



Croydon
College

**CROYDON COLLEGE BOARD OF GOVERNORS
AUDIT COMMITTEE**

Wednesday 8 June 2016

MINUTES

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

ALSO ATTENDING: **Internal:**
Frances Wadsworth (Principal and Chief Executive)
Jo Bland (Director of Human Resources)
Paul Marsden (Director of IT and Estates) – item 7 only

Auditors
Bill Lumsden (BDO)
Mike Cheetham (RSM)

CLERK: Melissa Drayson

APOLOGIES Caroline Allen
Matt Sims was not present

Paul Jagger, BDO, was unable to attend.

QUORUM The meeting was quorate throughout

TIMING 6.05 – 7.16pm

Item
no

Preliminary Business

Chair

It was agreed that item 7, Data Protection update, would be taken first to allow staff to leave the meeting early. Bill Lumsden, BDO, was welcomed to the meeting and round table introductions were made.

1. Apologies for Absence

Apologies for absence and other absences were as above.

2. Declarations of Interest

No additional interests were declared

3. Minutes of the Meeting Held on 23 February 2016

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

Matters arising

3: Internal Audit

It was confirmed that the HR Strategy was on track to come to the Finance and Resources Committee (F&R) on 29 June. All other actions from 23 February had been completed.

4. Internal Audit

Supporting papers presented by Mike Cheetham, RSM

i. Internal Audit 2015-16. Key financial controls

The Key Financial Controls audit was an annual core audit which helped to inform the Board's overall internal control opinion which appeared in the end of year accounts.

The overall opinion was 'Green', with some minor housekeeping issues. Although not a concern, it was recommended that non-student finance debt should be kept under review by the College.

ii. Internal Audit Plan 2016-17

The aim of the plan was to reflect the key risks and challenges for both the College and the Sector.

Health and Safety had been included as the key area of risk-based assurance. This was supported along with the other areas of core assurance and other internal audit activity proposed.

Four areas of additional internal audit coverage were suggested which reflected key risks for the College, with a recommendation that at least two of these should be included in the 16-17 plan. The Committee supported the Executive's proposal to include Staff utilisation and HE data quality.

Governors found it helpful to see the three-year strategy, and queried whether there were any audits which needed to be brought forward in the light of the area review, a potential Ofsted and other strategic developments, e.g. curriculum planning. It was suggested that specialists in curriculum and quality might be approached to undertake audits and reviews in these areas.

It was recognised that the Internal Audit Plan would be likely to need further review in the light of the outcomes of the Area Review, other strategic discussions and changes in national policy. Nonetheless, it was essential to ensure a continued, strong focus on core business.

It was noted that safeguarding was not included on the plan as a separate audit and agreed that this should be added into the Plan for review every two years.

RESOLVED: that, subject to the addition of the safeguarding, Staff utilisation and HE data quality, it be recommended that the Board of Governors approve the 2016-17 Internal Audit Plan

5. FRS102 proposal

Supporting paper by the Chief Operating Officer and BDO

It was noted that the Finance and Resources Committee had reviewed in detail the changes arising from FRS102, in terms of both requirements on and choices for the College. The supporting paper provided the detail of the changes, and their impact on the presentation of the end of year accounts.

The choices to the College related primarily to the treatment of Government Capital Grants and Fixed Assets. The F&R Committee had requested that the Audit Committee provide an opinion on proposals to:

- a) Account for Government Grants on the accruals basis;
- b) Include buildings in the balance sheet at deemed cost at 1st September and not revalue thereafter
- c) Revalue land separate from buildings

The Committee was fully supportive of the three proposals. It was established, through questions, that there would be no objections from either regulators or funders to separating land and buildings in terms of revaluation.

6. External Audit

Supporting paper by BDO

The Financial Statements and Regularity Audit Plan for the 2015-16 financial year-end presented to the Committee. This covered both core areas, required by the JACOP and International Standards, and current areas of risk for the sector, namely revenue recognition, management override of controls and going concern.

Governors queried the degree to which pension's liability was a risk area. It was confirmed that Local Government Pensions Scheme presented a standard risk for colleges in terms of the liability held on the balance sheet. There was an additional risk of change to the College's contribution rate from 2017 as the triannual valuation was currently underway. The Committee noted the risk and recommended that the F&R Committee maintain a strong focus on pension liability.

FRC

It was reported that the main change from the current review of the JACOP would be that the Regularity Audit Self-Assessment Questionnaire would require completion and sign-off by the Board before the end of the financial year.

AGREED: that the Regularity Audit SAQ be completed by the Executive Team and the Clerk and be brought to the 12 July Board meeting for approval

COO/Clerk

RESOLVED: that it be recommended that the Board of Governors approve the Financial Statements and Regularity Audit Plan for the year ending 31 July 2016.

7. Data Protection

Supporting paper by the Director of IT and Estates

The Committee was reminded that the paper had been produced to provide additional assurance on systems and controls for the storage of sensitive data. It reflected the contents of the Data Protection Policy and Information Security Policy. Governors questioned and discussed the following key issues:

- Assurance around the storage of data in Cloud-based services was becoming stronger. This was primarily due to a move by service providers to store data within the EU. It was important to ensure that staff only stored sensitive information in Clouds which had been authorised by the College
- As a result of Internal Audit feedback, the IT system was now scanned hourly for viruses and malware. Regular communications were sent to staff warning of the risk of Phishing email, particularly as phishing was becoming more sophisticated and, hence, harder to pick up. The college had piloted fake phishing email to identify and offer training to staff who responded to them.
- System back-ups were held at Riddlesdown Collegiate through a reciprocal agreement.
- Full system restore tests, as part of business continuity assurance, were undertaken annually.

The Committee commented that the report had provided the assurance that they had been seeking.

8. Risk Management

Supporting paper presented by the Principal and CEO

The Committee noted the report and that a further report on OP3: Severe Business Disruption would be brought to the F&R Committee on 29 June.

There was a discussion around the need to include a specific risk relating to the need to ensure that there was sufficient capacity within the management team to cover both core business and the strategic challenges and potential changes that the college was currently facing. It was agreed that this should be expressed as an additional strategic risk, to be monitored by the whole Board and the Chair's Strategy Group.

AGREED: that an additional risk relating to managing business as usual whilst dealing effectively with possible transformation be added to the risk register.

Principal &
CEO

9/10 Private discussions

The Chair proposed that, in the place of the separate items for a) auditors and the audit committee and b), the executive and the audit committee, a general discussion should be held to evaluate how well the changeover and transition between audit firms had gone. Both RSM and BDO confirmed that it had been very helpful that the two firms already knew each other well, and that the transition had been smooth. The staff involved, in particular the COO, had been very

helpful and open.

11. Dates of 2016-17 meetings

These were confirmed as:

8 November 2016

21 February 2017

6 June 2017

All meetings would start at 6.00pm

10 Any other business

There were no other urgent items of business.

The Committee noted that this would be the Director of HR, Jo Bland's last appearance at Audit Committee as she would be retiring in the summer. Jo was thanked for her contributions to the Committee and wished the best of luck with her retirement.

The meeting closed at 7.14pm

Chair signature

Date