



**USP College Corporation
Risk and Audit Committee**

**Minutes of the Meeting held on Tuesday 3 December 2024
Held on Microsoft Teams
Meeting commenced: 16.00hrs
Meeting ended: 17.30hrs**

Present

Jenny Beaumont	Independent Member	Chair
Tony Wenden	Independent Member	
Nicola Curtis	Independent Member	
Roger Key	Independent Member	
Robin Lodge	Independent Member	

In attendance

Steven Hendy	Chief Finance Officer (CFO)
Scott Bowak	Executive Director Information Systems & Funding (EDISF)
Leisyen Cox	Internal Audit Service - Scrutton Bland
Keri Williamson	Internal Audit Service – Scrutton Bland
Stephen Elsworth	Financial Statement Auditor – Buzzacott LLP
Kimberley Hancock	RSM

Clerk

Sue Glover	Clerk to the Corporation
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The Clerk informed members that Buzzacott had been delayed and would be joining later than planned. It was agreed to move through the agenda items until such time as Buzzacott were able to join the meeting.

033.24

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.

034.24

Apologies for absence

There were no apologies for absence.

035.24

Unconfirmed minutes of the meetings of the Risk and Audit Committee held on 11 June 2024

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

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

Members reviewed the schedule of action points.

The CFO advised that although the antique desk belonging to the Trust had not been located, the College had arranged to purchase a replacement.

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

037.24 Fraud, Irregularity and Whistleblowing Matters

The CFO informed members that there were no matters to report.

038.24 College Policies

The EDISF 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

Members reviewed the policy and suggested that, to make the policy more accessible in terms of its size, perhaps the document could be made shorter by removing the procedures and processes into a separate document. The EDISF agreed to review and adjust the document as suggested. Aside from this comment, the Committee agreed there were no further changes to be made to the policy.

Agreed

The Risk and Audit Committee recommends to the Corporation Board for approval the Freedom of Information Policy

039.24 Review of outstanding audit items

The CFO presented a report, which detailed the progress made against the internal audit recommendations for 2023/24 and 2024/25.

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 14 recommendations made
 - 8 are complete
 - 5 are ongoing
 - 1 not started

It was noted that the outstanding audit item not yet started was relating to the College's Business Continuity Plan and scenario testing. Members were advised that the College's insurers will be conducting a desktop review of the business plan early in the new year and scenario testing will then be based on a college wide incident with appropriate reporting and lessons learnt documented.

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

040.24 Risk and Assurance Progress Report 2024/25 – November 2024
The Internal Auditor presented the Risk and Assurance Progress Report detailing the planned and completed audits against the agreed internal audit plan.

Members noted the internal audits completed to date and those that will be completed in 2024/25.

041.24 Internal Audit Reports
The Internal Auditor presented for review the following final Risk and Assurance Reports:

Marketing

Members reviewed the detail of the report noting the following:

- 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 in practice should be improved further’*
- 4 low recommendations
- 1 value added point

Members reviewed the summary of findings, the recommendations made, and the action being taken to address the issues raised.

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, including those raised during 2022/23 and reports from previous years.

The Committee agreed that both reports presented a good outcome, giving assurance of the systems and controls in place.

042.24 Annual Internal Audit Report for 2023/24
The Internal Auditor presented for consideration and review the Annual Internal Audit Report 2023/24.

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 2024
- Audit Benchmarking Data

Members noted that it was the opinion of the Internal Auditors for the year ended 31 July 2024 that the College has:

- adequate and effective risk management processes;
- adequate and effective governance processes;
- adequate and effective control processes, and
- adequate and effective processes surrounding efficiency and effectiveness

It was noted that the opinions would contribute towards the assurances used by the Committee when preparing the Annual Report for the Corporation Board.

The Committee agreed that the internal reports presented and those throughout the year have been very positive and give the Committee and the Board assurance that there are effective controls and processes in place.

Agreed

The Risk and Audit Committee agreed to accept the

- Outstanding audit items update
- Risk and Assurance Progress report – December 2024
- Final Risk and Assurance reports for
 - Marketing
 - Follow up of previous recommendations
- Annual Internal Audit Report for 2023/24

Stephen Elsworth joined the meeting

043.24 Post-Audit Management Report for year ended 31 July 2024

The external auditor presented the Post-Audit Management Report to the Risk and Audit Committee for the year ended 31 July 2024.

Members were advised that the audit had gone well, and the external auditor took the opportunity to thank the finance team for their assistance.

The Committee considered the detail of the report, in particular

- Executive Summary
- Financial Performance and Going Concern
- Key Audit Findings
- Key audit risks and outcomes
- Audit observations and recommendations
- Comparison of financial ratios
- Sector developments

Members were advised that

- at 26 November 2024, the audit is complete with the exception of
 - final funding reconciliation for 2023/24, which will be issued by the ESFA in early December
 - Going Concern assessment that covers a period to at least December 2025 including latest management accounts and cash flow projections
 - signed regulatory questionnaire
 - receipt of Letter of Representation
 - confirmation prior to the financial statements being signed that no significant events have taken place since the time of the audit that would impact on the financial statements

The external auditor informed members of the financial performance

- the College had a surplus on continuing operations for the year of £205,000 (2023 - £193,000)
- net current assets £41m (2023 - £36m)

The external auditor further informed the Committee that no significant deficiencies in the accounting and internal control systems were found during the audit and an unqualified audit opinion is expected.

In discussion, members were informed that the Finance and Resources Committee had reviewed the financial statements at their meeting held on 26 November and agreed that the result is consistent with the financial picture presented and had acknowledged that any recommendation to the Board on the approval of the financial statements lies with the Risk and Audit Committee.

Members were informed that the financial position of ITEC at year end indicates that the company is insolvent with net liabilities of £137,000, which include £128,000 to USP. Without continuing financial support ITEC would be unable to continue to operate and USP have provided a letter of support to ITEC, which has been approved by the ESFA, and given on the basis that a financial plan would be implemented that demonstrated over 3-5 years the future profits of ITEC would be sufficient to repay the college. The letter of support confirms that USP will not seek repayment of the balance from ITEC unless it has the funds available and that USP will continue to provide financial support and on this basis the company is deemed as a going concern.

The CFO informed members that the ITEC Board had met this week and approved their accounts and proposals to develop the company are ongoing and will be presented to the USP Board in due course.

044.24 Financial Statements 2023/24

The external auditor presented the draft financial statements for the year ended 31 July 2024.

The attention of members was drawn to

- Member's report
- Statement of Corporate Governance and Internal Control
- Statement of Regularity, Propriety and Compliance with Funding body terms and conditions of funding
- Statement of Responsibilities of the Members of the Corporation
- Independent Auditor's Report to the Corporation of USP College
- Reporting Accountants Assurance Report

Members noted that the Finance and Resources Committee had given initial consideration to:

- Statement of Comprehensive Income and Expenditure
- Balance Sheet as at 31 July 2024
- College Statement of Changes in Reserves
- Statement of Cash Flows
- Notes to the Accounts

Members noted that, subject to the conclusion of outstanding audit items, it was the opinion of the Financial Statements auditor that the financial statements:

- *Give a true and fair view of the state of the College's affairs as at 31 July 2024 and of the College's surplus of income over expenditure for the year then ended, and*
- *Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice*
- *In all material respects, funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;*

- *In all material respects, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions; and*
- *The requirements of OfS's accounts direction have been met'*

Members also noted the conclusion given by the Regularity Auditor that

'In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2023 to 31 July 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.'

044.24 Letter of Representation

The External Auditor presented the Letter of Representation in respect of the Financial Statements for the year ended 31 July 2024.

Members reviewed the detail of the Letter of Representation, noting the Going Concern statement.

045.24 Regularity Audit Self-Assessment Questionnaire 2023/24

The COO presented the College's Regularity Audit Self-assessment.

The Committee was advised that self-assessment formed the basis of the separate external audit and regularity audit opinions.

Members noted that

- the self-assessment confirms the actions the College undertakes regularly to verify that its expenditure is appropriate and in accordance with relevant rules and guidance
- the self-assessment has been reviewed by the external auditor as part of their year-end audit function
- the Principal and Chief Executive and the Chair of Governors are required to sign the Regularity Audit Self-assessment for 2023/24 on behalf of the College

Agreed

The Risk and Audit Committee agreed that the following is presented to the Board and that the financial statements are approved and 'signed off'

- Post-Audit Management Report for the year ended 31 July 2024
- The Financial Statements for USP College for the year ended 31 July 2024
- The Letter of Representation in respect of the Financial Statements for the year ended 31 July 2024
- The Regularity Audit Self-Assessment Questionnaire for the year ended 31 July 2024

045.24 Meeting of the External Auditor with the Risk and Audit Committee

The external auditor advised members that there were no issues to raise and asked if the committee wished to raise any issues without the presence of College staff. The Committee advised there were no issues they wished to discuss

Stephen Elsworth left the meeting

046.24

Annual Report of the Risk and Audit Committee for 2023/24

The Clerk to the Corporation presented the Annual Report of the Risk and Audit Committee for the year ended 31 July 2024.

Members were advised that

- the Committee is required to provide an annual report to the Board and to the Principal and Chief Executive, as the Accounting Officer, which outlines the work undertaken by the Committee, and how the Committee has fulfilled its responsibilities as set out in its Terms of Reference
- The Annual Report of the Committee is required to be submitted to the funding agency together with the Financial Statements

Members considered the detail of the report, with particular reference to

- Clause 7 – Internal Audit
- Clause 8 – Financial Statements Audit
- Clause 9 – Regularity Audit
- Clause 13 – Assessment of the Risk and Audit Committee's own effectiveness
- Clause 14 – Conclusion

Members discussed the detail of the report and agreed this gave a good summary of the activities relating to the financial year and assurance regarding risk management and internal control.

The Committee was pleased to present the report to the Board on 10 December 2024 to give an opinion that there are adequate and effective assurance arrangements in place and a framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

Agreed

The Risk and Audit Committee approves the Annual Report of the Risk and Audit Committee to the Corporation Board and Principal and Chief Executive and commends the report to the Board for acceptance and approval

Kimberley Hancock joined the meeting

047.24

ESFA Funding Assurance Review

RSM presented the outcome of the recent ESFA Funding Assurance Review.

Members were informed that

- it was a very satisfactory audit overall on each individual funding stream
- There were no errors found in any of the main samples
- a sample of 30 AEB learners and 30 study programme learners was taken, there were some management actions to consider arising from these, but there were no funding issues as a result

It was agreed that an update on the planned processes being implemented following the review would be presented to the Committee when complete.

Agreed

The Committee agreed it was pleasing to note such a positive outcome of the review and asked that thanks are passed to the relevant team in the college who had contributed to the review for their hard work and contribution in achieving a good outcome.

Kimberley Hancock left the meeting

048.24

Annual Risk Management Report for 2023/24

The CFO presented for consideration the Annual Risk Management Report for 2023/24.

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 2023/24 – fifteen risks met the target risk rating at the end of the year and four remained above the target rating set
- a review of the risk management software is underway with a view to replace the current system 4Risk which has become cumbersome following a recent upgrade and prevented reports being produced earlier in the year
- a Risk Management internal audit took place in November 2024 focusing on the headline risks, a further internal audit will be planned in 2025/26 following the implementation of new risk management software
- the headline risks for 2024/25

Members 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 2024/25 remain the same as those for 2023/24.

In discussion, it was agreed that it would be helpful for committee members to be given a demonstration of the new software system and arrangements will be made for the next meeting.

Agreed

The Risk and Audit Committee endorses and commends the Annual Risk Management Report for 2023/24 to the Corporation Board for acceptance and approval

049.24

Quarter 2 Headline Risk Register 2024/25

The COO presented a report, which provided details of the headline risks together with the risk register summary for Quarter 2 2024/25

Members were advised that

- the headline risks have been reviewed and agreed by the Executive Leadership Team (ELT)
- the review was carried out in October when the ELT considered the current headline risks
- as discussed previously, alternative risk management software is being considered following the unsuccessful upgrade of the 4Risk software

Members considered the detail of the register, noting:

- there are two new risks for 2024/25
- there are 20 headline risks, all of which are on track to meet target for 2024/25
- no risks have been removed and no changes to risk ownership

The Committee agreed that the headline risks in place for the College remain appropriate and that good progress has been made to ensure that they remain on track to meet the target set for 2024/25. Members agreed that there were no changes required to the revised reporting format.

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

050.24

Any Other Business

There were no other items of any other business.

051.24

Dates of scheduled meetings of the Risk and Audit Committee 2024/25

Tuesday 18 March 2025

Tuesday 10 June 2025

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

SIGNED AS A CORRECT RECORD:

DATE: 18 March 2025

