



**USP College Corporation
Risk and Audit Committee**

**Minutes of the Meeting held on Tuesday 11 June 2024
Held on Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.10hrs**

Present

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| Jenny Beaumont | Independent Member | Chair |
| Tony Wenden | Independent Member | |
| Nicola Curtis | Independent Member | |

Apologies for absence

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| Roger Key | Independent Member |
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In attendance

| | |
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| Steven Hendy | Chief Finance Officer (CFO) |
| Leisyen Cox | Internal Audit Service - Scrutton Bland |
| Shachi Blakemore | Financial Statement Auditor - Buzzacott LLP |
| Robin Lodge | Governor designate |

Clerk

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| Sue Glover | Clerk to the Corporation |
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As the external auditor had requested to leave the meeting by a certain time it was agreed that this item would be taken after the standing agenda items.

014.24 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.

015.24 Apologies for absence

Apologies for absence were received from

- Roger Key

The Committee agreed to accept the apologies for absence.

016.24 Appointment of Chair of the Committee

The Clerk advised members that as the previous Chair of the Committee, Malcolm Bell, 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 Jenny Beaumont should be appointed Chair of the Risk and Audit Committee.

Agreed

The Risk and Audit Committee recommends to the Corporation Board that Jenny Beaumont is appointed Chair of the Committee

017.24 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 19 March 2024

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

018.24 Matters arising and action points from the minutes of the previous meeting

Members reviewed the schedule of action points, noting those that will be picked up at this meeting.

It was agreed that all matters had been satisfactorily completed and there were no other matters arising from the minutes of the previous meeting.

019.24 Fraud, Irregularity and Whistleblowing Matters

The CFO informed members that the antique desk belonging to The Trust reported at the previous meeting has not yet been located and investigations are still ongoing. He has identified a possible replacement desk. The Committee asked to be kept informed.

The Committee was advised that there were no other matters to report.

020.24 External Audit Strategy for the year ending 31 July 2024

The External Auditor presented, for consideration and approval, the External Audit Strategy for the year ending 31 July 2024.

Members considered the key issues arising from the report, noting the

- Overview of arrangements
- Timetable
- Financial statements and regularity assurance
- Issues of audit significance
- Mitigating the risks of fraud
- Fees

The Committee was advised that the document reflected the clarifications and updates in the 2023/24 Accounts Direction Handbook published by the ESFA and that the regularity assurance process has remained in place for 2023/24 and follows guidance by the ESFA and Post-16 Audit Code of Practice.

Members were advised that the key areas of concern identified relate to:

- Going concern assessment
- Income recognition
- Regularity

- Capital Works
- Management override of controls
- Related party transactions
- Accounting estimates
- ITEC

Members were reminded that it is the Corporation’s responsibility to ‘sign off’ on the going concern of the College and a review of this aspect will also take into consideration whether the College anticipates meeting its covenants in a period to December 2025.

It was noted that the College’s subsidiary, ITEC, is currently providing cleaning services to the College. The company is currently in a net liability position due to historic deficits and is reliant on financial support from the College until it is able to generate sufficient profits to reverse the net liability provision and pay off monies due to the College.

Members were reminded that the ONS reclassification brings subsidiaries within the scope of the College’s regularity regime and any letters of comfort provided by a College to a subsidiary now require ESFA approval and this will need to be sought in advance of the year end and be in place by the balance sheet date of 31 July 2024.

Members were advised of the following fees proposed for 2023/24, which are exclusive of VAT

| | |
|---|---------|
| Financial Statements audit and regularity assurance | £33,850 |
| Teachers’ Pension audit | £1,245 |
| Audit of the subsidiary’s accounts (ITEC) | £2,625 |

Agreed

The Risk and Audit Committee approves and commends to the Corporation Board for approval and acceptance the External Audit Strategy for the year ending 31 July 2024 for the College and its subsidiary company, ITEC, and the fees agreed at this meeting

021.24

External Audit Letter of Engagement for the 2023/24 academic year

The External Auditor presented, for consideration and approval, the Letter of Engagement between Buzzacott and the College dated 4 June 2024 following their reappointment as external auditor for a period of 3 years.

Members reviewed the detail of the Letter of Engagement and agreed that there are no changes required and that the letter should be signed by the Chair of the Corporation following the Board meeting in July.

Agreed

The Risk and Audit Committee endorses and commends to the Corporation Board for acceptance and approval for the period 2023/24 the Letter of Engagement between Buzzacott and the College.

Shachi Blakemore left the meeting

022.24 Post-16 Audit Code of Practice for 2023/24

The Clerk presented for information the Post-16 Audit Code of Practice (the Code) for 2023/24.

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 reviewed the key changes from the previous version, noting that these were fairly minor compared to the previous year when the document was updated to reflect the requirements of HM Treasury's document 'Managing Public Money' (MPM) and other related obligations arising from the reclassification of Colleges by the Office for National Statistics (ONS).

Agreed

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

023.24 Terms of Reference and Annual Schedule of Business of the Risk and Audit Committee for 2024/25

The Clerk to the Corporation presented a report, which outlined the need to review, on an annual basis, the Committee's Terms of Reference and Annual Schedule of Business.

Members reviewed both documents, noting the changes proposed, and agreed these were appropriate and there was nothing further to add.

Agreed

The Risk and Audit Committee approves and commends to the Corporation Board for approval the Terms of Reference and Annual Schedule of Business for 2024/25

024.24 Quarter 4 Headline Risk Register 2023/24

The CFO presented a report, which provided details of the headline risks together with the risk register summary for Quarter 4 2023/24.

Members were advised that

- the headline risks have been reviewed and agreed by the Executive Leadership Team (ELT)
- the review was carried out in May when the ELT considered the current headline risks
- consideration was given as to whether any of the current risks have changed and whether they are still appropriate for 2023/24

The Committee was reminded that, as reported at the previous meeting, following an upgrade to the current 4Risk Software a number of issues were encountered which prevented the Quarter 3 Risk Management report being issued. Although most of the issues have now been addressed, some remain and as a result the Quarter 4 report provided is in a slightly different format than previously reported and includes implementation dates which may have passed. However, this will be updated in due course following a further meeting with the software provider.

The headline risks are the main focus for the Committee, but on an annual basis the College wide department risks are presented for review but due to the issues faced with the upgrade risk software this has not been possible and will be revisited once current issues have been resolved.

Members considered the detail of the risks, noting:

- there are two new risks, relating to artificial intelligence and the impact of additional funding requirements for English and Maths
- four risks have been removed and there is one change to risk ownership
- there are 18 headline risks, all of which are on track to meet target for 2023/24, with some having the rating reduced and one where the target has been achieved

In considering the format for the register going forward, the Committee agreed that the identification of the impact of risks is a key component of accountability. The format should be user friendly and provide governors with the information they need to drive improvement.

Members were informed that the internal audit plan for 2024/25 includes the area of Risk Management and will be a good opportunity to review the risk management system.

The Committee agreed that the headline risks in place for the College remain appropriate and that good progress continues to be made to ensure that they remain on track to meet the target set for 2023/24. However, members suggested that perhaps energy costs could be an area of risk for the college, particularly with rising costs.

Agreed

The Risk and Audit Committee agreed

- to receive and note the risk management report and risk register Quarter 4
- the report and risk register are presented to the next meeting of the Corporation Board

025.24

College Policies

The CFO presented the following policies for approval

- Fraud, Corruption and Bribery Policy
- Risk Management Policy
- Business Continuity Plan

Members were advised that Anti-Fraud will form part of the internal audit plan for 2024/25 when the Fraud, Corruption and Bribery policy will be reviewed. Depending on the outcome of this audit, a further update to the policy may be carried out later in 2024/25 and presented to the Committee for approval. Similarly, as advised under the previous item, Risk Management will form part of the internal audit plan for 2024/25 when the Risk Management Policy will be reviewed and dependant on the outcome may be further updated later in 2024/25.

Members reviewed each of the policies and agreed that there were no further changes required but acknowledged there could be further changes following review by internal audit in which case the policies may come back to the committee.

The CFO advised that the Business Continuity Plan is presented with minor changes as this had been new last year. Members reviewed the document and agreed there were no further changes required.

The Clerk presented the following policies for approval

- Revised Whistleblowing Policy
- Data Protection Policy

Members were reminded that the Whistleblowing Policy had been presented at the previous meeting when it was asked if the document could be revised to make the introduction a little more 'welcoming'. Members considered the changes and agreed these were appropriate.

Members were advised that the Data Protection policy is presented on behalf of the Director of MIS who advises that no changes are suggested at this time.

Members reviewed the policy and agreed there were no other changes required.

Agreed

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

- Fraud, Corruption and Bribery Response Policy
- Risk Management Policy
- Business Continuity Plan
- Whistleblowing Policy (revised)
- Data Protection Policy

026.24

Review of outstanding audit items

The CFO presented a report, which detailed the progress made against the internal audit recommendations for 2022/23 and 2023/24.

Members reviewed the detail of the report, noting the

- summary of the number of recommendations
- progress/completion against each recommendation
- update where target dates have been amended
- that of the 26 recommendations made
 - 24 are complete
 - 2 are ongoing

Members were advised that the report has been updated and aligned to the internal auditor's follow up audit planning document for the planned audit on 25 June and following this only the remaining recommendations from audits carried out previously will be presented for future monitoring.

Members agreed that good progress has been made to complete outstanding audit recommendations.

027.24

Risk and Assurance Progress Report 2023/24 – June 2024

The Internal Auditor presented the Risk and Assurance Progress Report detailing the planned and completed audits against the agreed internal audit plan.

Members noted the internal audits completed to date and those that will be completed during the remainder of the year.

028.24

Internal Audit Reports

The Internal Auditor presented for consideration the following final Risk and Assurance Reports:

Cyber Security

Members reviewed the detail of the report, noting

- Assurance opinion – ‘Strong’ - *‘Governance, risk management and control arrangements provide strong assurance that the material risks are managed effectively.’*
- There were no recommendations raised

Members reviewed the report, noting reference to the best practice point relating to the Digital Skills Conference which had been run for staff and students. The Committee commented on the excellent outcome of this audit and asked that thanks are passed to those staff at the college who had contributed to this audit for their hard work to ensure that the high levels around security are maintained.

Quality Assurance

Members reviewed the detail of the report, noting

- Assurance opinion – ‘Strong’ - *‘Governance, risk management and control arrangements provide strong assurance that the material risks are managed effectively.’*
- There were no recommendations raised

Members reviewed the report, noting the well embedded framework and clear quality documentation supported by Learning Walks and it was pleasing to note the good peer support in place.

Agreed

The Risk and Audit Committee agreed to accept the

- Internal Audit Recommendations monitoring report
- Risk and Assurance Progress report – June 2024
- Final Risk and Assurance reports for
 - Cyber Security
 - Quality Assurance

029.24

Internal Audit Assurance Strategy and Annual Plan

The Internal Auditor presented, for consideration and approval, the proposed internal audit coverage for the 2024/25 year.

Members reviewed the detail of the report, noting the

- areas of highest risk register entries
- prior internal audit coverage and assurances
- areas proposed for internal audit in 2024/25
- four-year proposed internal audit plan for 2023/24 – 2026/27

Members were advised that the key risk areas will be populated once the revised risk register has been agreed. It was noted the total number of planned days is 41 days at a cost of £24,789.20 + VAT. The Committee was advised that the number of days is still under consideration and the total cost would not exceed the budget of £24,000.

In discussion, the Committee agreed that there was a good level of cover for the relevant areas. It was helpful to have value added points linked to continuous improvement.

030.24 Internal Audit Letter of Engagement for 2024/25

The Internal Auditor presented, for consideration and approval, the Letter of Engagement between Scrutton Bland and the College.

Members noted that

- the document was revised in May 2021 to reflect the correct name of the College
- the document is submitted on an annual basis for consideration and carried over from the previous year unless any changes are requested by the College

Members reviewed the detail of the Letter of Engagement, noting there are no changes required for 2024/25.

Agreed

The Risk and Audit Committee agreed to endorse and commend to the Corporation Board for acceptance and approval

- the Letter of Engagement between Scrutton Bland and the College, without amendment, for 2024/25
- the Internal Audit Strategy and Annual Plan for 2024/25, subject to further amendment regarding the number of planned days

031.24 Any Other Business

There were no other items of any other business.

032.24 Dates of scheduled meetings of the Risk and Audit Committee 2024/25

Tuesday 3 December 2024

Tuesday 18 March 2025

Tuesday 10 June 2025

At the conclusion of the meeting, the Committee moved into a meeting restricted in accordance with the Instrument and Articles of Government and with the Section 22 of the Freedom of Information Act 2000, to members of the Committee, the Corporation Board and to senior post holders.

SIGNED AS A CORRECT RECORD: J Beaumont

DATE: 3 December 2024