



Croydon
College



COULSDON
SIXTH FORM COLLEGE



Croydon
University
Centre

MEETING OF THE CROYDON COLLEGE AUDIT COMMITTEE
Thursday 20 June 2024 at 6.00pm
Virtual Meeting

PART ONE MINUTES

Present: Andrew Gilchrist (Chair)
Jonathan Brookes (JB)
Frederick Law (FL)
Nasim Jivani Hemani (attending for this meeting)

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

Clerk: Clare Mitchell, Director of Governance

1.	Apologies for Absence There were no apologies for absence.
2.	Declarations of Interest The Chair declared that he was currently a Governor at Brooklands College.
3.	Minutes of the Part One Meeting held on 19 March 2024 The Part One minutes of the previous meeting were <u>approved</u> as a correct record subject to two minor amendments. ACTION: DoG to amend the minutes of the meeting on 19 March 2024
4.	Matters Arising not on the Agenda The Committee <u>noted</u> the updated action list. All actions had been completed.

<p>5.</p>	<p>Internal Audit</p> <p>i) Internal Audit Progress Report</p> <p>The Committee noted the progress report.</p> <p>ii) GDPR</p> <p>The Committee noted that this was an advisory report and no audit opinion had been given. The report included four medium priority and three low priority recommendations alongside 11 areas where good practice was noted. Of the medium points, two related to staff training on induction and refresher training.</p> <p>The College had also significantly increased its email controls and moved to more secure portals for confidential information. Safeguarding referrals to Croydon Council were now made direct through the CPOMS system to reduce the risk of human error.</p> <p>The Committee asked whether the audit had covered data protection impact analysis. The VPF&R confirmed that checks were undertaken when third parties were engaged by the College.</p> <p>TP reported that the outcome of this internal audit was positive compared to other Colleges.</p> <p>A number of recent internal audits, such as safeguarding, had identified staff training as an issue. The Committee was assured that this was being addressed and that the College was now using a new platform for its online training. Discussions were taking place about the best format for refresher training.</p> <p>iii) Follow Up Report</p> <p>The Committee noted that in the opinion of the internal auditors the College was making good progress on implementing the recommendations from internal audits in 2022/23. There were three recommendations outstanding; all scheduled for completion by the end of 2023/24.</p> <p>There were two internal audit reports outstanding for 2023/24. One related to learner numbers and the other to payments and procurement. In both cases the field work had been completed but the recommendations needed to be reviewed by the relevant teams. Both internal audit reports would come to the November 2024 meeting of the Audit Committee.</p> <p>Action: DoG/VPF&R to bring the remaining internal audit reports from 2023/24 to the Audit Committee meeting in November 2024</p>
<p>6.</p>	<p>ESFA Funding Assurance Report 2022/23</p> <p>The Committee noted the ESFA funding assurance report from Mazars. This report was based on 2022/23 learner records. The funding audit covered the 16-19 grant, Apprentices, Adult Learner Loans and AEB (which included subcontracted provision). In each area the error rate was less than 5%, which led to an overall satisfactory conclusion on the use of funds. The maximum amount of funding that could be clawed back was £127,481.</p>

	<p>The College was contesting the interpretation of the Funding Guidance Annex which had led to £104k of the potential clawback, which was in relation to ‘planned hours’ for Study Programmes for 16-19 learners who withdrew after 42 days. The College was still awaiting a response, so the VPF&R could not yet assess the final amount that could be reclaimed by the DfE. Any claw back would be from the 2024-25 grant profile.</p> <p>The completion of Mazars’ recommendations would be reviewed as part of the next internal audit follow up report.</p>
7.	<p>Confirmation of Compliance with the Subcontracting Framework</p> <p>The Committee noted that the ESFA had now confirmed that the College had met the conditions to achieve the subcontracting standard for the 2022/23 funding year and therefore could continue to subcontract until 2025/26 when the next compliance review was due. The VPF&R confirmed that the College was not planning to subcontract from 2024/25.</p>
8.	<p>Post 16 Audit Code of Practice 2023/24 and College Financial Handbook</p> <p>The Committee noted the publication of the Post 16 Audit Code of Practice (ACOP) for 2023/24. There were a number of minor changes from the 2022/23 edition. The most significant was that with effect from 1 April 2024 onwards, the DfE would no longer require Colleges to complete and submit an audited Annex G return in respect of discrete areas of DfE funding, e.g. the Post 16 tuition fund. These returns would be required only when requested by DfE</p> <p>The VPF&R reported that each year the DfE issued a report on issues found as a result of funding audits. These reports now had to be explicitly referred to in the financial statements.</p> <p>The Committee also noted the publication of the College Financial Handbook. The requirements of the handbook came into effect on 1 August 2024. These included the requirement for a formal reserves policy. Colleges would be required to include a narrative in their financial statements setting out their level of reserves and how any differences from the policy would be addressed.</p> <p>The College’s reserves policy had been reviewed by the Finance and Resources Committee and would be presented to the Board for approval at its meeting on 3 July 2024.</p>
9.	<p>External Audit 2023/24</p> <p>i) External Audit Strategy</p> <p>The Committee reviewed the external audit strategy for 2023/24 and the associated fee. SB reported that in the light of the College’s deficit in 2023/24, income recognition, bank covenants and going concern requirements were seen as high risk areas and would receive more focus.</p> <p>There were no fundamental changes to the audit approach in 2023/24. There were no additional requirements in terms of compliance with Managing Public Money (MPM) in 2023/24. Compliance with MPM had been reviewed as part of the 2022/23 external audit.</p>

	<p>The proposed maximum fees would total £32,860 + VAT compared to £31,000 + VAT last year, a 6% increase. In addition, the College was required to have its annual teachers' pension submission audited and these costs were proposed at £900, compared to £850 the previous year, an increase of 5.8%.</p> <p>The Committee queried the reason for the 6% increase in the fee. SB explained that this related to salary increases, which were needed to address significant challenges in recruiting and retaining external audit staff. The number of new auditors wishing to enter this sector had decreased. The VPF&R commented that the College would only receive a 1.9% increase in funding for its largest grant in 2024/25 and only 3% inflation had been included in the non-pay budget for 2024/25. The additional costs would need to come from another cost centre</p> <p>There were two letters of engagement from Buzzacott to be signed by the College; one relating to the external audit and the other to the separate audit of the Teachers' Pension.</p> <p>The Audit Committee recommended the external audit strategy for 2023/24 and the associated fee to the Board for approval.</p>
<p>10.</p>	<p>Internal Audit Plan 2024/25</p> <p>i) Internal Audit Plan and Fee for 2024/25</p> <p>The internal audit plan included internal audits of payroll, estates maintenance and cyber security. The cyber security audit would include the College's disaster recovery plans. The plan also included an audit of compliance with the College's Financial Handbook.</p> <p>The cost was £34,700 + VAT for 48 days, compared to £31,950 + VAT for 46 days last year; an increase of 8.6%. This included a temporary additional two days of follow up work, due to the increased number of medium points in 2023/24. RSM would be asked if days could be reduced in other planned areas to avoid this additional cost.</p> <p>The Audit Committee recommended the internal audit plan for 2024/25 and the associated fee to the Board for approval.</p>
<p>11.</p>	<p>Standing Items</p> <p>i) Report on fraud/corruption and GDPR issues</p> <p>The VPF&R confirmed that there were no incidents to report.</p> <p>ii) Report on any additional work required by Auditors</p> <p>The VPF&R confirmed that there was no additional work to report.</p>
<p>12.</p>	<p>Risk Management</p> <p>i) 2023/24 Risk Report as at June 2024</p> <p>The Committee reviewed the changes to the risk register. The titles of two risks had changed (R1 and R11), one risk had increased to medium (R1) and one had reduced to Low (R3).</p>

Risk 1 had been redrafted as the Ofsted inspection would not take place until Autumn 2024. Risk 1 now addressed the risk of not attaining a Good outcome (rather than RI); the risk had been assessed as Medium.

Risk 11 now included the risk of not meeting new curriculum needs. These included moving from Moodle to Teams and implementing quality systems improvements. The risk scoring remained low as the teams involved had the capacity to support these changes. AI might also be introduced with the aim of reducing teachers' workloads.

Risk 3 had reduced to low as both Board members and staff were now heavily involved in developing the next strategic plan, which was due to be approved by the Board at its meeting on 3 July 2024.

The Committee challenged the scoring for risk 9 "inability to recruit and retain staff", which was scored at amber rather than red. The VPF&R noted that the Head of HR had reported progress in this area to the Finance and Resources Committee. The number of agency staff had reduced to 16 and staff had been recruited to almost all hard to fill posts.

The VPF&R noted that the report from the capacity and capability review had recommended that the Board should spend more time on the risk register and focus on the mitigations. The Audit Committee agreed that it would undertake a deep dive into one specific risk at each meeting. Once a year risk would be the first item on the agenda.

Action: DoG to include a deep dive into one specific risk on the agenda for each meeting and ensure that once a year risk was the first item on the agenda

The Committee asked TP whether there was a standard format for strategic risk registers across FE Colleges and whether the College's risk register was moving in the right direction. TP reported that there was no standard format and the most important factor to consider was whether the format of the risk register promoted discussion. TP was asked to share anonymised risk register formats from other Colleges.

Action: TP to share anonymised risk register formats from other Colleges

The DoG would also recirculate the RSM internal audit of risk management arrangements to members.

Action: DoG to recirculate the RSM internal audit of risk management arrangements to members

ii) Focus of Next Deep Dive

The Committee **agreed** to undertake a deep dive into strategic risk 2 at its next meeting. The Coulsdon Principal would be asked to attend. The Committee wished to challenge the assurance that a 10% increase in improvement outcomes at the Coulsdon Campus would be achieved.

Action: DoG to ask the Coulsdon Principal to attend the next Audit Committee meeting for the deep dive into strategic risk 2

13.	<p>Policies</p> <p>i) Risk Management Policy</p> <p>The Committee reviewed changes to the risk management policy and recommended it to the Board for approval. The VPF&R reported that the Board was asked to review its risk appetite annually. Student experience was now included within the risk appetite section of the policy, as part of the curriculum risk. Student experience was considered by Ofsted as part of their inspections.</p> <p>ii) Review of Whistleblowing Policy</p> <p>The Committee approved changes to the whistleblowing policy, subject to providing a central email address for raising whistleblowing concerns.</p> <p>ACTION: DoG to ensure the updated whistleblowing policy included a central email address for raising whistleblowing concerns</p>
14.	<p>Review of Committee Terms of Reference</p> <p>The Committee reviewed its terms of reference and agreed that no amendments were required. This would be confirmed to the Board.</p> <p>Action: DoG to informed the Board that no amendments were required to the Audit Committee terms of reference</p> <p>The VPF&R confirmed that the annual report on IT and cyber controls would come to the next meeting of the Committee.</p> <p>Action: Annual report on IT and Cyber controls to come to the next meeting of the Committee</p>
15.	<p>Private Discussion – Auditors and the Audit Committee</p> <p>TP and SB stated 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>
16.	<p>Dates of Future Meetings</p> <p>Thursday 14 November 2024 6.00pm-8.00pm - online Thursday 6 March 2025 6.00pm-8.00pm - online Thursday 19 June 2025 6.00pm-8.00pm - online</p>
17.	<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 14 November 2024

*Clare Mitchell
Director of Governance*

