



Croydon
College



COULSDON
SIXTH FORM COLLEGE



Croydon
University
Centre

MEETING OF THE CROYDON COLLEGE AUDIT COMMITTEE
Tuesday 4 July 2023 at 6.00pm
Virtual Meeting

PART ONE MINUTES

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

In attendance: Clive Makombera, RSM (CM)
Shachi Blakemore, Buzzacott (SB)
Ann-Christine Harland, Vice-Principal Finance and Resources
Steven Phillips, Director of MIS (Item 5.iv)

Clerk: Clare Mitchell, Director of Governance

1.	<p>Apologies for Absence</p> <p>Fiona Chalk, the external governance reviewer, was unable to attend the meeting because of the change of date. Members agreed to the meeting being recorded. A copy of the recording would be sent to Fiona Chalk.</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 16 March 2023</p> <p>The Part One minutes of the previous meeting were approved as a correct record.</p>
4.	<p>Matters Arising not on the Agenda</p> <p>The Committee noted the updated action list. The update on the action relating to cyber security can be found in the Part 2 minutes of this meeting.</p> <p>The DoG reported that there would not be a separate risk register relating to the Ofsted inspection. A Single Improvement Plan was being developed which would encompass the Ofsted recommendations and the FE Commissioners' recommendations. This would be RAG rated and used to monitor progress at monthly meetings with the FEC and the ESFA, as well as Board and LQC meetings.</p>

5.

Internal Audit

The VPF&R expressed her disappointment that there were only two final internal audit reports on the agenda for this meeting. The follow up report had arrived while she was on leave. The Head of HR was awaiting the draft report on staff retention and the quality internal audit was not yet completed. The VPF&R indicated that she did not know when these reports would be available.

Action: RSM to update the VPF&R with a timeline for the remaining internal audit reports.

i) Internal Audit Progress Report

The Committee **noted** the progress report and the attached update on common issues found by RSM during ESFA funding assurance reviews.

ii) Follow Up Report

The VPF&R reported that the follow up report had not yet been finalised.

iii) Key Financial Controls – Income and Debtors

The Committee **noted** that the outcome of this internal audit was a reasonable assurance audit opinion with one medium and two low recommendations.

The medium recommendation related to debt chasing and stated that the College had not been compliant with its debt chasing procedures. The VPF&R explained that this was the result of a decision taken during the pandemic not to chase student debt in order to support students to continue their studies at a difficult time. The Chair noted that this had been communicated to Governors at that time.

The other two recommendations related to the signing off of credit notes by the Financial Controller and ensuring that the Fees Policy was in line with Debt Collection Procedure in respect of instalment plans.

iv) Learner Number Systems – Substantive

The Committee **noted** that this was an advisory report. The report raised one high and two medium recommendations.

The VPF&R expressed her disappointment that there was a high level recommendation in this report. This related to the requirement for evidence that an apprentice was involved in active learning throughout their apprenticeship. Apprentices studying English and maths are now subject to the same register recording systems as other students.

The Director of MIS joined the meeting for this item. A new weekly report had been implemented that would identify any apprentice who had not participated in learning for 28 days. The apprentice would either be put on a break in learning or withdrawn as appropriate. A retrospective exercise was also being undertaken to ensure there were no other instances of breaks in learning that needed to be reviewed to avoid funding being overclaimed. A trained assessor would now provide support to apprentices to record participation on OneFile.

	<p>The first medium recommendation related to robust evidence of off the job training hours, which would be addressed through retraining staff on the completion and review of off the job entries on OneFile. Staff were being trained to support students to record evidence and evidence was being reviewed retrospectively. MIS staff were also sampling records of off the job activity and providing training where necessary.</p> <p>The second medium recommendation related to documented evidence of monthly progress reviews for apprentices accessing learning support, with a progress review at least every 12 weeks. The main reason for longer gaps between progress reviews had been difficulty recruiting staff. This issue was now resolved. The College would now ensure that progress reviews took place every 12 weeks and it would be explicitly clear that employers should be involved in progress reviews. Reviews would be signed by all parties. CM stated that he was pleased with the responses to the recommendations and agreed that staff recruitment was a common problem in the sector.</p> <p>v) ESFA Subcontracting Audit</p> <p>The VPF&R reported that she was expecting the subcontractor audit very shortly from Scrutton Bland.</p>
<p>6.</p>	<p>Post 16 Audit Code of Practice 2022/23</p> <p>The DoG outlined the changes to the Audit Code of Practice. The most significant of these related to the ONS reclassification of FE Colleges as public sector in November 2022. The implications of reclassification would require changes to a number of key documents such as the Scheme of Delegation, the Financial Regulations and the Terms of Reference of the Remuneration Committee.</p>
<p>7.</p>	<p>External Audit 2022/23</p> <p>SB outlined the key issues that would be focused on during the external audit. The external auditors were now required to consider the College’s compliance with Managing Public Money as part of its regularity report. There was also an additional requirement to review the control environment and identify if it had any bearing on the College’s financial data. The College would be required to complete a questionnaire and the auditors would conduct a walk-through of IT access rights. These new requirements would be in addition to audit of items such as bank loan covenants, estates work and the College’s insurance claim</p> <p>These two additional elements were reflected in the 16% increase in this year’s fee. The increased fee was also a result of high inflation rates and the need to recruit and retain staff to undertake audits in the FE sector. The Chair noted that the engagement letter between Buzzacott and the College included a guideline in terms of fee increases, which linked increases to CPI. SB accepted that this was the case, and was aware the Colleges were only receiving a 2% increase in funding in 2023/24, but the firm had to take into account the points she had raised above.</p> <p>In terms of the sector, cyber security was a significant issue and it was pleasing to see the College taking it so seriously. There would also be focus on pay and the disclosure of pay in the financial statements, particularly for the P&CEO.</p>

	<p>SB also noted the DfE proposal to change the year end date for Colleges to 31 March. If implemented, this would have a very significant impact both for Colleges and auditors.</p> <p>The Audit Committee recommended the external audit strategy for 2022/23 and the associated fee to the Board for approval.</p>
<p>8.</p>	<p>Internal Audit Plan 2023/24</p> <p>The VPF&R reported that the internal audit plan had been discussed with management and contained a mix of areas. The internal audit plan was a three year rolling plan.</p> <p>The Audit Committee was asked to comment on the plan. The VPF&R noted that health and safety and GDPR were priority areas as was the proposed Safeguarding internal audit ahead of the next Ofsted inspection. Financial controls would focus on procurement. The follow up internal audit could be on the 2022/23 quality internal audit depending on the recommendations raised.</p> <p>The VPF&R still hoped to achieve cyber essentials plus by 2025/26, which was an audited standard. CM noted that RSM undertook Cyber Essentials Plus audits. There would also be an internal audit of estates maintenance in 2025/26. CM noted that if the College's risk profiles changed then the plan could be revised.</p> <p>The proposed fee from RSM had initially been 17% higher than the previous year, but parts of the plan had been refocussed to bring the fee increase down to 10%. The Committee thanked RSM for reconsidering their fee.</p> <p>The Audit Committee recommended the internal audit strategy for 2023/24 and the associated fee to the Board for approval</p>
<p>9.</p>	<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.</p> <p>ii) Reports on any additional work required by Auditors</p> <p>There was nothing to add to what had been reported to the March 2023 meeting of the Committee.</p>
<p>10.</p>	<p>Risk Management</p> <p>i) Risk Register – Summer 2023 Update</p> <p>The VPF&R introduced the risk register provided to the Committee, which had been reduced so that it only included the sub risks for each Strategic Objective which were RAG rated as red. The full risk register had grown significantly because it reflected the cycle of activities during the year and was updated termly by the Executive Team. The FE Commissioners had commented that the full risk register was too long and detailed for Governors, making it difficult for them to identify the most important areas.</p> <p>The VPF&R noted that in her view the red risks did reflect the most significant risks facing the College including work experience and enrichment, which had been</p>

	<p>identified as areas of weakness by Ofsted. There was also a red risk relating to a possible drop in enrolments at the Coulsdon Campus in 2023/24. Red risks in HR related to talent management and performance improvement.</p> <p>The Audit Committee agreed that this new approach was helpful. While it was possible that one of the amber risks needed more scrutiny, this should be identifiable from the changes to risk scoring, which would continue to be included in the cover paper. The Audit Committee could then request further information if needed.</p> <p>The Committee agreed that the new format of the risk register should continue.</p> <p>The VPF&R stated that the termly update to the full risk register would be published on the Governors' Portal.</p> <p>Action: VPF&R/DoG - termly update to the full risk register to be published on the Governors' Portal.</p> <p>The Committee approved the Summer term update to the Risk Register</p> <p>ii) Deep Dive</p> <p>The Committee did not identify an area for a deep dive at its next meeting.</p>
<p>11.</p>	<p>Review of Policies</p> <p>i Risk Management Policy</p> <p>The VPF&R reported that the Risk Management Policy was now reviewed annually and the section on risk appetite was now reviewed by the Board. The VPF&R was not recommending any changes to the policy but asked the Committee if they would like to recommend any changes to the section on risk appetite.</p> <p>The Committee did not recommend any changes at the current time but asked that consideration be given to whether a specific risk appetite in relation to diversity/EDI should be included at a future date.</p> <p>The Committee recommended the Risk Management Policy to the Board for approval.</p>
<p>12.</p>	<p>Review of Committee Terms of Reference</p> <p>The Committee approved one minor change to the terms of reference to make it explicit that Part 2 minutes would not be published.</p> <p>The Audit Committee recommended its revised terms of reference to the Board for approval.</p>
<p>13.</p>	<p>Private Discussion – Auditors and the Audit Committee</p> <p>Both sets of auditors indicated that there was nothing that they wished to discuss in private with the Committee. Committee members indicated that they had nothing they wished to raise privately with the auditors.</p>
<p>14.</p>	<p>Dates of Future Meetings</p>

	Thursday 16 November 2023 6.00pm-8.00pm - online Thursday 14 March 2024 6.00pm-8.00pm - online Thursday 27 June 2024 6.00pm-8.00pm - online TBC
15.	<p>Other Business</p> <p>i Identification of any training needs for Audit Committee members</p> <p>The Committee did not identify any particular training needs. The auditors provided regular updates on key issues affecting FE Colleges e.g. the reclassification of FEC College as public sector. The Chair asked when the VPF&R had last delivered her training session on FE funding streams. Jean Cook noted that the GDP included modules on Audit, which new Governors might find helpful.</p>

Approved as an accurate record by the Audit Committee at its meeting on 16 November 2023

*Clare Mitchell
Director of Governance*