



**USP College Corporation
Risk and Audit Committee**

Minutes of the Meeting held on Tuesday 9 March 2021

**Held on Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.00hrs**

Present

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

In attendance

Steven Hendy	Chief Operating Officer (COO)
John Revill	Vice Principal Partnerships, Funding & Business Planning (VP P,F&BP)
Lorraine Stoten	Head of Human Resources (item 5 only)
Leisyen Keane	Scrutton Bland

Clerk

Sue Glover	Clerk to the Corporation
------------	--------------------------

001.21 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.

002.21 Apologies for absence

There were no apologies for absence.

003.21 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 1 December 2020

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

004.21 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.

Members asked if there had been any matters raised by the ESFA following submission of the College's Financial Statements in December and were advised that there were no issues as it had been a clean audit.

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

005.21 College Policies – Whistleblowing Policy

The Head of HR presented, for consideration and approval, the Whistleblowing Policy.

Members were advised that the policy has been reviewed by the College's Policies and Procedures Committee to ensure it is kept updated to meet legislative or other requirements.

Members reviewed the detail of the document, commenting whether personal emails should be used in disclosures and were advised that, in the light of recent lockdown restrictions, it was a more practical method of contact. It was also considered that the point of contact should be the Clerk to the Corporation as this role was at an appropriate management level to deal with issues relating to Whistleblowing. It noted there were only minor changes proposed and agreed that there were no further amendments required.

Resolved

The Risk and Audit Committee approves and recommends to the Corporation Board for approval the Whistleblowing Policy

Lorraine Stoten left the meeting

006.21 Fraud, Irregularity and Whistleblowing Matters

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

007.21 Quarter 3 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 3 2020/21.

Members were advised that

- the headline risks have been reviewed and agreed by the Senior Management Team (SMT)
- the review was carried out in January and February 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, 17 of which have met the targeted risk outcome for 2020/21, one of which has the risk rating reduced to 'low';
- of the remaining risks, which relate to financial risk, these have been adversely affected by the impact of Covid-19, which has meant that some risk targets are no longer achievable
- 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

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

- due to lockdown restrictions and the College closure it has not been possible for managers to review departmental risks, but once the College returns to normal business there will be a new focus to identify any new risks emerging and this will be reflected in the risk register presented at the next meeting
- the ITEC risk register is being presented later in the month to the ITEC Board and will be presented to the Committee at the next meeting
- it is unlikely that the College will breach its bank covenants; the financial health score currently indicates that it is 'good'. There have been discussions with the bank regarding the refinancing of current loans, the bank have confirmed the bank covenants are being amended following the refinancing and once these are implemented the College will not be in breach. However, should a breach occur between when implemented and July the bank have indicated this will be acceptable, but from 2021/22 it will not be. The College will be in a much stronger position with additional funding from the start of the new academic year, which the bank recognises
- a further lockdown could have an impact on the College's position, but there are tight controls on expenditure at this time to mitigate any potential risk and the staff furlough scheme would continue

Members discussed the Covid-19 specific risk register and agreed that it continues to be appropriate at this time. However, it was suggested that the risk relating to social distancing could be updated to expand on the issues of wearing masks and testing.

Agreed

The Risk and Audit Committee agreed

- to receive and note the risk management report and risk register Quarter 3
- the report and risk register is presented to the next meeting of the Corporation Board

Internal Audit

008.21 Review of outstanding audit items

The COO advised that due to the Covid-19 lockdown since the previous meeting, there has been no progress made against the outstanding recommendations from audits in 2019/20.

It was noted that plans are being implemented to ensure all recommendations are addressed once the College returns to normal business from 8 March 2021.

Agreed

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

009.21 Internal Audit Plan

The COO advised that, due to Covid-19, it has not been possible to carry out any internal audits in accordance with the agreed internal audit plan.

In the light of the impact Covid has had on the financial position and the consequent deficit currently being reported, it was proposed to SMT and the Chair of the Risk and Audit Committee that the remainder of the internal audits are moved to 2021/22. This would result in a saving of £10k, which would go towards mitigating the losses incurred due to Covid.

Members were advised that the internal audits previously undertaken have provided assurance that there are good controls in place and the external audit was a clean audit giving further assurance.

The Internal Auditor advised they understood and accepted the College's decision to postpone the internal audit plan to the following year, a number of colleges have had to take a similar decision. However, it is proposed that the IT Infrastructure audit is completed this year as the Committee had indicated this was an area they felt should be reviewed during this year. The Internal Auditor advised that they were in a position to deliver this audit without any further cost to the College.

In discussion, the Committee agreed that postponing the internal audits to 2021/22 was a sensible approach and that the IT Infrastructure internal audit should be undertaken, noting a potential date has been agreed.

The Internal Auditor advised that in terms of the Annual Internal Audit Report, this would be limited for this year due to the fact that only two internal audits would have been completed.

Agreed

The Risk and Audit Committee agreed

- the current internal audit plan for 2020/21 is postponed and those audits not completed to be moved to 2021/22
- the IT Infrastructure internal audit is completed this year
- the internal audit plan for 2021/22 will be presented to the June meeting and reflect the internal audits postponed from 2020/21

010.21

Any Other Business

There were no items of any other business.

011.21

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

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:

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

DATE: 8 June 2021