



**USP College Corporation  
Risk and Audit Committee**

**Minutes of the Meeting held on Wednesday 23 March 2022**

**Held on Microsoft Teams  
Meeting commenced: 15.45hrs  
Meeting ended: 17.00hrs**

**Present**

|              |                    |       |
|--------------|--------------------|-------|
| Malcolm Bell | Independent Member | Chair |
| Roger Key    | Independent Member |       |
| Tony Wenden  | Independent Member |       |

**Apologies for absence**

|             |                    |
|-------------|--------------------|
| Jacob Smith | Independent Member |
|-------------|--------------------|

**In attendance**

|              |                             |
|--------------|-----------------------------|
| Steven Hendy | Chief Finance Officer (CFO) |
| Paul Goddard | Scrutton Bland              |
| Leisyen Cox  | Scrutton Bland              |

**Clerk**

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

**001.22 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.

**002.22 Apologies for absence**

Apologies for absence were received from

- Jacob Smith

**Agreed**

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

**003.22 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 30 November 2021**

The minutes of the meeting were approved and signed as a correct record, subject to minor amendment as discussed.

**004.22 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.

**005.22 College Policies – Whistleblowing Policy**

On behalf of the Director of HR, the Clerk presented, for consideration and approval, the Whistleblowing Policy.

Members were advised that the policy was reviewed during the recent Anti-Fraud and Whistleblowing internal audit and has been updated following a recommendation from this audit. The policy has also 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 and agreed that the proposed changes were appropriate and there were no further changes required.

**Resolved**

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

**006.22 Fraud, Irregularity and Whistleblowing Matters**

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

The internal auditor brought to the attention of the Committee the number of colleges who have experienced cyber fraud and that insurance companies are advising that information should not be shared. It was agreed that this would be an issue for the Board to discuss in due course.

**007.22 Quarter 3 Headline Risk Register 2021/22**

The CFO presented a report, which provided details of the headline risks together with the risk register summary for Quarter 3 2021/22.

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 risk register for ITEC Learning Technologies Ltd has not been provided as a review of the company and its future is ongoing following the Ofsted visit in October 2021
- 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, five of which have had the risk rating reduced
- there are currently 9 key risks identified on the Covid-19 risk register and has been produced in line with the headline risks This is currently under review, given the reduction to restrictions and this register may not be required when the quarter 4 risk review is carried out

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

- as Covid-19 rules relax, this will allow departments to review their departmental risks. This had been planned for term 1 but was deferred to term 2 due to the Ofsted visit

- training for the risk register took place in March and a further workshop is planned for June for managers to assist with the process of managing their risks
- the headline risks of the College are the main focus of the committee, but in future on an annual basis the College wide departmental risk registers will be presented for review

The internal auditor suggested that a risk relating to inflation might be considered, which is being done by a number of other colleges, and members were advised that this will be discussed by SMT during the next quarter's review.

### **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

## **008.22**

### **Review of outstanding audit items**

The CFO presented a report, which detailed 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 February 2022
- progress/completion against each recommendation
- update where target dates have been amended
- that of the 23 recommendations made
  - 1 is complete
  - 9 are ongoing
  - 13 have not been started

Members reviewed the detail of the report, commenting on the number of recommendations that had not yet started, particularly in the area relating to IT. The CFO advised that he will be raising this issue with relevant staff to ensure these are progressed and completed. The internal auditor advised that the next follow-up audit will review the progress made and it is anticipated that a number of the recommendations will have been completed. The CFO advised that the aim is for all recommendations to show as complete.

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

### **Agreed**

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

## **009.22**

### **Risk and Assurance Progress Report 2021/22 – March 2022**

The Internal Auditor presented the Risk and Assurance Progress Report detailing the planned and completed audits in 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.

Members were advised that

- the apprenticeships audit is planned to cover a 'health check' on the 'teach out' of learners with ITEC

- the College's HE provider, Oxford Business College (OBC), has ceased recruitment and the College will be taking on its own HE provision. As the internal audit was planned to check on the quality of provision for OBC, the audit is no longer required and the days assigned to this audit can be released

In discussion, the Committee was asked to consider utilising the days released for a check on college trips for learners as an incident had arisen whereby correct documentation had not been in place before a trip commenced. To ensure this does not reoccur the College would like a check to be carried out by the internal auditors on procedures in place. The Committee agreed for this to be carried out using the days released from the HE audit.

### **Agreed**

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

## **010.22**

### **Internal Audit Reports**

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

#### **Fraud and Whistleblowing Framework**

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'*.
- 3 low recommendations
- Nil high or medium recommendations
- 3 added value points

Members reviewed the action plan in place to address the low recommendations, noting the progress made to address each one.

#### **Business Continuity & Covid-19 response**

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 medium and 1 low recommendations
- Nil high recommendations
- 3 added value points

Members reviewed the action plan in place to address the recommendations, noting the progress made to address each one. In discussion, members were advised that the Link Governor for Health & Safety would be invited to the Health and Safety Group when it considers the final version of the Business Continuity Plan before it is presented to this committee for approval.

### **Paul Goddard left the meeting**

### **Key Financial Controls – Payroll, Income & Debtors**

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.*’
- 2 low recommendations
- Nil high or medium recommendations
- Nil added value points

Members reviewed the action plan in place to address the low recommendations, noting the progress made to address each one. In discussion, members were advised that some old Palmers timesheets had been used, but these have now been taken out of use.

### **Resolved**

The Risk and Audit Committee agreed to receive and accept the final Risk and Assurance Report for

- Anti-Fraud & Whistleblowing Framework
- Business Continuity & Covid-19 response
- Key Financial Controls – Payroll, Income & Debtors

### **Leisyen Cox left the meeting**

011.22

### **Internal and External Audit Performance Indicators**

The CFO presented for consideration an evaluation report, detailing the performance of the current internal and external auditors.

### **Internal Auditors – Scrutton Bland**

Members were advised that Scrutton Bland have been the College’s internal audit provider since the merger of Seevic and Palmers.

The Committee reviewed the evaluation of their performance, noting

- Independence and objectivity
- Audit strategy
- Conclusion and reporting of audits

Members agreed that reports from Scrutton Bland are clear, concise and delivered on time. They are always in attendance at meetings to present their reports and to discuss any outcomes from the audits. College staff have provided positive feedback on the quality of their audit work and the Committee consider that value added has been received as part of their service. The reporting of the progress of audit recommendations was good and their provision of a follow-up audit each year.

It was agreed that, whilst it is not a requirement for a college to have an internal audit provider, the College should continue with the internal audit service provided by Scrutton Bland as this gives significant assurance to the Committee and to the Board that the College’s internal controls and processes are sufficiently strong.

### **Resolved**

The Risk and Audit Committee approves and recommends to the Corporation Board for approval that Scrutton Bland continue as the College’s internal audit provider

**012.22 External Auditors – Buzzacott**

Members were advised that Buzzacott have been the College’s external auditors since June 2019 and have completed the financial statements audit for the last 3 years.

The Committee reviewed the evaluation of the performance, noting

- Independence and objectivity
- Audit strategy
- Conclusion and reporting of audits

The CFO advised that, overall, they have provided a good service. However, there has been an issue relating to audit planning and the impact on cost if the plan is deferred or delayed and being much clearer to show what, if any, additional work is required over and above the deferred work planned. A matter has also come to light regarding income accrual relating to ITEC, which has resulted in a review to be carried out. The Committee asked to be kept informed of the outcome of this review.

Members raised the issue of the ‘going concern’ and how this was dealt with last year by Buzzacott. Whilst it was acknowledged that the auditors must ensure that the College is a going concern, they did not appear to take into account the full extent of the future financial position of the College. Members were advised that this situation would be avoided next year by adjusting when the budget review would take place.

The Committee were advised that there are a number of colleges currently retendering their external audit provision and the number of external auditors who are available has reduced.

In discussion, it was agreed that, in the light of the current retendering by colleges, it would be prudent to reappoint Buzzacott for a further year. A retendering exercise would be completed in 2022/23, subject to the market conditions.

**Resolved**

The Risk and Audit Committee approves and recommends to the Corporation Board for approval the reappointment of Buzzacott as the College’s external audit service for a further one year term and that consideration is given to retendering in 2022/23, subject to market conditions

**013.22 Any Other Business**

There were no items of any other business.

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

Tuesday 14 June 2022, commencing at 4pm

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

**SIGNED AS A CORRECT RECORD:**

**DATE: 14 June 2022**

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