

**MEETING OF THE CROYDON COLLEGE AUDIT COMMITTEE  
Thursday 13 February 2020 at 5.00pm**

**PART ONE MINUTES**

**Present:** Tom Hesmondhalgh (interim Chair)  
Nigel Dias  
Rahel Haque

**In attendance:** Mike Cheetham, RSM  
Caireen Mitchell, Principal & CEO (Item 1 only)  
Ann-Christine Harland, Vice-Principal Finance and Resources  
(except Item 13)

**Clerk:** Clare Mitchell, Director of Governance

		Action
1.	<p><b>Subcontracting of the non-Greater London Authority (GLA) Adult Education Budget (AEB)</b></p> <p>The Chair explained that, following the recent article in FE Week querying whether the College's recently issued subcontract met ESFA requirements, he had asked the Executive to provide the Audit Committee with assurance that the College was complying with the ESFA's sub-contracting rules. The P&amp;CEO was attending the Audit Committee for this item.</p> <p>The P&amp;CEO explained that In 2018/19 the new Executive team had made the decision that the College should reduce the amount of AEB that was subcontracted and build its own capacity. In future, for students outside London, AEB would be provided through distance learning courses run by the College or short courses. However, the 2019/20 allocation of AEB funding for outside London was based on 2017/18 figures, when the College sub-contracted a much greater amount of AEB and was higher than the College could deliver itself at this stage.</p> <p>The ESFA set out three main conditions for subcontracting:</p> <ul style="list-style-type: none"> <li>• Subcontracting met the College's strategic aims – this was the case. Increasing the College's capacity to deliver AEB outside London was part of the new strategic objectives</li> <li>• Subcontracting was not a short term funding objective – this was not the case. The College was developing its own provision and capacity building to non GLA residents living in neighbouring counties, and had budgeted and forecast for this to occur in July 2019.</li> <li>• Subcontracting enhanced the quality of the learner offer. The subcontracting would support the distance learning and</li> </ul>	



	<p>short courses that the College was developing by providing future learners, meeting demand from local employers new to the College.</p> <p>The College would have a partnership arrangement with the sub-contractor and all students would be located within 50 miles of the Croydon College campus.</p> <p>Following the FE Week article, the ESFA also had acknowledged the College's position that its approach to subcontracting AEB was planned for as a result of the impact of the devolved allocations of 2019/20 AEB funds by ESFA and GLA.</p> <p>Other Colleges were subcontracting AEB to a greater value, many on longer term arrangements, so had avoided going out to tender, so their arrangements were not in the public domain. The subcontract was for delivery of up to £475K of non-GLA AEB. The College would receive 20% of the value of the AEB delivered through the subcontract, having to repay all of the grant if the ESFA AEB was not delivered under usual funding rules.</p> <p>The subcontract tender was for this academic year only so that the College had the flexibility to change the arrangements as it built its own capacity. The subcontract had only recently been issued because of management capacity. The decision was made in October/November 2019 to prioritise management time for the bid for additional GLA AEB funding.</p> <p>The P&amp;CEO had the authority to approve the award of the subcontract as the value was below £500k, but the decision on the supplier would be made by the Finance and Resources Committee at its meeting on 11 March 2020.</p> <p>MC reminded Committee members that subcontracting arrangements were carefully monitored to ensure they met the ESFA's requirements. The Internal Auditors had to provide a subcontracting certificate to the ESFA each year.</p> <p>The VPF&amp;R reported that the ESFA had issued a consultation on subcontracting and were proposing further restrictions to the % of grants that could be subcontracted over the next 2 years, as well as distances from campuses.</p>	
<p><b>2.</b></p>	<p><b>Apologies for Absence</b></p> <p>Apologies for absence were received from Kyla Bellingham.</p> <p>Chris Wright had recently resigned from the Board because of ill health. This followed Ros Liard's resignation as Chair of the Committee. There were now two vacancies on the Committee. Recruitment was in progress for a new Governor who would Chair the Audit Committee.</p>	
<p><b>3.</b></p>	<p><b>Declarations of Interest</b></p>	



	There were no declarations of Interest relating to matters on the agenda.	
<b>4.</b>	<p><b>Minutes of the Meeting held on 28 November 2019</b></p> <p>The Part One minutes of the previous meeting were approved and signed as a correct record of the meeting.</p>	
<b>5.</b>	<p><b>Matters Arising not on the Agenda</b></p> <p>There were no matters arising that were not on the agenda.</p>	
<b>6.</b>	<p><b>Internal Audit Reports</b></p> <p><b>i) Internal Audit Follow Up Report 2018/19</b></p> <p>The Committee <b>noted</b> the report, which had not yet been finalised.</p> <p>Mike Cheetham indicated that the report showed good progress; 68% of the recommendations had been implemented and a significant number had not yet reached the deadline for implementation.</p> <p>The VPF&amp;R indicated that the responses to the recommendations relating to the cyber security audit were not yet complete. This internal audit had only provided limited assurance. The College would be working towards achieving Cyber Essentials, which was a stepping stone towards achieving compliance with the ISO27001.</p> <p>A number of recommendations sat under the Director of HR. This role was no longer part of the senior management structure. A Head of HR had been recruited who would report to the P&amp;CEO. Payroll had moved permanently to the finance team under the VPF&amp;R. As a result, there would be some changes in this area in the final version of the report. It was possible that not all of the recommendations would be implemented by the current deadline of 31 March 2020.</p> <p><b>Action:</b> Final version of the Internal Audit FU report to be circulated to Audit Committee members</p>	<b>VPF&amp;R/ Clerk</b>
<b>7.</b>	<p><b>Final External Audit Fee 2018/19</b></p> <p>This item was discussed in the Part B meeting.</p>	
<b>8.</b>	<p><b>Standing Items</b></p> <p><b>i) Report on any fraud/corruption issues</b></p> <p>The VPF&amp;R indicated that there were no issues to report.</p> <p><b>ii) Reports on any additional work required by Auditors</b></p>	



	<p>The Committee <b>noted</b> the letter of engagement with BDO for the HMRC VAT settlement to support the merger and <b>approved</b> the fee of £1.5K.</p> <p>The Committee <b>noted</b> that the letter of engagement with BDO for the non-VAT related merger expenses had not yet been received, despite reminders to BDO. The Committee <b>agreed</b> the delegation of authority to the P&amp;CEO to approve the fee for this work, which was also expected to be in the region of £1.5K.</p>	
10.	<p><b>Revised Risk Register</b></p> <p>The Committee <b>noted</b> the revised risk register, which was based on the longer term risks to achieving the objectives in the new strategy approved by the Board in December 2019.</p> <p>The VPF&amp;R explained that the scoring system used was the same as for the previous version. The risk register was a work in progress and controls were further developed in some areas than others. The risks to the achievement of strategic objectives 1-3 would be monitored by LQC and F&amp;R would monitor the risks relating to strategic objectives 4 and 5. This version of the risk register had not yet been considered by either Committee and a more complete version would be presented to the Board at its next meeting. It was agreed that subsequent versions of the risk register should indicate who was responsible for any actions, when they would be implemented and RAG rate progress.</p> <p><b>Action:</b> Risk register to indicate the individual responsible for identified actions, when they would be implemented and RAG rate progress.</p> <p>Risks relating to teaching and learning would be identified and monitored at curriculum team manager level and reviewed by the relevant VP. HR risks would need to be prioritised by the P&amp;CEO and addressed by the new Head of HR once in post.</p> <p><b>Action:</b> Clerk to work with the Chairs of LQC and F&amp;R to ensure that the risk register was subject to robust scrutiny prior to review by the Board.</p>	<p><b>VPF&amp;R/Exec</b></p> <p><b>Clerk</b></p>
13.	<p><b>Private Discussion – Auditors and the Audit Committee</b></p> <p>There was a brief discussion between the Committee and the Internal Auditor without the VPF&amp;R present. No points of concern were raised.</p>	
14.	<p><b>Dates of future meetings</b></p> <p>Dates of future meetings were confirmed as:</p> <p>Thursday 18 June 2020</p> <p>The Committee noted that because the February meeting had been arranged so early in the year, only one 2019/20 internal audit report</p>	



	<p>had been available. This would put pressure on the June meeting. Consideration would be given to arranging a further meeting for May 2020 if a number of internal audit reports were finalised by early May.</p> <p><b>Action:</b> Consideration would be given to arranging a further Audit Committee meeting in May 2020</p>	<p><b>Action:</b> VPF&amp;R/ Clerk</p>
<p>15.</p>	<p><b>Any other business</b></p> <p>The Clerk raised the need for the Audit Committee to review the Whistleblowing Policy in the light of a recent letter from the FE Commissioner emphasising the importance of College’s having up to date whistleblowing policies in place. The policy was scheduled for review at the next meeting, together with the whistleblowing annual report.</p> <p>It was <u>agreed</u> that the Clerk would review the policy and, if it needed urgent updating, work with the Chair of the Audit Committee to bring a revised policy to the Board in March for approval. If no urgent updates were needed then the policy would be reviewed by the Audit Committee as scheduled in June 2020.</p> <p><b>Action:</b> Clerk to review the whistleblowing policy</p>	<p><b>Clerk</b></p>

Signed Chair .....

Date: