

MEETING OF THE CROYDON COLLEGE AUDIT COMMITTEE
Thursday 18 June 2020 at 6.00pm
Virtual Meeting

PART ONE MINUTES

Present: Andrew Gilchrist (Chair)
 Tom Hesmondhalgh
 Nigel Dias
 Rahel Haque

In attendance: Lorna Raynes, RSM
 Ann-Christine Harland, Vice-Principal Finance and Resources
 Steve Phillips, Director of MIS (Item 6.iii)

Clerk: Clare Mitchell, Director of Governance

1.	Apologies for Absence There were no apologies for absence.
3.	Declarations of Interest The Chair declared that he was a Governor at Brooklands College.
4.	Minutes of the Meeting held 13 February 2020 The Part One minutes of the previous meeting were approved.
5.	Matters Arising not on the Agenda The Director of Governance confirmed that the actions identified in the minutes of the previous meeting had taken place. An additional Audit Committee meeting had not been arranged for May because of the Covid 19 lockdown. It was agreed that an action list would be provided for future meetings. ACTION: Director of Governance to provide an action list for future meetings



6. Internal Audit Reports

i) Internal Audit Progress Report

Lorna Raynes (LR) indicated that the Learner Number Systems internal audit had been finalised after the progress report had been written. The post May 2017 apprenticeship section of the LNS internal audit report remained outstanding as the required data was not accessible during the lockdown. Arrangements had now been made for staff to access the hard copies of the data held in the College building so that this section of the internal audit could be completed

There were two outstanding internal audits; staff recruitment and learner numbers systems – DSAT review.

The internal auditors had also been asked to conduct the annual review of the College's subcontracting arrangements. The College had also requested a special review of a number of relationships in place with third parties to consider whether they should be considered as subcontractors.

All of the outstanding internal audit work would be completed by 31 August 2020.

The Committee **noted** the report.

ii) Governance

LR introduced this report. The internal audit had focused on compliance with the AoC Code of Good Governance. The opinion was one of substantial assurance; with one medium and one low priority recommendation. The medium priority recommendation related to the development of a workforce strategy. The responsible owner for this action was clarified as the new Head of HR who had only recently joined the College. The Audit Committee **agreed** a revised timescale for the implementation of this recommendation of 30 November 2020. The Director of Governance confirmed that the low priority recommendation re publication of the new five year strategy on the College website had been implemented.

iii) Learner Number Systems

The VPF&R introduced Steven Phillips who had recently joined the College as Director of MIS. Significant changes were being made in this area, some as a result of Covid 19, such as the introduction of an online enrolment system.

The report identified a number of exceptions where the College had not complied with the ESFA's funding rules. However, these exceptions did not result in errors in the funding being claimed.

The Committee queried the sample size of 20 learners per funding category, given the significant numbers of '16-19 funded provision within FM25' learners. LR explained that 20 should be sufficient to identify any problems and was appropriate to the resources allocated.

The report included one medium and three low priority recommendations.

There had been two instances of learners whose planned hours per the ILR did not agree to those timetabled and the medium priority recommendation was that the College should complete periodic reconciliations between the ILR and timetables to ensure that planned hours agreed. The Director of MIS confirmed that a monthly



reconciliation of planned hours and timetable would be put in place so that any discrepancies were dealt with early in the next academic year. The VPF&R explained that there had been difficulties with timetabling at the start of 2019/20 following the merger with Coulson College and delays in including work experience within timetables. Work experience was now being organised in house at Croydon College and would be included in timetables from the start of 2020/21. The Committee noted that Covid 19 might disrupt work experience placements in 2020/21 and asked whether this was a risk to the delivery of planned hours. LR explained that the funding requirements related to the planning of hours rather than their delivery.

The first low priority recommendation related to a learner agreement that had not been signed. The College was asked to remind enrolling staff to check all forms were fully and accurately completed, signed and dated. The Director of MIS stated that the online enrolment process being introduced would include stringent controls to make sure all audit requirements were met.

The second low priority recommendation related to the College ensuring learners with an absence of over four weeks were withdrawn from the ILR. The audit had identified a learner who had not been withdrawn from the ILR despite having been absent for more than four weeks. The Director of MIS confirmed that this learner had now been withdrawn and processes to withdraw students if they had not attended for four weeks were in place.

The third low priority recommendation related to two instances where there were discrepancies between the enrolment form and learning agreement. This would be addressed by ensuring controls at enrolment were operated stringently.

The VPF&R thanked the Director of MIS for his work on the audit and on the online enrolment process. He had joined the College at the point of lockdown and to date had only been able to work remotely.

iv) Quality Assurance

The internal audit had focused on the processes and controls associated with the College's Learning and Quality Framework (LQF). The opinion was one of substantial assurance; with one medium and three low priority recommendations.

The medium priority recommendation related to the development of a single system for capturing all key elements of the staff performance management process. The Committee queried the proposed implementation date of September 2021. The VPF&R explained that this would require significant development of iTrent, which was a substantial piece of work and would need cross College input.

The Committee queried the response to the low priority recommendation re the Learning and Quality Policy. This stated that the College would consider updating the policy to include an additional section on staff roles and responsibilities within the LQF. The Committee asked why the response indicated that the recommendation would be considered rather than implemented.

ACTION: VPF&R to ask the VPE&Q to clarify why the management response to the recommendation re the Learning and Quality Policy was to consider the internal audit recommendation rather than to implement it.



v) Key Financial Controls

The internal audit had focused on the College's key financial controls. The opinion was one of substantial assurance with no recommendations. LR reported that there had been considerable progress in this area in the last couple of years.

The Committee noted that it had not been possible to test cash inflows because the audit had been completed remotely during lockdown and asked if this should be a concern. LR stated that there had had to be some changes to the scope of internal audits undertaken during lockdown and she had no concerns about the systems that were in place in this area.

vi) Subcontractor Letter of Engagement and Terms of Business

LR stated that RSM had been asked to undertake the 2019/20 review of subcontracting controls in order to provide the certification required by the ESFA. A letter of engagement had been supplied as this was not part of the core internal audit services that RSM provided to the College.

The Committee observed that some Colleges had had difficulties with subcontractors not complying with ESFA rules, which had only been picked up through examining the subcontractor's records. The VPF&R explained the checks that the College carried out to ensure that Learning Curve and Skillsnet, the College's subcontractors for 2019/20 followed the subcontracting rules. This included checks on enrolments and direct checks with learners recruited through the subcontractors. Both subcontractors had their own contracts with the ESFA and were fully aware of the ESFA's rules.

The Committee **approved** RSM to undertake the review of subcontracting controls for a fee of £2,500 excluding VAT.

vii) Subcontracting Arrangements Review Proposal

The VPF&R explained that the proposed scope of the work to be undertaken by RSM in connection with subcontracting included a review of a number of arrangements/relationships that the College had in place to ascertain whether these should be considered subcontractors in the line with the ESFA funding rules for the relevant year.

Five of the relationships being reviewed related to 2019/20. These companies were working with the College to deliver short courses to fulfil the non-GLA AEB grant. The review of arrangements with St Christopher's Hospice related to 2017/18 and 2018/19. In all cases the value was small.

The arrangements with St Christopher's related to eight apprentices, pre dated the current Principal and Executive Team, and was no longer in place. The College had referred to St Christopher's as a subcontractor in its response to ESFA when the College had failed to meet the minimum level of performance for apprenticeships for 2018/19. The ESFA had subsequently queried why the College's arrangements with St Christopher's had not been declared as a subcontractor relationship in the relevant financial years.

The Committee queried why this review could not be undertaken internally. ACH explained that capacity was not available at the current time. The Committee



	<p>expressed concern that there was a history of poor subcontractor delivery impacting on College performance.</p> <p>The VPF&R would report the outcome of the review to the Audit Committee as soon as possible. Ideally, in time for the Board meeting on 8 July 2020. The Committee would then consider whether a more detailed review of these arrangements (beyond the scope of the ESFA's requirements) would be appropriate.</p> <p>ACTION: VPF&R to report the outcome of RSM's review of subcontracting arrangements to the Audit Committee as soon as possible</p> <p>The Committee approved RSM to undertake the review of subcontracting arrangements for a fee of £2,500 excluding VAT.</p>
<p>7.</p>	<p>INTERNAL AUDIT 2020/21</p> <p>i) Letter of Engagement 2020/21</p> <p>LR indicated that RSM had reissued its letter of engagement as its terms and conditions had been reviewed.</p> <p>ii) Internal Audit Plan 2020/21</p> <p>LR explained how the internal audit plan had been constructed and the engagement that had taken place re the non-mandatory internal audits. HE data had been proposed for internal audit because of some issues a few years previously and the need to ensure compliance with the OfS' data requirements and the enhanced condition imposed on the College by the OfS, which related to data quality. Teaching staff utilisation had been proposed because of the increased use of online learning and to ensure that the changes to iTrent to record and report on staff utilisation were being used effectively. The proposed safeguarding internal audit would tie into the new cross college student services structure which would be operational from September 2020.</p> <p>The Committee asked why the next cybersecurity internal audit was not scheduled until 2022/23 given that the previous internal audit opinion had been limited assurance and the recent large scale investment in server capacity and online learning. The VPF&R responded that the most recent internal audit had only taken place post merger in 2019. The next step for the College was to obtain cyber security essentials certification. This would take place within the next 12 months and would be followed by the next internal audit.</p> <p>The Committee recommended the Letter of Engagement and Internal Audit Plan for 2020/21 to the Board for approval.</p>
<p>8.</p>	<p>External Auditor Appointment and Remuneration</p> <p>This item was discussed in the Part Two meeting.</p>
<p>9.</p>	<p>Standing Items</p> <p>i) Tracking of previous audit recommendations</p> <p>The Committee noted the tracking report on the actions arising from the 2018/19 internal audit recommendations. Three actions had yet to be completed and new dates were agreed as follows:</p>



	<p><u>Teaching Staff Utilisation - Recommendation 1.2</u> The implementation of a central record of teaching staff capabilities was in progress but had not been completed because the priority during Covid 19 had been to update the staff health records.</p> <p>The Committee agreed a new implementation date of 31 October 2020.</p> <p><u>Cyber Security Area 8 – Patch Management (medium priority)</u> The VPF&R reported that the software had been purchased but progress had been delayed because of changes to priorities during Covid 19.</p> <p>The Committee agreed a new implementation date of 31 August 2020.</p> <p><u>Key Financial Controls - Recommendation 3.1 (low priority)</u> The College had committed to the creation of an integrated fixed asset ledger. This was a substantial project and the decision had been taken to prioritise increased automation of student payments during Covid 19. The proposed new date for completion was 31 July 2021.</p> <p>The Committee queried why this action had been outstanding for such a long period of time. The VPF&R assured the Committee that the College had fixed asset registers in place; the outstanding action related to integrating them into the finance system. The plan had been for this to take place as part of the merger but there had not been sufficient capacity and the current priority was a move to online bursary payments. The VPF&R assured the Committee that appropriate controls were in place and that she was still keen that the recommendation is implemented as it would eliminate the need for manual monthly reconciliations.</p> <p>The Committee agreed a new implementation date of 31 July 2021</p> <p>The Committee agreed that the remaining internal audit hours available in 2019/20 should be used to follow up on the 2018/19 internal audit recommendations that were not closed down in the November 2019 internal audit follow up report.</p> <p>ii) Report on any fraud/corruption issues</p> <p>The VPF&R indicated that there were no issues to report.</p> <p>ii) Reports on any additional work required by Auditors</p> <p>Please refer to the follow up work agreed in point 8i above.</p>
<p>10.</p>	<p>2019/20 Strategic Risk Register</p> <p>The VPF&R introduced the SRR. This was the second time that the SRR had been presented to the Audit Committee in its new format. The SRR was linked to the College’s five strategic objectives. The LQCs are responsible for monitoring strategic risks 1-3 and the F&R Committee is responsible for monitoring strategic risks 4-5.</p> <p>The VPF&R indicated that the risks relating to the College’s HE provision need to be reviewed before the SRR is presented to the Board on 8 July 2020. The name of the relevant monitoring Committee also needed to be included for all risks and the Committee also requested that future changes were highlighted in red.</p>



	<p>ACTION: DoG to ensure SRR is updated prior to circulation for the Board meeting on 8 July 2020</p> <p>The Committee asked how the SRR was used by the Executive Team to monitor risk and queried whether the level of detail included was helpful in what should be a working document.</p> <p>The VPF&R responded that there was further work to do to embed the SRR in Executive decision making but it had value in that it needed to be updated regularly and this ensured the Executive team focused on the level of risk and whether the controls were appropriate and effective. If a risk increased in an area the VPF&R would expect this to be the subject of a paper to the relevant Committee, and highlighted in the updated SRR submitted to the Audit Committee.</p>
<p>11.</p>	<p>Review of Policies</p> <p>i) Whistleblowing Policy</p> <p>The Committee approved the amendments to the Whistleblowing Policy subject to amending the name of the approving Committee to the Audit Committee rather than the Audit and Risk Committee.</p> <p>ACTION: DoG to amend the name of the approving Committee on the Whistleblowing Policy.</p> <p>The Committee asked for an update on whether the health and safety concern raised with the ESFA had been addressed by the College.</p> <p>ACTION: DoG to provide an update on the health and safety concern raised with the ESFA in the annual whistleblowing report to be presented to the Committee at its next meeting.</p> <p>ii) Risk Management Policy</p> <p>The Committee approved minor amendments to the Risk Management Policy, subject to amending paragraph 6 to include the names of the risk monitoring committees.</p> <p>ACTION: VPF&R to amend paragraph 6 of the Risk Management Policy to include the names of the risk monitoring committees.</p> <p>The VPF&R reported that the annual update to the ESFA Audit Code of Practice had been delayed because of Covid 19. If the updated Code of Practice required changes to the Risk Management Policy, that policy would need to be revisited.</p>
<p>12.</p>	<p>Terms of Reference</p> <p>The Committee recommended the proposed changes to its terms of reference to the Board for approval.</p>



13.	<p>Private Discussion – Auditors and the Audit Committee</p> <p>LR indicated that there was nothing that she wished to discuss in private with the Committee. Committee members indicated that they had nothing they wished to raise privately with the internal auditor.</p>
14.	<p>Dates of future meetings</p> <p>Dates of future meetings were confirmed as:</p> <p>Thursday 26 November 2020 Thursday 11 March 2021 Thursday 10 June 2021</p> <p>All meetings would start at 6pm.</p>
15.	<p>Any other business</p> <p>There were no items of other business.</p>

Signed Chair

Date: