



**USP College Corporation
Risk and Audit Committee**

Minutes of the Meeting held on Tuesday 1 December 2020

**Meeting held via Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.00hrs**

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)
Paul Goddard	Scrutton Bland
Shachi Blakemore	Buzzacott LLP

Clerk

Sue Glover	Clerk to the Corporation
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051.20 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.

052.20 Apologies for absence

Apologies for absence were received from Roger Key.

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

053.20 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 20 October 2020

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

054.20 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.

055.20 Risk and Assurance Progress Report

The Internal Auditor presented for information the Risk and Assurance Progress Report.

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.

056.20 Internal Audit Report for Governance

The Internal Auditor presented for consideration the final Risk and Assurance Report for Governance.

Members reviewed the detail of the report, noting

- Assurance opinion – ‘Significant’ green *‘Governance, risk management and control arrangements provide significant assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls should be improved further’.*
- 1 low recommendations
- Nil high or medium recommendations

Members reviewed the action plan in place to address the low recommendation.

Agreed

The Risk and Audit Committee agreed to

- receive and note the Risk and Assurance Progress Report
- receive and accept the final internal audit report for Governance

External Audit

057.20 Post-Audit Management Report for year ended 31 July 2020

The external auditor presented the Post-Audit Management Report to the Risk and Audit Committee for the year ended 31 July 2020.

The Committee considered the detail of the report, in particular

- Executive Summary
- Financial Statements Opinion
- Regularity Assurance Conclusion
- Financial Performance and Going Concern
- Key Audit Findings
- Key audit risks and outcomes
- Audit observations and recommendations
- Comparison of financial ratios
- Sector developments

Members were advised that

- at the current date the external auditor expects to be in a position to issue an unqualified audit report on the financial statements of the College
- there were no significant deficiencies found in the accounting and internal control systems during the audit
- at 23 October 2020, the audit is complete with the exception of the confirmed ESFA funding allocation for 2020/21, latest management accounts to November 2020 and cash flow forecasts at the date of signing financial statements, board assessment on going concern

- in supporting the going concern assumption, the assessment of the impact of Covid-19 through the preparation of detailed cash flow forecasts and budgets including loan facilities available which cover the period up to July 2022 were reviewed and these are considered to be appropriate and a reasonable reflection of the current environment.

The Committee noted that, as part of the audit testing, there were a small number of HR files that did not contain sufficient documentation to establish their current rates of pay or salary and this will be followed up by the Head of HR to ensure that records are updated and correct.

058.20 Financial Statements 2019/20

The external auditor presented the draft financial statements for the year ended 31 July 2020.

The attention of members was drawn to

- Member's report
- Statement of Corporate Governance and Internal Control
- Statement of Regularity, Propriety and Compliance with Funding body terms and conditions of funding
- Statement of Responsibilities of the Members of the Corporation
- Independent Auditor's Report to the Corporation of USP College
- Reporting Accountants Assurance Report

Members noted that the Finance and Resources Committee had given initial consideration to:

- Statement of Comprehensive Income and Expenditure
- Balance Sheet as at 31 July 2020
- College Statement of Changes in Reserves
- Statement of Cash Flows
- Notes to the Accounts

Members noted that

- the College generated Total Comprehensive Income for the year of £4,670k deficit, which is stated after accounting for the re-measurement of the Defined Benefit pension scheme
- the College is expected to receive a clear financial statements and regularity audit report
- the Reporting Accountant is Buzzacott LLP

Members noted that it was the opinion of the Financial Statements auditor that the financial statements:

- *Give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of income over expenditure for the year then ended, and*
- *Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice*

Members also noted the conclusion given by the Regularity Auditor that

'In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.'

059.20 Letter of Representation

The External Auditor presented the Letter of Representation in respect of the Financial Statements for the year ended 31 July 2020.

Members reviewed the detail of the Letter of Representation, noting the financial and operational support to be provided to the subsidiary company, ITEC Learning Technologies, for a period of at least twelve months from the date of approval of its financial statements. In discussion, members were advised that the ITEC Financial Statements are showing a small surplus due to there being no service charge made from the College.

060.20 Regularity Audit Self-Assessment Questionnaire 2019/20

The COO presented the College's Regularity Audit Self-assessment.

The Committee was advised that self-assessment formed the basis of the separate external audit and regularity audit opinions.

Members noted that

- the self-assessment confirms the actions the College undertakes regularly to verify that its expenditure is appropriate and in accordance with relevant rules and guidance
- the self-assessment has been reviewed by the external auditor as part of their year-end audit function
- the Principal and Chief Executive and the Chair of Governors are required to sign the Regularity Audit Self-assessment for 2019/20 on behalf of the College

Resolved

The Risk and Audit Committee endorses and commends to the Corporation Board for acceptance and approval

- Post-Audit Management Report for the year ended 31 July 2020
- The Financial Statements for USP College for the year ended 31 July 2020
- The Letter of Representation in respect of the Financial Statements for the year ended 31 July 2020
- The Regularity Audit Self-Assessment Questionnaire for the year ended 31 July 2020

061.20 Annual Report of the Risk and Audit Committee for 2019/20

The Clerk to the Corporation presented the Annual Report of the Risk and Audit Committee for the year ended 31 July 2020.

Members were advised that

- the Committee is required to provide an annual report to the Board and to the Principal and Chief Executive, as the Accounting Officer, which outlines the work undertaken by the Committee, and how the Committee has fulfilled its responsibilities as set out in its Terms of Reference
- The Annual Report of the Committee is required to be submitted to the funding agency together with the Financial Statements

Members considered the detail of the report, with particular reference to

- Clause 7 – Internal Audit
- Clause 8 – Financial Statements Audit
- Clause 9 – Regularity Audit
- Clause 13 – Assessment of the Risk and Audit Committee's own effectiveness
- Clause 14 – Conclusion

Members discussed the detail of the report and, subject to a suggested minor amendment by the internal auditor, agreed there were no further changes.

Resolved

The Risk and Audit Committee approves the Annual Report of the Risk and Audit Committee to the Corporation Board and Principal and Chief Executive and commends the report to the Board for acceptance and approval, subject to minor amendment as discussed

062.20

Meeting of the External Auditor with the Risk and Audit Committee

The external auditor advised members that there were no issues to raise and asked if the committee wished to raise any issues without the presence of College staff. The Committee advised there were no issues they wished to discuss

063.20

Any Other Business

There were no items of any other business.

064.20

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

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: 9 March 2021

A handwritten signature in black ink, appearing to be 'R. 211', is written on a white rectangular background.