



**USP College Corporation
Risk and Audit Committee**

Minutes of the Meeting held on Tuesday 8 June 2021

**Held on Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.30hrs**

Present

Malcolm Bell	Independent Member	Chair
Jacob Smith	Independent Member	
Andy Williams	Independent Member	
Tony Wenden	Independent Member (designate)	

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
Shachi Blakemore	Buzzacott

Clerk

Sue Glover	Clerk to the Corporation
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The Chair of the Committee welcomed new member, Tony Wenden, to his first meeting. Members were advised that he would be formally appointed by the Board in July and is attending as an 'observer'.

012.21 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.

013.21 Apologies for absence

Apologies for absence were received from Roger Key.

Agreed

The Risk and Audit Committee accepts the apologies for absence.

014.21 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 9 March 2021

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

015.21 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.

The COO advised that the current position relating to audit testing in HR is to be clarified with the Head of HR and the external auditors with a view to this point being complete.

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

016.21 External Audit Strategy for the year ending 31 July 2021

The External Auditor presented, for consideration and approval, the External Audit Strategy for the year ending 31 July 2021.

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

- Overview of arrangements
- Financial statements and regularity assurance
- Issues of audit significance
- Fees
- Timetable and nature and scope of work

The Committee was advised that the document reflected the minor clarifications and updates in the 2020/21 Accounts Direction published by the ESFA and how the audit approach for gaining assurance on income from funding bodies would be adapted in the light of the Post-16 Audit Code of Practice 2020/21 issued in March 2021.

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

- Coronavirus, going concern and bank loan covenants
- Income recognition
- Regularity
- Capital Projects
- Staff costs
- Management override of controls
- Related party transactions
- Accounting estimates

Members were reminded that it is the Corporation's responsibility to 'sign off' on the going concern of the College. It was noted that the standard for Going Concern has been revised in response to recent enforcement cases and well-publicised corporate failures and, as such, the additional work undertaken in the previous year regarding going concern assessment as a consequence of the pandemic and the impact of lockdown will continue going forward each year.

The external auditor advised that in the light of the ESFA confirming that auditors are no longer able to place reliance on the final funding reconciliation statement to verify the accuracy of income claims made in year, alternative procedures are required to gain assurance over the validity of income and the fee estimate has factored in this additional work.

Members were advised of the following fees proposed for 2021/22, which are exclusive of VAT

Financial Statements audit and regularity assurance	£24,000
Additional work required to gain assurance over ILR data	£650-£950
Teachers' Pension audit	£1,010
Audit of the subsidiary's accounts (ITEC)	£1,500

Resolved

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 2021 for the College and its subsidiary company, ITEC, and the fees quoted at this meeting

017.21

External Audit Letter of Engagement for the 2020/21 academic year

The External Auditor presented, for consideration and approval, the Letter of Engagement between Buzzacott and the College.

Members noted that

- the document was agreed and signed in July 2019
- 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 and agreed that there are no changes required for the period 2020/21.

Resolved

The Risk and Audit Committee endorses and commends to the Corporation Board for acceptance and approval for the period 2020/21, without amendment, the Letter of Engagement between Buzzacott and the College

Shachi Blakemore left the meeting

018.21

Post-16 Audit Code of Practice for 2020/21

The Clerk presented for information the Post-16 Audit Code of Practice (the Code) for 2020/21.

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 and the schedule presented indicating how the various actions and considerations have been addressed.

In discussion, it was agreed that

- although the training and development of all members of the Board is kept under review by the Search and Governance Committee, members of the Risk and Audit Committee would also consider any training as required

- the external auditor would not make a further presentation of their audit findings report to the Board in the autumn term, unless it was felt appropriate. It was noted that the report has always and will continue to be presented to the Board together with the financial statements for approval

Agreed

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

019.21 Terms of Reference and Annual Schedule of Business of the Risk and Audit Committee for 2021/22

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 in the Terms of Reference in the light of the recent Post-16 Audit Code of Practice (ACOP) relating to the training and development of committee members and additional considerations for the annual report of the committee. The proposed changes were appropriate and there were no further changes required.

It was noted that the effectiveness of the committee for the year would be considered as part of the Governors Self-assessment process in the summer.

Resolved

The Risk and Audit Committee approves and commends to the Corporation Board for approval the Terms of Reference and Annual Schedule of Business for 2021/22.

020.21 Fraud, Irregularity and Whistleblowing Matters

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

021.21 Quarter 4 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 4 2020/21, together with the Risk Register for ITEC Learning Technologies and the Covid risk register.

Members were advised that

- the headline risks have been reviewed and agreed by the Senior Management Team (SMT)
- the review was carried out in April where SMT considered the current headline risks and the risks in the Covid-19 risk register
- the Covid-19 risk register has been reviewed and updated in line with the headline risk register and will continue until the virus is deemed no longer a threat to the college and nationally
- the reporting provided has been taken from the risk management software, 4Risk

Members considered the detail of both risk registers, noting:

- there are no new risks or changes to risk ownership
- there are 20 headline risks, 14 of which are on track to meet target for 2020/21, the risk relating to subcontracting has been removed as currently there are no subcontractors in place
- of the remaining risks, which relate to recruitment targets, these have been adversely affected by the impact of Covid-19 and so the risk rating remains high

- there are currently 9 key risks identified on the Covid-19 risk register, which have been assessed and allocated an inherent risk level
- Covid-19 Risk 129 has been rated as 'significant' due to the impact of Covid-19 has had on the College's financial position with a reduction to income of more than £1m
- the ITEC risk register is presented for information. This register is currently under review and the updated register will be presented to the next meeting of the ITEC Board meeting, which will subsequently be presented to the next appropriate Risk and Audit Committee

In discussion, members considered that the Committee would not be receiving the ITEC risk register in good time to be able to monitor any potential risks to the College. Members were advised that it is for the ITEC Board to approve the progress of their risk register, but it was acknowledged that the Committee should, in some way, have sight of the register sooner than it currently does in order to have oversight of potential risks to the College. This would be followed up by the Chair of the Committee with the Chair of the ITEC Board.

Members reviewed 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 register Quarter 4
- the report and risk register is presented to the next meeting of the Corporation Board

022.21

College Policies

The COO presented the following policies for approval

- Fraud, Corruption and Bribery Policy
- Risk Management Policy

Members were advised that both policies had been approved by the Board last summer and are presented for annual review with no changes suggested following a review by the College's Policy Committee.

The VP P, F&BP presented the following policy for approval

- Data Protection Policy

Members were advised that the policy had been approved by the Board last summer and is presented for annual review with no changes suggested following a review by the College's Policy Committee.

Members reviewed each of the policies and agreed there were no change required.

Resolved

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

- Fraud, Corruption and Bribery Response Policy
- Risk Management Policy
- Data Protection Policy

Internal Audit

022.21 Review of outstanding audit items

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

Members reviewed the detail of the report, noting the

- summary of the number of recommendations up to 31 July 2020
- progress/completion against each recommendation
- update where target dates have been amended

Members reviewed the report noting that of the 26 recommendations made

- 15 are complete
- 7 are ongoing
- 4 have not been started

It was noted that 2 of the 4 audit recommendations not started relating to USB storage devices on College machines were deemed no longer relevant as the emphasis of the risk has now moved to online threats, which the College has put in mitigating actions.

Members agreed that good progress has been made to complete outstanding audit recommendations, and acknowledge that Covid has had an impact on the timeliness of their completion.

Agreed

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

023.21 Internal Audit Assurance Strategy and Annual Plan

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

Members reviewed the detail of the report, noting the

- areas of highest risk register entries
- prior internal audit coverage
- areas proposed for internal audit in 2021/22
- four-year proposed internal audit plan for 2020/21 – 2023/24

Members were advised that the planned total number of days is 42.5 for 2021/22, which reflects those audits that had been deferred from the previous year due to Covid.

In discussion, the committee agreed that there was a good level of cover for the relevant areas required. However, it was noted that the area of Higher Education was not included. Members considered that, as the College's higher education provision accounts for a significant amount of the college's business, this was an area where the Board should gain assurance on.

It was agreed that as the area of Health & Safety, Estates Management and Security had received reasonable assurance previously, the number of days assigned for this could be reduced to facilitate an internal audit on the area of Higher Education. The internal auditor would liaise with the COO outside of the meeting to amend the annual plan to reflect this change and a revised version presented to the Board for approval in July.

024.21

Internal Audit Letter of Engagement for 2021/22

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

Members noted that

- the document was agreed and signed on 30 October 2017
- 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 that the letter had been updated to reflect the correct name of the College and agreed that, aside from this, there are no changes required for 2021/22.

Resolved

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 2021/22
- the Internal Audit Strategy and Annual Plan for 2021/22, subject to the inclusion of Higher Education

025.21

Any Other Business

There were no items of any other business.

026.21

Dates of scheduled meetings of the Risk and Audit Committee 2021/22

Tuesday 19 October 2021

Tuesday 30 November 2021

Tuesday 15 March 2022

Tuesday 14 June 2022

All meetings commence at 4pm.

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

SIGNED AS A CORRECT RECORD:

DATE: 19 October 2021

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