

**PRESENT:** Piers White (Chair)  
Caroline Allen  
Ben Geeson  
Shachi Patel  
Kene Ibezi  
Kate Ward

**ALSO ATTENDING:** Neil Blackmore (Clerk to the Governors)  
Jo Bland, (Director of HR) from item 2  
Chay Champness (Chief Operating Officer) from item 2  
Beth Davey (RSM Tenon, Internal Auditor)  
Frances Wadsworth (Principal)

**APOLOGIES** Stephan John

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**1 PRIVATE DISCUSSION - AUDITORS AND THE AUDIT COMMITTEE**

It was agreed that no discussion was necessary on this occasion.

**2 APOLOGIES FOR ABSENCE**

As noted.

**3 DECLARATION OF INTEREST**

No new declarations of interest were made.

**4 MINUTES OF THE MEETING HELD ON 21 NOVEMBER 2012**

The minutes of the meeting were agreed and signed as a true record.

**4.1 Matters Arising**

4.1.1. The Clerk's email to members of 5 December 2012 was noted, in which item 7 was addressed by receipt of confirmation that "the opinion of the (relevant) auditor is that the College has effective and adequate management, control and governance systems."

4.1.2 Re item 9, the COO outlined initial investigations into the impact of auto-enrolment, which suggested an estimated additional annual cost of £379K, equivalent to 2% of pay. After auto-enrolment, it will be more difficult for staff to opt out. The COO stated that there was more work to be done to assess possible impacts.

4.1.3 Re item 13, the COO stated that he had had discussions with the Internal and External Auditors about a replacement model for the FMCE. Both auditors had stated that no sector-wide models were yet emerging. The COO noted that Baker Tilly had a detailed list of checks which could be used as a base. Where any FMCE items were not covered here, these could be identified and assessed for referral to auditors, so that no oversight was lost with the phasing out of the FMCE. Governors supported this as a sensible way forward.

**ACTION:** COO to work with Chair of Audit to prepare a spreadsheet which identifies FMCE areas and compare this to Baker Tilly thorough external Audit approach, the coverage of Internal Audit and then propose how we might satisfy ourselves on our capabilities in any remaining gaps.

## **5 INTERNAL AUDIT REPORT (SECOND VISIT)**

The report was **RECEIVED**. The COO outlined the reasons for the lateness of the report, which arose from scheduling issues. He stated that these would be addressed by ensuring longer lead-in times to the Committee in future and the forward work plan was already set up on this basis. The Internal Auditor outlined the findings of the report, including the detail of recommendations. The overall conclusions were: Safeguarding Framework & CRB Checks – 2 medium recommendations; Governance – no recommendations; Personnel – 1 medium and 7 low priority recommendations.

On CRB checks, Governors questioned the gaps in some processing of forms. The Director of HR outlined that principal issues were new staff failing to supply the right items in good time and in central follow-up of such gaps (not responding to gaps with an acceleration of the follow-up process); the latter was being addressed through stronger departmental compliance. Governors asked about what clear risk criteria exist for staff starting duties before the CRB check is complete. The Director stated that there was no unsupervised access for staff without a complete check; this was already in place.

Turning to the report on Personnel, the Director outlined examples where there were gaps in formal vacancy authorisation. These usually resulted from specific circumstances of flexibility with which the vacancy authorisation process did not fit well. The Internal Auditor accepted this. The low recommendations for Personnel were also outlined. The COO also noted that a previously raised issue of a number of contracts not being on file was found to have been addressed.

The Chair asked about the low recommendation on the appraisal form, stating that training needs were not a specific column for training. The Director of HR stated that “training” would be explicitly added to their forms although there was not actually an issue with it as the College had good systems for CPD reporting. The Principal stated that she felt appraisal had improved significantly because of clearer aims.

## **6 ANNUAL REPORT ON PROCUREMENT AND VALUE FOR MONEY**

The report was **RECEIVED**. Governors questioned how managers ensured that making savings did not impact upon learning. Governors provided the example of savings to printing, which whilst being beneficial as a financial headline could have an impact on learners. Managers stated that quality was always the primary issue and that savings were generally held to minimally impact on learning, but that there could be more evidence of this. Governors stated that learning experience has to be prioritised as well as financial savings but noted that advances in learning technology could also supply value for money in both senses. Governors and managers agreed that quality of teaching and learning was always the priority. The Chair stated that some benchmarking against similar-sized colleges might be useful. The Co-Opted Member asked whether shared services were considered. The Principal stated that this had been considered by various colleges but there was little evidence about the effectiveness of the proposals. This view was shared amongst the Committee.

## **7 UPDATE ON POSITION ON CROYDON LOCAL GOVERNMENT PENSION SCHEME**

The COO made an oral report on the position. The LGPS is a defined pension scheme currently running a very large deficit, requiring additional in-year contributions by the College. The College is engaging with LB Croydon to exert influence on the scheme, but noted that this influence would be limited as it was only one of a number of employers involved. There were issues around possible changes to the period in which any deficit would have to be funded, around auto-enrolment and changes to such scheme structures from 2014. Managers would keep Governors informed of developments. Governors questioned whether the College needed to be in such a scheme. It was stated that Colleges are required to be within the scheme because of the College's historical involvement. The Chair noted from his own knowledge of this area that exit from the scheme would require some degree of settlement of the deficit, which would likely run into a multi-million cost, and outlined issues around LGPS as a multi-employer scheme.

## **8 DATA AUDIT**

It was noted that the Clerk had forwarded to members of 10 December 2012 the report of the Skills Funding Agency which stated that the "Provider's Funding Claim...had been properly compiled in accordance with the relevant guidance issued by the Skills Funding Agency/EFA."

## **9 RISK MANAGEMENT**

The report was **RECEIVED**. The COO outlined the introduction of the six-weekly ABC learner progress review process as part of the Committee's risk oversight. Governors cited the recent media coverage of Occupy Sussex in asking about how external factors on reputational risk is assessed. The COO outlined how reputational risk arising from partners is assessed, although Sussex would be regarded as very low risk in this respect. The COO stated that the risk register puts in place generic actions that can be applied to actual situations re reputational risk and gave a recent example of media coverage of an incident outside Fairfield Halls. The Chair asked about the next learner-number audit. He was advised that it was before the next meeting at which the Committee would receive a report from the Internal Auditors helping to assess the effectiveness of the mitigation of the Risk for which this committee was specifically accountable on behalf of the Board (Risk St. 5).

## **10 ANNUAL REVIEW OF TERMS OF REFERENCE**

The report was **RECEIVED**. The Clerk outlined the position on the upcoming publication of a new Joint Audit Code of Practice. It was agreed to change the Terms of Reference to state "FMCE or equivalent". It was then **RESOLVED** to recommend the Terms of Reference to the July board for consideration.

## **11 UPDATE ON AUDIT COMMITTEE DEVELOPMENT PLAN**

The report was **RECEIVED**. The Clerk outlined the position. The Chair asked members to contact the Clerk about other development opportunities.

## **12 ANY OTHER BUSINESS: PART A OF THE AGENDA**

There were no other items.

## **13 DATE OF NEXT MEETING**

Wed 15 May 2013 (4pm)