

MEETING OF THE CROYDON COLLEGE AUDIT COMMITTEE
Wednesday 5 June 2019 at 6.00pm

PART ONE MINUTES

- Present:** Mark Wilson (Chair)
Tom Hesmondhalgh
Jean Cook
- In attendance:** Mike Cheetham, RSM
Zoe Longstaff-Tyrell, RSM
Andy Reid, BDO
Sandra Small, College Finance Officer
Lesley Fook6s, College MIS Manager
Paul Marsden, College Director of IT and Estates
Caireen Mitchell, Principal (from Item 7)
- Interim Clerk:** Jill Small
Observer: Clare Mitchell, Clerk Designate

		Action
1.	Confidential Items The External and Internal Auditors confirmed they had no items requiring a confidential discussion with the Committee members.	
2.	Apologies for Absence Apologies had been received from Ann-Christine Harland.	
3.	Declarations of Interest There were no Declarations of Interest relating to matters on the agenda.	
4.	Minutes of the Meeting held on 20 March 2019 Part One and Part Two minutes of the previous meeting were approved and signed as a correct record of the meeting.	
5.	Matters Arising not on the Agenda Part One: i) New members (Item 1) The Clerk confirmed that the Search and Governance Committee were meeting on 12 June and would be considering a number of applications from potential Board members. Membership of Committees would also be considered. The Chair noted that the Staff Governor had now stepped down from this Committee in line with the latest DfE Guidance which stated that	



	<p>Staff Governors 'should not' be members of the Audit Committee. The Chair was disappointed with this outcome as he considered the contribution by the Staff Governor to have been very helpful to the Committee. The Clerk confirmed that the Committee were able to co-opt members of staff (or other experts) to the Committee if required.</p> <p>The Committee recorded thanks to Kim Meyler-Vincent for her contributions.</p> <p>ii) Risk Register (Item 4)</p> <p>The Chair noted that the Risk Register was still awaiting a full overhaul following the merger and suggested that timescales were discussed under the later agenda item.</p> <p>iii) Safeguarding Training (Item 5)</p> <p>This item was deferred in the absence of the VPF&R.</p> <p>iv) Internal Audit Report Follow Up Report Format (Item 6 iii)</p> <p>This item was deferred in the absence of the VPF&R.</p> <p>v) Review of Outstanding Policies (Item 8)</p> <p>This item was deferred in the absence of the VPF&R.</p> <p>vi) Committee Annual Work Plan (Item 8)</p> <p>The Clerk confirmed that an Annual Schedule of Business was being prepared for the Board and Committees and would be circulated to the July Board meeting.</p> <p>Other actions in the Part One and Part Two minutes had been completed.</p>	
<p>6.</p>	<p>Updated Terms of Reference</p> <p>The Clerk confirmed that this update complied with the requirements of the latest Audit Code of Practice.</p> <p>The Terms of Reference were approved and would be submitted to the Board in July.</p>	
<p>7.</p>	<p>Internal Audit Reports</p> <p>i) Latest Internal Audit Reports May 2019</p> <p>Mike Cheetham presented these reports.</p> <p>a) Review of Health and Safety</p> <p>The outcome of the audit review of Health and Safety was a medium level of assurance with no major issues identified. Paul Marsden explained that the alignment of processes at Coulston was still in</p>	



	<p>progress but would be completed by September 2019. This would include updated Fire Risk Assessments and a single set of procedures with oversight from the Health and Safety adviser based at Croydon. Members asked if there were any concerns about fundamental Health and Safety items not in place at Coulston. PM responded that the procedures had been out of date but staff had now received training and risk assessments updated so he had no concerns about processes not being up to date.</p> <p>Members asked whether Coulston staff had received Prevent training and PM confirm that this was in place although this would also be aligned with the Croydon processes.</p> <p>Members noted the internal audit report on Health and Safety.</p> <p>b) DSAT (Data Self Assessment Toolkit) Review</p> <p>MC confirmed that the outcome of the audit review of DSAT was good with very few issues identified. There were no concerns about accuracy of the data. Lesley Fooks confirmed that there were only queries on 2 learners which represented around £15 in funding terms, this was out of 4,500 learners.</p> <p>LF confirmed that the review did not cover Coulston but that the Croydon staff had undertaken a 100% DSAT review at Coulston resulting in only minor issues out of 1,100 learners.</p> <p>Members asked about the extra pressure relating to ESFA requirements for initial assessment of apprenticeships. LF confirmed that the College had just had a review of this area by a specialist consultant and the new team in place were meeting these requirements.</p> <p>Members noted the internal audit report on DSAT.</p> <p>c) Internal Audit Plan 2019/20</p> <p>MC introduced this plan for internal audit work which had been discussed and agreed with the College Executive. The plan used a risk based approach and he also drew attention to the rolling programme of work included in the document.</p> <p>Members asked about whether items were management requirements or audit requirements. MC explained that the learner numbers audits were the most important due to impact on funding and so would always be an audit requirement, other items such as quality assurance processes and HR audits were generally drawn from assessment of the risk information. However, the internal audit plan could cover a wide range of areas as requested by the Committee or the management and could also be reviewed and updated following the overhaul of the College Risk Register.</p> <p>Members resolved to approve the Internal Audit Plan for 2019/20.</p>	
8.	External Audit Reports	



i) Coulston Financial Statements and External Audit

Zoe Longstaff-Tyrell presented this item.

The College were still waiting for a response from the pension's actuary relating to the pension figures for the final version of the financial statements. This meant that the figures had not yet been finalised as so a copy was not included in the Committee papers.

The Chair asked whether more pressure could be exerted on Croydon Council. Sandra Small explained that she was chasing the Council very regularly and hoped to have the information so that the financial statements could be finalised for the Finance and Resources Meeting on 27 June.

It was agreed that the financial statements would be circulated to the Audit Committee members when finalised, before the July Board meeting.

ZLT went through the External Audit report for members' information. The financial statements had been prepared on a non-ongoing basis due to the merger and so were qualified on this basis. There were a number of adjustments required, all of which had now been completed. There were also a number of issues which would also need to be picked up in the Croydon external audit by BDO later in 2019.

Members asked about the quality of the financial records at Coulston in view of the finance staff changes. SS explained that the College had used an external financial consultant to assist with preparing the financial statements and the Coulston finance team provided support and information. There were some delays in obtaining information but ZLT confirmed that there were no major issues and thanked SS and her team for their assistance. ZLT also confirmed that any additional fee adjustments as a result of the delay had been agreed with the VPF&R.

The financial statements would be approved and signed by the Board in July.

Members noted the External Audit report on the Coulston Financial Statements.

ii) Financial Statements External Audit Plan 2019/20

Andy Reid presented this item.

The requirements for the External Audit were mostly established in the Financial Standards. The report contained an outline scope and programme and this will be finalised in discussion with the VPF&R. AR outlined the provisions relating to materiality which was typically 1-2% of income, for Croydon this had been set at 2% of income as historically there had been few problems with the Financial Statements audit.

Clerk/SS



	<p>AR went through the audit risks with the main issue being revenue recognition, particularly in view of the separate funding allocations this year due to the merger. The audit would also consider any management overrides of internal financial controls by reviewing journal entries. The audit would be helped by the agreement of the Coulsdon financial statements as outlined earlier in the meeting, but in accounting terms the merger would be treated as an acquisition as the assets had transferred as a 'gift' at fair value with a valuation required for the assets.</p> <p>AR also provided details of the proposed fee increase for the audit due to the additional work following the merger with Coulsdon. The fees quoted had not yet been discussed and agreed with the VPF&R.</p> <p>The Chair confirmed that the Committee had noted the proposed fees and confirmed that a recommendation would be made to the July Board.</p> <p>Members resolved to agree the External Audit plan for 2019/20 subject to the agreement of the revised fees.</p>	<p>VPF&R</p> <p>Clerk</p>
<p>9.</p>	<p>Report from 2017/18 HEFCE/OfS Audit</p> <p>LF presented this item which was a letter from the OfS concerning the recent audit of College MIS records relating to HE learners. The previous audit in 2016/17 had identified 175 errors, therefore the College was required to have a further audit in 2017/18. A larger sample of 200 records had been reviewed for 2017/18 and only 15 errors were identified, most of these related to completion dates with little impact on funding.</p> <p>The letter recorded a satisfactory outcome and the 2018/19 audit would be of a smaller sample.</p> <p>Members noted the letter from the OfS and thanked LF for her work to resolve the issues arising from the audit.</p>	
<p>10.</p>	<p>Standing Items</p> <p>i) Tracking of previous Audit recommendations</p> <p>This item had no report due to the absence of the VPF&R. MC explained that there was also a further internal audit report to be issued following a recent visit. It was <u>agreed</u> that the further audit report would be circulated to members when issued.</p> <p>Members <u>agreed</u> that they would like to see a regular update report on progress with resolving internal audit issues and to provide reassurance that internal controls were being observed. The Clerk was asked to liaise with the VPF&R to set up a standard report to be updated each meeting.</p> <p>ii) Report on any fraud/corruption issues</p> <p>No issues to report.</p>	<p>VPF&R/ Clerk</p> <p>VPF&R/ Clerk</p>



	<p>iii) Reports on any additional work required by Auditors</p> <p>No items to report, no additional work required.</p>	
11.	<p>Updated Risk Register</p> <p>The Chair referred back to the earlier query about timescales for the review of the Risk Register. The Principal explained that she was working with the VPF&R on a new Operational Plan and a new Risk Register would be developed from this Plan. The aim was to have the new Risk Register reading for consideration at the November 2019 meeting.</p> <p>In response to a question the Principal confirmed that the College registration with the OfS was progressing with learners able to access and progress student loans.</p>	Principal /VPF&R
12.	<p>Dates of future meetings</p> <p>Dates of future meetings would be confirmed at the July Board meeting. Members were asked to note that future Audit Committee meetings would move to Thursday evenings.</p>	
13.	<p>Any other business</p> <p>There was no other business.</p>	

Signed Chair

Date: