



**USP College Corporation
Risk and Audit Committee**

Minutes of the Meeting held on Tuesday 19 October 2021

**Held on Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.10hrs**

Present

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

In attendance

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

Clerk

Sue Glover	Clerk to the Corporation
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027.21 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.

028.21 Apologies for absence

There were no apologies for absence.

029.21 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 8 June 2021

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

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

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

031.21 Fraud, Irregularity and Whistleblowing Matters

The COO advised that there has been an incident whereby fraudulent £20 bank notes have been used by a student in the College Canteen. They had been caught on the College CCTV and the matter has been dealt with through the student disciplinary procedure. The issue is not expected to go any further, but an update will be given at the next meeting if necessary.

032.21

Annual Risk Management Report for 2020/21

The COO presented for consideration the Annual Risk Management Report for 2020/21.

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 nineteen headline risks for 2020/21 – fourteen risks met the target risk rating at the end of the year and five remained above the target rating set for 2020/21
- four headline risks were either removed, replaced or amended during the year; one of which had reference to 'cyber-attack' added to the risk
- 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 for 4Risk management software did not take place during the year due to Covid-19. Arrangements are in place for this to be provided in 2021/22 to all managers responsible for departmental risk registers
- a further review of the risk management process is planned later this term, which will include a review of reporting to ensure this supports the needs of the Board
- there were seventeen headline risks for ITEC for 2020/21, eight risks met the target risk rating at the end of the year and nine achieved lower than the target rating set for 2020/21

In discussion, the Committee agreed that there are appropriate arrangements in place for the monitoring and review of risk management at each meeting and that the headline risks for 2021/22 remain as those for 2020/21.

Resolved

The Risk and Audit Committee endorses and commends the Annual Risk Management Report for 2020/21 to the Corporation Board for acceptance and approval

033.21

Quarter 2 Headline Risk Register 2021/22

The COO presented a report, which provided details of the headline risks together with the risk register summary for Quarter 2 2021/22, the Covid risk register and the ITEC 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 September 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 19 headline risks, all of which are on track to meet target for 2021/22
- 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
- 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

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

- with the expected Ofsted visit in term 1, a risk register is planned to highlight the key risks faced by the College in achieving at least a 'good' rating
- given the tight financial monitoring by the ESFA, a Financial Risk Register has been created, which is to be considered by SMT before being shared with the Risk and Audit and Finance and Resources Committee

The Committee agreed that the headline risks in place for the College and for Covid remain appropriate and that good progress has been made to ensure that they remain on track to meet the target set for 2021/22. It was appropriate that a separate Financial Risk Register is created in the light of the tight financial monitoring imposed by the funding agency and looked forward to reviewing this.

Agreed

The Risk and Audit Committee agreed

- to receive and note the risk management report and risk register Quarter 2
- the report and risk register is presented to the next meeting of the Corporation Board

034.21

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, commenting that there were some areas that required clarification and dates that were inaccurate. It was agreed that these would be updated outside of the meeting and a revised version presented to the Board for approval.

Resolved

The Risk and Audit Committee approves and recommends to the Corporation Board for approval the Freedom of Information Policy, subject to amendments as discussed

035.21

Post-16 Audit Code of Practice 2020-21 – supplementary bulletin

The Clerk presented for information the supplementary bulletin to the Post-16 Audit Code of Practice (the Code), which had been issued in July 2021.

Members were reminded that the Code, which sets out a common standard for the provision of assurance in relation to funding of post-16 providers, had been considered by the Committee at the last meeting.

Members were advised that the bulletin does not change any of the existing requirements set out in the Code, but highlights that the continuing Pandemic posed a number of governance and control issues for college corporations, such as

- issues with conducting the college's usual programme of internal audit
- management accounts not produced or shared with relevant parties
- financial processes not carried out in time, eg. missed deadlines for financial returns
- a reduced number of governance meetings, for example due to corporations being unable to hold board or audit committee meetings

The Committee reviewed the detail of the document and, in discussion, agreed that whilst it was helpful for these issues to be highlighted, the Board had managed to continue to operate with its agreed schedule of business uninterrupted during the Pandemic. Members were informed that the external auditors are reporting a clean audit with no adjustments to be made; the financial statements will be presented to the next meeting.

Agreed

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

Internal Audit

036.21

Review of outstanding audit items

The COO presented a report, for monitoring and review, detailing the progress made against the internal audit recommendations for 2020/21.

Members reviewed the detail of the report, noting the

- summary of the number of recommendations up to September 2021
- progress/completion against each recommendation
- update where target dates have been amended
- that of the 19 recommendations made
 - 1 is complete
 - 8 are ongoing
 - 10 have not been started

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

The VP F,P&BP advised that the recommendations relating to GDPR indicate that these are no longer relevant and it was agreed that he would follow up with the internal auditor outside of the meeting to review so that these can be removed from the schedule.

037.21 First Risk and Assurance Progress Report for 2021/22

The Internal Auditor presented for information the first Risk and Assurance Progress Report for 2021/22.

Members noted the planned internal audits against the agreed Internal Audit Plan for 2021/22 and the dates when final reports will be presented to the Committee.

038.21 Internal Audit Report for IT Infrastructure

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

Members reviewed the detail of the report, noting

- Assurance opinion – ‘Reasonable’ assurance - *‘Governance, risk management and control arrangements provide reasonable assurance that the material risks reviewed are managed effectively. There are some areas where the adequacy or operation of controls in practice needs to be significantly improved’*
- 1 medium recommendation
- 6 low recommendations
- Nil high recommendations

The Committee reviewed the action plan in place to address the recommendations made. In response to questions, members were advised that cyber-attacks have occurred in the sector but fortunately they were not common place. Members agreed that, as part of the action plan, it was very appropriate that relevant cyber security training is undertaken by all staff.

039.21 Annual Internal Audit Report for 2020/21

The Internal Auditor presented for consideration and review the Annual Internal Audit Report 2020/21.

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 2021
- Audit Benchmarking Data

Members acknowledged that due to the effects of Covid-19 during 2020/21, the internal audit coverage was limited. Two reviews were completed during the year on Governance and IT Infrastructure.

It was noted that by completing the specific review on Governance during the year and from prior year audit work, the Internal Auditors considered that sufficient coverage had been undertaken to provide a specific opinion on Governance and gave the opinion for the year ended 31 July 2021 that the College has adequate and effective governance processes.

Due to the reduced Internal Audit coverage throughout 2020/21, an opinion was unable to be provided for Risk Management or Internal Control.

Members reviewed the detail of the report and commented that the section relating to what has been considered in reaching an opinion was irrelevant as the internal auditor had not given an opinion in all areas. The Internal Auditor agreed to amend the report and a revised version would be circulated to the committee.

Members discussed the issues raised, acknowledging that the Board will also require assurances that there are adequate and effective risk management and internal control processes in place in order to sign-off the financial statements. It was agreed that other assurances should be sought to evidence these are in place and set out in the annual report of the Risk and Audit Committee, which is submitted to the Corporation Board to give this assurance. The report would be presented to the next meeting and the Clerk will liaise with the COO to secure additional assurances as discussed.

Resolved

The Risk and Audit Committee agreed to:

- receive and note the outstanding audit items
- receive and note the First Progress Report for 2021/22
- receive and accept the final internal audit report for IT Infrastructure
- receive and accept the Internal Audit Annual Report for the year ended 31 July 2021, subject to amendment as discussed, which will be presented to the Corporation Board in December
- additional assurances to be sought for risk management and internal control processes and included in the annual report of the Risk and Audit Committee

040.21

Committee Effectiveness

The Clerk presented the outcomes from the Committee's self-assessment for 2020/21.

Members were reminded that the Board had conducted its annual self-assessment over the summer, which included a self-assessment of the performance of each of the committees. The Board reviewed the outcomes at the meeting held on 28 September and agreed that each Committee should consider the outcomes of its own self-assessment at the autumn meetings.

The Committee reviewed the outcomes for the Finance and Resources Committee, noting:

- the overall assessment of the Committee's performance is Good/Outstanding
- the impact the Committee has made in the last twelve months
- the areas suggested of how performance might be improved

In discussion, members concluded that the Committee continues to fulfil its function as a key committee of the governing body. The Committee will continue to play a proactive role in advising the Board on the adequacy and effectiveness of the Corporation's assurance framework and risk management in addition to supporting the Board to ensure it has fulfilled its statutory and regulatory responsibilities including the required format of the Corporation's statement of corporate governance and internal control.

Agreed

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

041.21 Any Other Business
There were no items of any other business.

042.21 Dates of scheduled meetings of the Risk and Audit Committee 2021/22
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: 30 November 2021

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