



**USP College Corporation  
Risk and Audit Committee**

**Minutes of the Meeting held on Wednesday 21 June 2023**

**Held on Microsoft Teams  
Meeting commenced: 17.00hrs  
Meeting ended: 18.30hrs**

**Present**

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

**Apologies for absence**

Michelle Kingsland	Independent Member
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**In attendance**

Steven Hendy	Chief Finance Officer (CFO)
Leisyen Cox	Internal Audit Service - Scrutton Bland
Shachi Blakemore	External Audit - Buzzacott LLP

**Clerk**

Sue Glover	Clerk to the Corporation
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The Chair welcomed everyone to the meeting and advised of the change in the running order of the agenda to ensure quoracy throughout in the event that any member had to leave the meeting early.

**014.23 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.

**015.23 Apologies for absence**

Apologies for absence were received from

- Michelle Kingsland

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

**016.23 Unconfirmed minutes of the meeting of the Risk and Audit Committee held on 16 March 2023**

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

**017.23 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.

**018.23 External Audit Strategy for the year ending 31 July 2023**  
The External Auditor presented, for consideration and approval, the External Audit Strategy for the year ending 31 July 2023.

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 2022/23 Accounts Direction Handbook published by the ESFA and that the regularity assurance process has remained in place for 2022/23, and follows guidance by the ESFA and Post-16 Audit Code of Practice. Following the reclassification of FE Colleges by the Office for National Statistics (ONS) in November 2022, consideration will also be given to the College's compliance with the 'Managing Public Money' (MPM) requirements set out by HM Treasury.

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

- Going concern and financial health assessment
- Income recognition
- Bank loan covenants
- Regularity
- Capital Projects
- 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 2024.

It was noted that although the teach-out of apprentices in ITEC has completed, the company is continuing with providing cleaning services to the College. The company is in a net liability position and reliant on financial support from the College to continue operating.

The ONS reclassification bought 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 2023.

Permission will also need to be secured from the ESFA to amend the existing loan with Barclays Bank under the terms of ONS reclassification. Members were advised that arrangements are in hand to progress this with the ESFA before the loan matures in April 2024. This involves the DfE taking over the loan and members were advised that the application has been acknowledged, but that a response will be given 6 months before maturity. The CFO advised that a response has been requested sooner than this.

Members were advised of the following fees proposed for 2022/23, which are exclusive of VAT

Financial Statements audit and regularity assurance	£31,180
Teachers' Pension audit	£1,175
Audit of the subsidiary's accounts (ITEC)	£2,475

### **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 2023 for the College and its subsidiary company, ITEC, and the fees quoted at this meeting

**019.23**

### **External Audit Letter of Engagement for the 2022/23 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 2021
- 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 2022/23

### **Resolved**

The Risk and Audit Committee endorses and commends to the Corporation Board for acceptance and approval for the period 2022/23, without amendment, the Letter of Engagement between Buzzacott and the College.

### **Shachi Blakemore left the meeting**

**020.23**

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

The CFO presented a report, which detailed the progress made against the internal audit recommendations for 2021/22 and 2022/23.

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 23 recommendations made
  - 6 are complete
  - 13 are ongoing
  - 4 are not yet started

Members were advised that the recommendations have been updated and aligned to the follow-up on previous recommendations internal audit carried out in May 2023. Only the remaining recommendations from audits carried out in 2021/22 and new recommendations from 2022/23 are presented for review and future monitoring.

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

#### **021.23 Risk and Assurance Progress Report 2022/23 – June 2023**

The Internal Auditor presented the latest Risk and Assurance Progress Report.

Members noted that all internal audits had been completed for the year and that final reports have been presented to the relevant meetings of the Committee throughout the year.

#### **022.23 Internal Audit Reports**

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

##### **Student Destinations**

Members reviewed the detail of the report, noting

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

Members reviewed the report, noting the extent to which the College is capturing appropriate data relating to learner progression and agreed that this was a very good outcome.

##### **Follow-up of previous recommendations**

Members reviewed the detail of the report, noting that

- good progress has been made in implementing those recommendations that were in scope for the review, raised during 2021/22 and reports from prior years
- Of the 28 recommendations implemented/superseded
  - 6 are part implemented/in progress
  - 2 are unable to conclude

Members reviewed the summary of findings, noting that those in progress relate to Cyber Security and the Business Continuity Plan and those unable to conclude relate to the Business Plan and Marketing. There are actions in place to address the issues raised and will be concluded in due course and follow up action will appear in next year’s follow-up audit.

##### **Budget Setting and Control**

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 are managed effectively. There are some areas where the adequacy or operation of controls in practice should be improved further’*
- 1 low recommendation

Members reviewed the summary of findings, the recommendation made and the action taken to address the issue raised.

The Committee agreed that the outcomes presented from each of the internal audits was very pleasing and demonstrated the robust processes in place to achieve good levels of assurances and asked that thanks are passed to those involved with the internal audits for their hard work in gaining these assurances.

### **Resolved**

The Risk and Audit Committee agreed to accept the

- Internal Audit Recommendations monitoring report
- Risk and Assurance Progress report – June 2023
- Final Risk and Assurance reports for
  - Student Destinations
  - Follow-up of previous recommendations
  - Budget Setting and Control

### **023.22**

#### **Internal Audit Assurance Strategy and Annual Plan**

The Internal Auditor presented, for consideration and approval, the proposed internal audit coverage for the 2023/24 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 2023/24
- four-year proposed internal audit plan for 2022/23 – 2025/26

Members were advised that the planned total number of days for 2023/24 is 33.5, equating to total fees of £19,390.14 + VAT.

In discussion, the Committee agreed that there was a good level of cover for the relevant areas. The Clerk commented that in Spring 2024 the external governance review that is a requirement for all FE College Boards will be conducted and asked whether there was a need to also carry out an internal Governance audit in addition. In discussion, members agreed that the internal governance audit should take place as it may help to identify any areas that need to be addressed prior to the external governance review taking place.

### **024.23**

#### **Internal Audit Letter of Engagement for 2023/24**

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 2023/24.

### **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 2023/24
- the Internal Audit Strategy and Annual Plan for 2023/24

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

#### **025.23 Fraud, Irregularity and Whistleblowing Matters**

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

#### **026.23 Post-16 Audit Code of Practice for 2022/23**

The Clerk presented for information the Post-16 Audit Code of Practice (the Code) for 2022/23.

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 relate to meeting 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).

In discussion, members were advised that the College's Financial Regulations have been updated in the light of the ONS reclassification and there will be a new Financial Handbook from the ESFA due to be published at the end of 2022/23 which will fully set out how College's must comply following reclassification and, at that time, the Financial Regulations will be updated to reflect any further required changes.

#### **Agreed**

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

#### **027.23 Terms of Reference and Annual Schedule of Business of the Risk and Audit Committee for 2023/24**

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 minor date changes proposed, and agreed these were appropriate and there was nothing further to add.

#### **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 2023/24

#### **028.22 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 Fraud, Corruption and Bribery and Risk Management Policies are 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 that there were no further changes required.

The CFO advised that the Business Continuity Plan is presented as a draft as it is a new plan that replaces any other previously agreed documents/plans. Final proof reading is currently taking place with final presentational and grammatical amendments planned before approval by the Corporation in July.

Members reviewed the document and, in discussion, were advised that

- the College had considered other business continuity plans from other colleges
- Workshops were set up so that staff could contribute to the plan

The Committee agreed that it was a very comprehensive document and covered all relevant areas in the event of any instances at the College. It was suggested that using role titles rather than names of individuals would be more sensible.

One area that members suggested could be a little more explicit is around the Recovery Phase. Consideration should be given to whether there may possibly be any serious financial implications, which in turn could impact going concern, resulting from any instances/disaster. It was agreed that the CFO would look to amend this section further and a final version presented to the Board.

Members took the opportunity to commend such a comprehensive document and asked that thanks are passed to all those who contributed to the plan.

The Clerk presented the following policy for approval

- Data Protection Policy

Members were that the 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.

### **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
- Business Continuity Plan, subject to amendment as discussed

The CFO presented a report, which provided details of the headline risks together with the risk register summary for Quarter 4 2022/23.

Members were advised that

- the headline risks have been reviewed and agreed by the Executive Leadership Team (ELT)
- the review was carried out in April when the ELT considered the current headline risks
- consideration was given whether any of the current risks have changed and whether still appropriate for 2022/23
- the next risk review will take place in July 2023 for quarter 1 and will relate to the new financial year

Members considered the detail of the risks, noting:

- there are no new risks, none have been removed and there are no changes to risk ownership
- there are 20 headline risks, all of which are on track to meet target for 2022/23, with some having the rating reduced and one where the target has been achieved

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 2022/23.

#### **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

**030.23**

#### **Any Other Business**

There were no items of any other business.

**031.23**

#### **Dates of scheduled meetings of the Risk and Audit Committee 2023/24**

Tuesday 5 December 2023

Tuesday 19 March 2024

Tuesday 11 June 2024

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

**SIGNED AS A CORRECT RECORD:**

**DATE: 5 December 2023**

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