



Croydon
College

**CROYDON COLLEGE BOARD OF GOVERNORS
AUDIT COMMITTEE**

Tuesday 23 February 2016

MINUTES

GOVERNORS: Craig O'Donnell (Chair)
Caroline Allen
Coral Josephs (staff governor)
Mark Wilson (co-opted Audit Committee member)

ALSO ATTENDING: **Internal:**
Frances Wadsworth (Principal and Chief Executive)
Keith Oxspring (Chief Operating Officer -COO)
Andy Smith (Deputy Chief Executive)
Jo Bland (Director of Human Resources)
Lesley Fooks (Director of MIS)

Auditors
Ruth Ireland (BDO)
Lorna Raynes (RSM)

CLERK: Melissa Drayson

APOLOGIES Matt Sims

QUORUM The meeting was quorate throughout

TIMING 6.05 – 7.14pm

Item
no,

1 **Preliminary Business** Chair

i. **Apologies for Absence**

The Chair opened by welcoming the new Staff Governor (business support), Coral Josephs, to the meeting.

No apologies had been received but it was noted that Matt Sims was absent.

ii. **Declarations of Interest**

No additional interests were declared

iii. **Minutes of the Meeting Held on 18 November 2015**

The Minutes were approved as an accurate record and were signed by the Chair.

iv. **Matters arising from the Minutes not already on the Agenda**

15.12: Update on migration to new MIS reporting software:
Lesley Fooks, Head of MIS

The migration of data to ProSolutions had started the previous Monday and the new system had gone live on 22 February. Line-by-line matching and reconciliations had been performed on ILRs, student numbers and funding. Once the new system had been stabilised, opportunities for further efficiencies would be explored. Staff feedback on the new system had been positive.

In audit terms, the robustness of the new system would be tested by the next student numbers audit, to be conducted by RSM in the summer. The MIS team tested the system weekly by running the ILR. The history of these tests was retained. A back up of the old system had also been kept as an additional safeguard.

2 Partnerships Audit

Supporting paper presented by Lorna Raynes, RSM

The SFA funding agreements for 2015/16 included a new annual subcontracting assurance requirement.

The focus of the audit had been on the contract management process, rather than sampling individual learner files. As the college had only two subcontractors, this had not been a complicated audit.

Three recommendations were made, all of which had been agreed with management. The COO reported that immediate action had been taken to address all three.

It was confirmed that all other matters were in line with funding guidance. The college had submitted the required signed certificate to the SFA, confirming that the arrangements are satisfactory.

3 Internal Audit 2015-16

Supporting papers by BDO

Follow up Report on Outstanding Recommendations

It was noted that the majority of recommendations were now complete. The Director of HR reported that the HR Strategy was work in progress and the revised Strategy would need to reflect changes in the sector, including the possible impact of the Apprenticeship Levy on the College. Governors asked if it was an Ofsted requirement to have an HR Strategy. It was confirmed that there was no specific requirement. It was noted that staff development was considered as part of Leadership and Management.

The HR Strategy would be developed over the next three months,

AGREED: that the draft HR Strategy be taken to the Finance and Resources Committee on 29 June.

DHR

Progress summary

It was noted that the internal audit of KPI reports and governance decision making had not been concluded and so could not be presented to the committee. Discussion between BDO and the Executive Team was currently underway to find the best way to progress. It was agreed that the scope needed more thought and perhaps a broader governance decision-making brief along the lines raised by the Chair at the November Audit Committee meeting would result in a more valuable piece of investigation.

Scoping meetings for the three remaining audits had been held with the intention that they would take place in March and April. The Safeguarding Governor, Caroline Allen, confirmed that she would review the scope of the Safeguarding Audit before it took place.

Caroline
Allen

Internal Audit Planning discussion paper

The paper had been produced by BDO following feedback from the last committee meeting to demonstrate how the plan had been developed to map against the College's key risk register. Governors commented that this provided useful context.

The Committee discussed how the table linking internal audit to key risks might be expanded to show how assurance was gained over all key risks. There were a number of template Board assurance frameworks in existence which it would be useful to consider.

It was queried whether the 25 days allocated to internal audit was in line with sector averages. BDO responded that most colleges contracted for approximately 30 days including the learner numbers audit, which was undertaken by RSM at Croydon. This was, therefore, in line with other colleges. The best approach was, however, to map internal audit to the Board's assurance requirements rather than to fit audit to a predetermined number of days. The option existed to commission specialist auditors for specific work to complement the core internal audit.

Agreed: that examples of Board Assurance Maps would be circulated to the Committee.

Clerk

4 Risk Management

Supporting paper presented by the Principal

The Committee received the termly assurance report on risk management processes and an overview of the current approach to risk, and the format of the risk register was provided for the benefit of new Committee members. The Executive Team had reviewed the risk register on 11 February and no changes were proposed. The outputs from the Board Strategic Planning Day on 1 February had been considered as part of this review.

A review of business continuity would be reported to Finance and Resources Committee on 1 March.

5 Data Protection Policy

Presented by the Chief Operating Officer and Director of MIS

The Policy had last been reviewed in March 2014 and no substantial changes were recommended. The ownership of Data Protection had recently passed to the Director of MIS, who had considerable of experience in this area.

Governor commented that the document was very comprehensive but advised that the College should be mindful of forthcoming EU Directives which would impact on policy. This was noted.

Questions were raised about the storage of sensitive information. It was noted that this was covered in the IT Security Policy which had been reviewed in November 2015. A particularly vulnerable area in organisations generally was data stored by third party providers. It was agreed that an assurance report would be provided to the Committee on the storage of sensitive data.

A query was raised over the wording of para 6.3.5, which seemed to imply that permission would be given for personal information to be downloaded and stored on other systems, such as encrypted memory sticks or 'cloud' databases. The auditors advised that the default position should be that such data should not be stored elsewhere. It was also suggested that the policy might be more explicit on staff responsibilities in the case of an accidental data protection breach.

RESOLVED: that the revised Data Protection Policy should be recommended to the Board for approval, with the following revisions:

- **Rewording of paragraph 6.3.5 regarding permissions for the storage of data on, for example, external hard drives, encrypted memory sticks and cloud based systems.** COO
- **Explicit cross-referencing with the Information Security Policy**

AGREED:

- (i) **That an assurance report should be brought to the Committee on systems and controls for the storage of sensitive data** COO
- (ii) **That the Chair of Audit would share papers on cyber threats with the College** Chair

6 Terms of Reference and Scheme of Delegation

Final revised version for approval

It was noted that the requirement for new governors to join the Committee had been removed, but the value for all governors in observing different committees was considered valuable for Board development.

RESOLVED: that the revised Audit Committee terms of reference be recommended to the Board for approval

7 Private discussion - auditors and the Audit Committee

The Auditors indicated that they did not wish to raise any matters confidentially with the Committee

8 Auditor performance review

The Principal reported on the issues and concerns which had arisen during the KPI reporting audit. The concerns as to the approach and capability of the auditor assigned to the work expressed by the Principal with BDO had been accepted and acknowledged. The lead partner had been positive and had offered new staff to undertake a governance audit, to include the original brief set by the Audit Committee around the information which informs the Board's strategic-level decision making.

The Committee expressed concern however that problems appeared to be ongoing in terms of the audits undertaken and improvement in the service and the assurance it provided the committee had been limited. Alternative arrangements were discussed and the Executive were charged with exploring options which could include replacing BDO, (though perhaps retaining BDO for the imminent Key Financial Controls), or commissioning assurance from specialist auditors in other areas such as safeguarding.

AGREED:

- (i) That the Executive Committee would consider options further and share these with the Chair and thence Committee in correspondence.**
- (ii) That feedback should be provided to BDO on the Committee's concerns.**

9 Dates of future meetings

7 June 2016 at 6.00pm

10 Any other business

There were no other urgent items of business.

The meeting closed at 7.14pm

Chair signature

Date