



MEETING OF THE CROYDON COLLEGE AUDIT COMMITTEE
Thursday 16 March 2023 at 5.30pm
Virtual Meeting

PART ONE MINUTES

Present: Andrew Gilchrist (Chair)
 Frederick Law
 Mike Fisher
 Jean Cook

In attendance: Lorna Raynes (LR), RSM
 Ann-Christine Harland, Vice-Principal Finance and Resources

Clerk: Clare Mitchell, Director of Governance

1.	<p>Apologies for Absence</p> <p>Apologies for absence were received from Shachi Blakemore, Buzzacott.</p>
2.	<p>Declarations of Interest</p> <p>The Chair declared that he was currently a Governor at Brooklands College.</p>
3.	<p>Minutes of the Part One Meeting held on 24 November 2022</p> <p>The Part One minutes of the previous meeting were approved as a correct record subject to including the word “requested” in the final sentence of item 6 so that it read:</p> <p>“The Committee recommended the Audit Committee Annual Report to the Board for approval and submission to the ESFA, subject to the requested amendments from members.”</p>
4.	<p>Matters Arising not on the Agenda</p> <p>The Committee noted the updated action list.</p>
5.	<p>Internal Audit</p> <p>The VPF&R reported that two internal audits were currently in progress, key financial controls and learner numbers. The field work had been completed for key financial controls and no significant issues had been raised to date. The reports from these internal audits would come to the next meeting.</p> <p>The VPF&R was discussing the scope of the quality internal audit which would take place in the Summer term with the Executive. It was likely that it would focus on specific areas picked up as weaknesses by the Ofsted inspectors.</p> <p>The Committee queried why a start date had not yet been set for the HR internal audit on staff retention. LR reported that discussions were ongoing with HR on the scope of this audit and the start date was expected to be confirmed shortly. The report from this internal audit should be available for the next meeting.</p>

Action: VPF&R to bring the final reports from the internal audits on key financial controls, learner numbers and staff retention to the next meeting

i) Internal Audit Progress Report

The Committee **noted** the progress report and the attached client briefings on emerging risks and the impact of the ONS reclassification of FE Colleges as public sector.

The Chair queried the expanded scope of the subcontracting standard review. LR explained that in previous years Colleges subcontracting over £100K of their grant funding had been required to have external audit certification of compliance with the funding rules on an annual basis.

The ESFA had now introduced a subcontracting standard and Colleges subcontracting £100K or more of their grant funding had to be audited against all 91 of the requirements that made up the standard every three years. This significantly increased the cost of the audit. LR recognised that for many Colleges this meant that three quotes would be needed for this piece of work to ensure compliance with Financial Regulations. In addition, Croydon College was considering reducing the value of its subcontract below £100K in 2023/24, in which case the external audit requirement would no longer apply, so it would not benefit from the fact that the audit against the subcontracting standard only needed to be undertaken every three years.

ii) Secure Remote Working and Operational Resilience Follow Up Review

LR reported that this follow up review had been undertaken by RSM's specialist IT auditors. Of the 13 recommendations in the original report, 11 had been fully implemented. The remaining two medium priority actions had been reduced to low priority as significant progress had been made towards implementation.

The Chair queried why the recommendation re patch management had an implementation date of September 2023. The VPF&R explained that this was when JISC, who were able to provide a cost effective solution for the sector, had availability to undertake this work. Operationally, it was also desirable to bring in IT changes over the Summer break to avoid any potential disruption to teaching. However, the VPF&R would investigate whether the implementation date could be brought forward.

Action: VPF&R to investigate whether the implementation date for the patch management recommendation could be brought forward

LR confirmed that when the follow up review was undertaken the auditors would have considered whether the recommendations from the original audit were still relevant. If necessary, recommendations would have been amended or marked as superseded.

The VPF&R confirmed that the College was making progress towards 'cyber essentials plus' certification. The implementation of these recommendations would also assist with the annual self-assessment questionnaire that the College had to complete when renewing its cyber security insurance.

	<p>iii) FE Benchmarking Report 2021/22</p> <p>LR noted that it was difficult to make direct comparisons between FE Colleges. Some Colleges, like Croydon College, asked internal audit to review areas where issues were more likely to be found, or where recent changes had been made, and others did not. Across all FE Colleges, the highest numbers of high priority actions were in IT, then finance, student records and data quality.</p>
6.	<p>2021/22 GLA Adult Education Budget Audit Report - Final</p> <p>The VPF&R reported that this was the final report from an audit undertaken by Mazars on behalf of the GLA. The report had been accepted by the GLA.</p> <p>The report had raised three recommendations, all of which had been addressed.</p>
7.	<p>Standing Items</p> <p>i) Report on any fraud/corruption/whistleblowing/GDPR issues</p> <p>The VPF&R confirmed that there were no incidents to report other than three data breach near misses, which would be discussed under item 10.</p> <p>ii) Reports on any additional work required by Auditors</p> <p>The VPF&R noted that additional work would need to be carried out by Buzzacott in the Summer term in relation to audits of OfS funding for Higher Technical Qualifications and funding for the Turing scheme.</p>
8.	<p>Compliance with Conflict of Interest Policy</p> <p>The Committee noted the report. The VPF&R confirmed that no staff outside the SMT were involved in contract awards.</p>
9.	<p>Risk Management</p> <p>i) Deep Dive – ONS Reclassification Decision</p> <p>The VPF&R drew the Committee’s attention to RSM’s update on the implications of the reclassification decision (item 5.i). The changes resulting from the reclassification of FE Colleges as public sector included the following:</p> <ul style="list-style-type: none"> • A requirement to comply with HMT’s Guidance on Senior Pay; • A requirement for prior approval of severance payments over specified thresholds; • A requirement to comply with Managing Public Money; • A change to College’s year end from 31 July to 31 March – expected to be implemented in 2024/25; • A requirement for prior approval for all borrowing. It was likely that over time Colleges would be required to move away from commercial banking; • Proceeds from land sales to be ringfenced for future capital projects; • A requirement for prior approval of any transactions that were novel, contentious or repercussive. <p>The VPF&R reported that there had been a discussion at the recent Finance and Resources Committee about whether the College should consider repaying its</p>

	<p>variable rate loan early given the rise in interest rates. The Committee's view had been that the loan should not be repaid at the current time but that the situation should be reviewed again in the Summer term when the draft budget for 2023/24 was available.</p> <p>A College Financial Handbook was expected to be produced by the ESFA for consultation in September 2023, prior to implementation in 2024/25. The transition to a new reporting year and new assurance arrangements would require significant work on the part of Colleges. It was unclear whether some of the benefits available to schools and academies e.g. pension guarantee and access to government insurance cover would be available to Colleges. For the time being, the VPF&R intended to renew all the College's existing insurance cover.</p> <p>ii) Risk Register – Spring 2023 Update</p> <p>The DoG reported that there had been a small number of increases in risk scoring following the Ofsted inspection. The number was likely to increase when the register was next reviewed.</p> <p>The VPF&R drew the Committee's attention to the potential for an increase in the scoring of Risk 5.1 relating to achieving good financial health. The outcome of the Ofsted inspection could impact on enrolment numbers and additional expenditure would be required in areas such as development of teaching staff.</p> <p>It was agreed that there should be a separate risk register relating to the Ofsted inspection.</p> <p>Action: VPF&R/DoG – development of a separate risk register relating to the Ofsted inspection</p> <p>The Committee approved the Spring term update to the Risk Register</p>
<p>10.</p>	<p>Review of Policies</p> <p>i Information Policy 2022/23</p> <p>The VPF&R reported that Eversheds had now reviewed the Information Policy and had made a small number of minor amendments. As a result of these changes the College's Privacy Notice and Staff Disciplinary Process would be updated to ensure individuals' and learners' rights were protected.</p> <p>The Data Protection Officer (DPO) would also be reviewing and refreshing his knowledge of the College's responsibilities under the Environmental Information Regulations.</p> <p>The Committee approved the revised Policy.</p> <p>The Committee noted that, although the College had not had to report any data breaches to the Information Commissioner's Office (ICO) during this academic year, the College had had three near misses which had been reported to the DPO. In each case, the DPO had checked with the ICO by telephone that the response was correct and that there was no data breach that required reporting. Internally the DPO then reviewed the incident, the response and identified required changes to process or training required for individuals or areas. The incident, response and actions were then recorded in an official report that was sent to relevant parties and retained on file.</p>

11.	<p>Private Discussion – Auditors and the Audit Committee</p> <p>LR from RSM 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 auditors.</p>
12.	<p>Dates of Future Meetings</p> <p>Thursday 29 June 2023 6.00pm-8.00pm - online</p>
13.	<p>Other Business</p> <p>There were no items of other business.</p>

Approved as an accurate record by the Audit Committee at its meeting on 4 July 2023

*Clare Mitchell
Director of Governance*