members were advised that the Code sets out a common standard for the provision of assurance in relation to funding of post-16 providers, setting out

- the overarching assurance arrangements for post-16 providers
- the specific responsibilities within the assurance framework for sixth-form and further education corporations, and their external auditors/reporting accountants
- the requirements for independent training providers

Members noted the key changes from the previous version and were advised that the anti-fraud checklist provided in the document would be cross-referenced against the College's current arrangements. The Clerk advised that the ACOP had been reviewed against the Committee's Terms of Reference and there were no changes required to be made.

### **Agreed**

The Risk and Audit Committee agreed to receive and note the document

### **Internal Audit**

## **041.20**

### **Review of outstanding audit items**

The COO presented a report, for monitoring and review, detailing the progress made against the internal audit recommendations from audits in 2019/20.

Members reviewed the detail of the report, noting the

- summary of the number of recommendations up to 31 July 2020 and of the 26 recommendations made
  - 7 are complete
  - 8 are ongoing
  - 11 have not yet been started
- progress/completion against each recommendation
- update where target dates have been amended

Members were advised that a further review will be carried out to reconcile the recommendations in the report with the internal auditor and should there be any changes an update will be presented at the next meeting. It was noted that completion of the recommendations would only be impacted by Covid-19 if either campus moved into the higher restriction of the Tier system, currently both campuses are not in this category.

**Agreed**

The Risk and Audit Committee agreed to receive and note the report.

**042.20**

**Internal Auditor update on sector related issues**

The Internal Auditor updated the Committee on:

- there is currently a significant number of colleges in the sector facing financial challenges and around 20% of colleges have been issued with bank letters
- funding audits are starting to take place from November and colleges are being given a very small window of when the audit will take place – around 30 audits are to be completed during the year
- during their audit work with colleges, Scrutton Bland have become aware of the impact of responding to Covid-19 by senior management in colleges and recognised how stretched they are
- following the issue of the Post-16 Audit Code of Practice in July, the ESFA issued in September a guide on how Audit Committees and internal audit can communicate together. The internal auditor advised that the document is not highlighting anything that the College and Committee are not already doing, but would share the document with the Clerk for possible presentation to the Committee if appropriate

The Committee thanked the internal auditor for his update.

**043.20**

**Final Risk and Assurance Progress Report for 2019/20**

The Internal Auditor presented for information the final Risk and Assurance Progress Report for 2019/20.

Members noted those completed against the agreed Internal Audit Plan for 2019/20 and those deferred to 2020/21 due to Covid-19. The final report for Follow-up Previous Recommendations is presented at this meeting.

**Agreed**

The Risk and Audit Committee agreed to receive and note the report.

**044.20**

**First Risk and Assurance Progress Report for 2020/21**

The Internal Auditor presented for information the first Risk and Assurance Progress Report for 2020/21.

Members noted the planned internal audits against the agreed Internal Audit Plan for 2020/21 and the dates when final reports will be presented to the Committee.

**Agreed**

The Risk and Audit Committee agreed to receive and note the report.

**045.20****Internal Audit Reports**

The Internal Auditor presented for consideration the final audit report for Follow-up of Previous Recommendations.

Members were reminded that

- at the previous meeting the report had been presented in draft with comments from management to be completed.
- the follow-up audit was to review the progress made with implementing the recommendations raised in the 2018/19 audit reports and the outstanding recommendations from previous years

The Committee was advised

- of the 31 recommendations made, 18 have been implemented in full, 8 are either part completed or in progress and 5 are not yet concluded
- the 5 not yet concluded is due to there being no access to the College to evidence appropriate documentation in the light of its Covid-19 and will be rolled into next year

Members reviewed the action plan in place together with the management responses and reaffirmed that there are no major issues.

**046.20****Internal Audit Assurance Strategy and Annual Plan for 2020/21**

The Internal Auditor presented, for consideration and approval, the final report for internal audit coverage for the 2020/21 year.

Members were reminded that at the previous meeting a proposed draft had been presented and it was agreed that the final report would be presented at this meeting.

Members reviewed the detail of the report, noting

- the areas for internal audit that had been deferred from the current year due to Covid
- the proposed areas for 2020/21
- the planned total number of days for 2020/21 is 39.5

In discussion, members commented that, at the previous meeting, it had been indicated that the number of days could be reduced, but it was accepted that the number of days reflects those audits that have had to be deferred from the previous year due to Covid-19.

Members reaffirmed that the internal audit plan provides a good level of cover for the relevant areas required.

**047.20****Annual Internal Audit Report for 2019/20**

The Internal Auditor presented for consideration and review the Annual Internal Audit Report 2019/20.

Members considered key sections of the Report, in particular

- the audit opinion
- key observations and management actions on previous recommendations
- Internal Audit Planned Coverage and Output
- The Quality Assurance Improvement Programme
- Performance Indicators
- Summary of Findings for the year ended 31 July 20120
- Audit Benchmarking Data

Members noted that it was the opinion of the Internal Auditors for the year ended 31 July 2020 that the College has:

- adequate and effective risk management processes;
- adequate and effective governance processes;
- adequate and effective control processes; and
- adequate and effective processes surrounding efficiency and effectiveness

It was noted that the opinions would contribute towards the assurances used by the Committee when preparing the Annual Report for the Corporation Board.

The Internal Auditor advised that despite some of the audits having to be deferred to the following year due to Covid-19, there had been sufficient work completed in order to give an opinion.

### **Resolved**

The Risk and Audit Committee agreed to:

- receive and note the outstanding audit items
- receive and note the Final Progress Report for 2019/20
- receive and note the First Progress Report for 2020/21
- receive and accept the final Follow-up audit report of previous recommendations
- approve and recommend to the Corporation Board for approval the final Internal Audit Strategy and Annual Plan for 2020/21
- receive and accept the Internal Audit Annual Report for the year ended 31 July 2020, which will be presented to the Corporation Board in December

**048.20**

### **College Policies**

The VP P,F&BP presented the Freedom of Information Policy for approval.

Members were advised that

- the policy is presented for review as part of the College cycle of policies for review and approval
- there are no changes proposed and the policy remains current

Members reviewed the policy and agreed there was nothing further required.

### **Resolved**

The Risk and Audit Committee approves and recommends to the Corporation Board for approval the Freedom of Information Policy

**049.20**

### **Any Other Business**

There were no items of any other business.

**050.20**

### **Dates of scheduled meetings of the Risk and Audit Committee 2020/21**

Tuesday 1 December 2020

Tuesday 9 March 2021

Tuesday 8 June 2021

All meetings commence at 4pm.

**As there was no further business, the Chair declared the meeting closed.**

**SIGNED AS A CORRECT RECORD:**



**DATE: 1 December 2020**