



**CROYDON COLLEGE FURTHER EDUCATION CORPORATION**

**AUDIT COMMITTEE : 9 SEPTEMBER 2014**

**MINUTES**

<b>PRESENT:</b>	Craig O'Donnell (Chair) Caroline Allen Stephan John Shachi Patel
<b>ALSO ATTENDING:</b>	Jo Bland (Director of HR) Silvana D'Apollo (Director of MIS) Keith Oxspring (Chief Operating Officer -COO) Pauline Tiller (BDO – incoming Internal Auditors) Lorna Rayne (Baker Tilly – outgoing internal auditors) Frances Wadsworth (Principal) Richard Weighell (BDO – incoming Internal Auditors)
<b>CLERK:</b>	Melissa Drayson
<b>APOLOGIES</b>	Kene Ibezi and Matt Sims
<b>QUORUM</b>	The meeting was quorate throughout
<b>TIMING</b>	6.10pm – 7.30pm

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<b>Item no.</b>		<b>Action Lead</b>
	<b>Welcome and alterations to running order</b> The Chair welcomed everybody to the meeting after the summer break. It was agreed that Item 14.6 would be taken after 14.7.	
<b>14.1</b>	<b>Private Discussion – Auditors and the Audit Committee only</b>  There were no matters to be raised in a private discussion	
<b>14.2</b>	<b>Apologies for absence</b>  Apologies were received from Kene Ibezi and Matt Sims	
<b>14.3</b>	<b>Declaration of interests</b>  No declarations were made in relation to any item on the agenda.	
<b>14.4</b>	<b>Minutes of the meeting held on 4 June 2014</b>  The Minutes were <b>APPROVED</b> as a true and fair record and were signed by the Chair. It was confirmed that all members had received the confidential minutes	
<b>14.5</b>	<b>Matters arising from the minutes not covered on the agenda</b>	

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6: Tower Block Sale. It was confirmed that the sale had gone through successfully.

**14.7 Internal Audit 2014/14**

*Supporting papers by Baker Tilly, presented by Lorna Rayne*

Members were reminded that, although the assignment reports had been tabled at the March committee meeting, this was the first opportunity that Baker Tilly had been able to attend to present them.

i: Learner number systems report

It had been a challenging year for the MIS function in FE Colleges. There had been changes to the funding methodology and colleges had also had to deal with problems with the Skills Funding Agency software. Against this backdrop, Croydon College's audit had produced fewer recommendations than other colleges.

The Committee noted the findings and recommendations, in particular relating to:

- Record keeping and attendance of learners on work experience
- Accurate recording of learning support
- Regular collection of evidence for participation of workplace learners
- Running data validation checks to ensure matching between the ILR and electronic register system

Assurance was sought from management that recommendations had been acted on, given the date of the report. It was confirmed that management were confident that all control issues had been addressed.

ii. Follow up of previous audit recommendations

Overall, out of 30 recommendations from 2012-13, 25 had been confirmed as completed or no longer necessary and five were carried forward for follow-up at the next review. These had been progressed subsequently as follows:

- Risk assessments of new staff had been reviewed and the new form had been implemented.
- The Recruitment Policy had been revised to remove the specific requirement for a signature in line with standard business practice where electronic approval could be given securely.
- At the time of the Audit the analysis of exit questionnaires had not been undertaken, but this had now been completed
- With regard to the HR Strategy, the Director of HR reported that this would now form part of the business plan which was currently in the process being developed
- The review of Fraud had been superseded by the Internal

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Audit Fraud report.

iii. Fraud Risk Assessment

The report highlighted five high-risk areas, including:

- Failure to adhere to the approval process for course-related trips. The Director of HR had reviewed the paperwork and had included a paragraph making non-compliance a disciplinary matter. This requirement would also be communicated to all staff
- Exposure of the College to risk of fine by UKBA if staff members are found not to have the right to work in the UK. Management reported confidence with the record of detection and the robustness of systems. It was noted that UKBA issued penalties for negligence rather than failure to detect high quality forged passports. Assurance was taken that an UKBA inspection had not identified any concerns. However, as this issue was likely to become more prevalent in the future, the option of investing in specialist equipment would be kept open.
- Failure by staff to complete in full travel expense claim forms. Management reported that the forms were in the process of being reviewed, and that the scale of the risk was low in reality as fewer than ten staff claimed expenses.

**AGREED: That BDO should be asked to check the paperwork relating to course-related trips at a future date.**

**BDO/ Dir  
HR**

**14.6 Standing Item: Progress report on outstanding recommendations**

This item had been covered by under Item 14.7

**14.8 Internal Audit reports on Financial Controls and the Risk Register**

*Verbal report by BDO*

The report was in the process of being finalised. It had looked at most aspects of the financial controls systems including control accounts, journals, treasury, variations, debtor and purchaser payments.

Most areas were working but one high priority issue, which had been highlighted to Auditors by the COO, related to the lack of regular reconciliation of the control accounts. This was not thought to have a material impact on the management accounts, but the risk was that it could give a misleading picture and the COO noted that this was not practice he would expect. The most concern related to over £200k in an IRS Expense account, where there was least transparency about what was in there.

Management reported that work was underway to reconcile the control accounts and ensure regular practices put in place to

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	<p>address. Moving forward, there would be tighter controls which would include monthly reconciliation and Head of Finance sign-off.</p> <p><b>AGREED: that the Audit Committee should monitor the implementation of tighter controls in control accounts through an update when the final report is brought to the Committee on 12 November.</b></p>	<b>BDO/COO</b>
<b>14.9</b>	<p><b>Internal Audit Plan 2014-15</b> <i>Supporting paper by BDO</i></p> <p>The proposed plan had been put together following discussions with the Principal and the Chief Operating Officer. The focus of the visits would be:</p> <ul style="list-style-type: none"><li>• Health and Safety, which had not been audited for some time,</li><li>• ICT systems</li><li>• Bursaries/student loans - a growing area with no past assurances</li><li>• Financial controls - a broader review than the one just completed</li><li>• Follow up on previous audit recommendations</li></ul> <p>The Committee asked whether BDO were aware of any emerging areas within the sector which might influence future audit. It was reported that the management of reductions in resources was a potentially high risk area, as it may create a risk of internal processes breaking down if staff losses are not managed.</p> <p>It was noted that only 12 months of the plan would be agreed at the time due to the lack of stability and pace of change within the sector. Although the 12 month plan had been mapped against the main current concerns, there was flexibility to adapt it in-year if a new area emerged requiring urgent review.</p> <p><b>RESOLVED: that it should be recommended to the Board of Governors that the Internal Audit Plan 2014-15 be APPROVED</b></p>	
<b>14.10</b>	<p><b>Risk Management</b></p> <p>The Principal reported that a set of workshops would be held to undertake an holistic overview of risk including external referencing and BDO input. There would be stronger linkages between the risk register and the college business plan. Responsibilities would be clearer, and SMT would absorb the responsibility for risk management to ensure that risk was embedded in all of its business.</p>	
<b>14.11</b>	<p><b>Audit Committee self assessment</b></p> <p>Members were reminded by the Clerk to return their committee self assessments. A draft action plan would be brought to the</p>	<b>Members</b>

Approved by the Audit committee on 12 November 2014

<b>Item no.</b>		<b>Action Lead</b>
<b>14.12</b>	<b>Dates of Next Meeting</b>	
	12 November at 6pm	
<b>14.13</b>	<b>Any other Business: Part A</b>	
	BDO gave a progress report on a confidential investigation. A separate confidential minute was taken.	