



Croydon  
College



**COULSDON**  
SIXTH FORM COLLEGE



Croydon  
University  
Centre

**MEETING OF THE CROYDON COLLEGE AUDIT COMMITTEE**  
**Thursday 16 November 2023 at 6.00pm**  
**Virtual Meeting**

**PART ONE MINUTES**

**Present:** Andrew Gilchrist (Chair)  
Frederick Law  
Jonathan Brookes  
Nasim Jivani Hemani (attending for this meeting only to ensure quoracy)

Louise Cretton (Item 5 only)  
Andrew Lowe (Item 5 only)

**In attendance:** Thomas Parker, RSM (TP)  
Shachi Blakemore, Buzzacott (SB)  
Ann-Christine Harland, Vice-Principal Finance and Resources

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

<b>1.</b>	<b>Apologies for Absence</b>  The Chair welcomed Jonathan Brookes to his first meeting of the Audit Committee.  There were no apologies for absence.
<b>2.</b>	<b>Declarations of Interest</b>  The Chair declared that he was currently a Governor at Brooklands College.
<b>3.</b>	<b>Minutes of the Part One Meeting held on 16 March 2023</b>  The Part One minutes of the previous meeting were <b>approved</b> as a correct record subject to a number of minor amendments.  <b>ACTION: DoG to amend the minutes of the meeting on 16 March 2023</b>
<b>4.</b>	<b>Matters Arising not on the Agenda</b>  The Committee <b>noted</b> the updated action list. Two of the three actions had been completed and the third was not yet due.

<p>5.</p>	<p><b>Financial Statements and Regularity Report 2022/23</b></p> <p><b>i Regularity Audit Self-Assessment Questionnaire (RSAQ) 2022/23</b></p> <p>The Committee <b>reviewed</b> the completed RSAQ. The VPF&amp;R reported that the questions in the RSAQ covered the regularity and probity of the use of government funds and were set by the DfE. There were a number of additional questions relating to the five conditions in Managing Public Money (MPM) which Colleges were required to comply with since their reclassification as public sector organisations in November 2022.</p> <p>SB stated that the completed RSAQ had been used as the basis for checks during the external audit. Data analytics had been used to undertake sample checks, with particular emphasis on the new requirements under MPM. No issues had been found.</p> <p>The Committee asked whether a procurement framework was in place. The VPF&amp;R stated that Appendix A of the Financial Regulations set out the level at which procurement was required. The College belonged to a number of procurement frameworks. There would be an internal audit of procurement and payments in 2023/24.</p> <p>The Committee <b>recommended</b> the completed RSAQ to the Board for approval.</p> <p><b>ii Draft Financial Statements 2022/23</b></p> <p>The VPF&amp;R presented the draft financial statements, which had been reviewed by the Finance and Resources Committee at its meeting on 8 November 2023.</p> <p>There had been no changes to the accounting policies or disclosures required in 2022/23. The VPF&amp;R drew the Committee’s attention to the disclosures relating to the P&amp;CEO’s remuneration which had been in place for the previous two years.</p> <p>The College’s year end position was at the very top of the ESFA’s calculations for a financial health score of good. Once the College financial forecasting return (CFFR) had been completed, it was possible that the College’s financial health score could move to outstanding.</p> <p>The VPF&amp;R confirmed that, to date, there had been no subsequent events that need to be declared in the financial statements.</p> <p>The Committee queried why the College only paid 81% of suppliers within 30 days, given that the target was 95%. The VPF&amp;R replied that because curriculum staff were often absent during holidays, a large number of payment approvals came to finance at one time and/or were delayed.</p> <p>A control weakness had been identified in the internal audit of Learner Number Records (LNR). This had been addressed but had not yet been confirmed as completed by RSM through their regular follow-up report. The VPF&amp;R was asked to reflect this in the financial statements.</p> <p><b>Action: VPF&amp;R to reflect the fact the actions taken to address the control weakness identified in the LNR internal audit had not yet been confirmed as completed by RSM.</b></p>
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The VPF&R reported that although the year end position for 2022/23 had been a surplus of £838K it had been necessary to run some classes with low numbers e.g. T levels which made a lower contribution to central costs.

The Committee asked if Buzzacott wanted to raise any concerns about the financial statements. SB confirmed that the external audit had not identified any issues that needed to be brought to the attention of Governors.

The Committee noted that the increase in employer contributions to the TPS would be funded by the DfE in 2023/24 and 2024/25.

The Committee **reviewed** the financial statements and **recommended** their approval to the Board, subject to the amendments noted above.

### **iii Audit Completion Report and Letter of Representation 2022/23**

SB reported that the audit work was complete and there were no concerns. However, the ESFA needed to provide the final fund reconciliation and confirmation was needed that there were no post balance sheet events that impacted on the financial statements before Buzzacott could sign off the accounts.

The ESFA also needed to confirm that the sub-contracting standard had been met. It was possible that this would not be received before the deadline for submission of the financial statements. However, the level of subcontracting undertaken by College was not material and would not prevent the accounts being signed off.

Clean audit opinions had been issued for both the statutory and regularity audits. SB explained that sample checks took place as part of the external audit with a focus on income recognition and accounting estimates e.g. the costs and insurance settlement following the flood. SB confirmed that the College had complied with its bank covenants.

From 2022/23, there was also an additional requirement to review the control environment and identify if it had any bearing on the College's financial data. There were no recommendations in this area and the College, having achieved cyber essentials accreditation, was in a better position than most. The requirement to include leases on balance sheets had been delayed until 2027/8.

Two minor observations had been made: both at Grade C. The first point had been raised the previous year and related to increasing the accuracy of holiday pay accrual. The second point related to a number of policies on the College website that were out of date.

### **ACTION: VPF&R and DoG to address the actions raised in the Audit Completion Report**

SB reported that the College was one of a number that had achieved a higher surplus than budgeted. FE Colleges' finances had generally been positively impacted by the increase in interest rates and additional funding from the DfE.

The Committee asked how the external auditors took account of the internal audit work that had taken place during the year. SB explained that the outcome of the internal audit on the individual learner record (ILR) was taken into account at the start of the audit when assessing the risk of income being misstated. If internal

	<p>audits had raised higher level recommendations, there was likely to be more sampling in those areas.</p> <p>SB confirmed that there were no changes to the letter of representation from the previous year and thanked the VPF&amp;R and her team for their assistance with the external audit.</p> <p>The Committee <b>reviewed</b> the Audit Completion Report and <b>recommended</b> the Letter of Representation to the Board for approval</p>
<p><b>6.</b></p>	<p><b>Audit Committee Annual Report 2022/23</b></p> <p>The Committee noted that the value for money annual report for 2022/23 was not included in the report as it would be coming to the March 2024 meeting of the Committee. It was agreed that a paragraph should be included on the external governance review undertaken in 2022/23.</p> <p>The quality assurance internal audit had resulted in an reasonable assurance opinion. This needed to be corrected in the report and checked in the financial statements.</p> <p><b>ACTION: DoG to amend the Audit Committee Annual Report</b></p> <p><b>ACTION: VPF&amp;R to check the outcome of the quality assurance internal audit was correct in the financial statements</b></p> <p>The Committee <b>recommended</b> the Audit Committee Annual Report to the Board for approval and submission to the ESFA, subject to the requested amendments.</p>
<p><b>7.</b></p>	<p><b>Internal Audit</b></p> <p><b>i) Internal Audit Progress Report</b></p> <p>The Committee <b>noted</b> the progress report.</p> <p><b>ii) Staff Retention</b></p> <p>The Committee <b>noted</b> that this report was advisory so there was no assurance rating. The report had raised seven medium and five low level recommendations.</p> <p>The VPF&amp;R reported that the HR internal audit had been undertaken by a specialist from RSM. The original draft had contained a large number of recommendations. The recommendations had now been rationalised into the key areas which would have the most impact. The recommendations represented best practice. No fundamental deficiencies had been identified.</p> <p>A number of the recommendations were in areas that the Head of HR had already undertaken further work e.g. to reduce reliance on agency staffing and the introduction of a corporate induction for new staff. Some recommendations had already been completed. However, the timescale for completing some of the other recommendations would need to be extended given the HR team’s current workload (See minute 9.i).</p> <p><b>iii) Quality Assurance</b></p>

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

The VPF&R reported that this internal audit had been delayed by the Ofsted inspection and the absence of the relevant Vice Principal. Quality assurance was under particular scrutiny by Ofsted and the ESFA/FEC following the outcome of the Ofsted inspection.

**iv) Follow up report**

The Committee **noted** the outcome of the follow up internal audit, which covered the recommendations from four internal audit reports from 2021/22.

The internal audit opinion was one of good progress. Four of the five actions followed up had been completed and the remaining action was in progress.

**v) Annual Internal Audit Report and Opinion 2022/23**

The Committee **noted** RSM's annual internal audit opinion that *"the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."*

TP reported that the College was in a good position and that it was difficult to achieve a higher assurance rating

The Chair asked whether it was realistic for management to provide responses to draft recommendations within 10 days. The VPF&R stated that responses could take longer if additional evidence needed to be collected. TP noted that this was a two way process and RSM also needed to chase responses. From now on the VPF&R and TP would be meeting monthly to review progress.

TP gave an update on the 2023/24 internal audit programme. The field work for the health and safety internal audit was now complete. The scope had been agreed for the audits of safeguarding and GDPR. For 2023/24 the audits would be phased so that the final internal audit reports came to the March and June 2024 meetings rather than being carried over into the following financial year.

**vi) Risk and Assurance Report on Subcontracting Standard 2022/23**

The Committee **noted** the outcome of this report, which had been undertaken by Scrutton Bland

The VPF&R explained that this was the first audit against the ESFA's new subcontracting standard. The value of the College's subcontracting in 2022/23 had been relatively low and the College aimed to cease subcontracting in 2024/25.

The report indicated that the College was fully compliant in seven of the ten categories set out in the subcontracting standard and partially compliant in three. As there was some overlap between each of the categories of assessment, two recommendations had been made in regard to contract clauses and joint training. Both recommendations had now been completed.

The ESFA had yet to issue any outcomes from the reports submitted. There were three possible outcomes:

	<ul style="list-style-type: none"> <li>• Standard met – subcontracting could continue for another three years</li> <li>• Standard partially met - subcontracting could continue for another three years subject to addressing the recommendations.</li> <li>• Standard not met – this outcome could impact on whether a College was a going concern if it undertook a high level of subcontracting.</li> </ul>
8.	<p><b>External Governance Review and Action Plan</b></p> <p>The Committee <b>reviewed</b> the action plan. The DoG reported that the action plan had also been reviewed by the Search and Governance Committee. At the request of the FEC/ESFA, the action plan covered a three year period. The Search and Governance Committee’s view was that the action plan should remain at a high level with a focus on the five recommendations prioritised by the Board.</p> <p>The action plan had also been shared with the Executive as a number of the actions would need to be progressed by members of the Executive Team.</p> <p>New Governors would be asked to introduce themselves and provide information on their background at the Governor Day and the register of interests would be circulated to all Governors so they were aware of each other’s skills and experience.</p> <p><b>ACTION: DoG - new Governors to be asked to introduce themselves and provide information on their background at the Governor Day</b></p> <p><b>ACTION: DoG - register of interests would be circulated to all Governors so they were aware of each other’s skills and experience</b></p> <p>It was agreed that there should be a survey of Governors following the December Governor Day asking for their views on the governance changes that had been implemented.</p>
9.	<p><b>Standing Items</b></p> <p><b>i) Audit Recommendation Tracker</b></p> <p>The VPF&amp;R stated that the detailed tracker was available on request. Of the 33 actions raised, the College had completed 73% (24). A number of the HR actions had due dates later in 2023 and into 2024, The one high priority action and all but six of the medium priority actions had been actioned or were in progress within the set deadline. Three of the low level actions had not yet been completed.</p> <p>All of the actions from the secure remote working, learner numbers systems and follow up internal audits had been completed.</p> <p>The Heads of Service for HE and Finance had requested that five of the due dates (two for the internal audit of income and debtors and three for retention) were extended.</p> <p>The Committee <b>approved</b> the extension of the due dates for these five actions.</p> <p><b>ii) Report on fraud/corruption and GDPR issues</b></p> <p>The VPF&amp;R confirmed that there were no incidents to report.</p>

	<p>iii) <b>Report on any additional work required by Auditors</b></p> <p>The VPF&amp;R reported that Buzzacott had undertaken the audit of the TPS submission as part of their contract with the College. There had been no additional audit work in 2022/23.</p>
<p>10.</p>	<p><b>Risk Management</b></p> <p>i) <b>Annual Risk Report 2022/23</b></p> <p>The report covered the reporting of the risk register in 2022/23 and the recent changes to the risk register. The report also set out the deep dives undertaken by Committees during 2022/23.</p> <p>The key points identified in the annual risk report were as follows:</p> <ul style="list-style-type: none"> <li>• In June 2022, the College had two high risks: 2.3 relating to achievement risks at Coulsdon and risk 4.1 relating to staffing recruitment concerns. The risk at Coulsdon was reduced during the year by the Principal at Coulsdon. However, it was clear now that the pace and impact of actions for turnaround at Coulsdon had been overestimated, and these were taking longer.</li> <li>• The move to a shared culture across both campuses had not been quick enough. This risk was not carried over from the post-merger action plan, as it was not assessed as high enough to be pulled through from the risk register at curriculum level.</li> <li>• The management of risks at the Executive level required improvement. Going forward, the VPF&amp;R would schedule a risk assessment meeting for the Executive before each round of Committee/Board meetings to discuss new mitigations or risks and agree the scoring. In future the SMT and the new Director of Quality would have more input into the risk register at a strategic level.</li> <li>• The 2022/23 Risk Register did include a number of non-curriculum risks, e.g. staff shortages, risks to grant income, cyber risks, health and safety, estates and capital projects as well as the flood, which were well managed. Some of these continued to be in the new 23/24 risk register.</li> </ul> <p>The Committee <b>approved</b> the Annual Risk Management Report for 2022/23.</p> <p>The report also included updates on the risk register for 2023/24. The Risk Register had been reduced in size to 12 key strategic risks. Six of these were curriculum and Ofsted related, two of which were reputational and four related to HR staff recruitment, finance, cyber security and estates. The risk register included a new risk relating to the security of staff and students following an increase in incidents in the local area during the Autumn term. The new risk register would be shared with the Committees during the Autumn term. The first draft of the updated risk register would be presented to the Board in December 2023. Following the Board meeting the 2023/24 risk register would be sent to the FEC for comment. The VPF&amp;R asked for Committee members to send her any comments.</p> <p><b>ACTION: Committee members to send any comments on the 2023/24 risk register to the VPF&amp;R</b></p>

	<p>The Committee indicated that the risk overview on the first page of the risk register was helpful.</p> <p>The Committee asked whether the risk register should include the potential impact of the outcome of the forthcoming general election. The VPF&amp;R stated that she did not see any of the outcomes as a potential detriment to the FE sector or the College. However, the outcome of the London Mayoral election could impact on the College's GLA AEB funding stream. The VPF&amp;R would discuss whether the outcome of elections should be included in the risk register with the P&amp;CEO.</p> <p><b>ACTION: VPF&amp;R to discuss whether the outcome of elections should be included in the risk register with the P&amp;CEO</b></p> <p>The VPF&amp;R considered that there was a risk relating to the potential impact of defunding of existing L3 qualifications.</p> <p>The Committee <b>reviewed</b> the Autumn term update to the Risk Register</p>
<b>11.</b>	<p><b>Annual Information Governance Report 2022/23</b></p> <p>The Committee <b>noted</b> the annual information governance report for 2022/23. There had been no incidents that required reporting to the ICO in 2022/23. There had been two near misses that had resulted in further training for the staff concerned.</p> <p>Compliance with online data protection training for staff was at 92%. HR were now working to ensure that all sessional and temporary staff completed this training. A compliance figure below 90% would be a cause of concern.</p> <p>The College had asked RSM to carry out an internal audit on GDPR commencing on 27 November 2023.</p> <p>An agreement to share data was now in place with the College's subcontractors. A similar agreement was in place to share confidential data with the local authority and the police. New software was in place to ensure that payroll data could not be sent outside the College.</p>
<b>12.</b>	<p><b>Private Discussion – Auditors and the Audit Committee</b></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>
<b>14.</b>	<p><b>Dates of Future Meetings</b></p> <p>Thursday 14 March 2024 6.00pm-8.00pm - online Thursday 20 June 2024 6.00pm-8.00pm - online</p>
<b>15.</b>	<p><b>Other Business</b></p> <p><b>i Identification of any training needs for Audit Committee members</b></p> <p>The VPF&amp;R was asked to deliver her training session on FE funding streams to new Governors and any other Governors who were interested.</p>



*Approved as an accurate record by the Audit Committee at its meeting on 19 March 2024*

*Clare Mitchell  
Director of Governance*