

**ST HELENS COLLEGE CORPORATION**

**MEETING OF THE AUDIT COMMITTEE HELD AT**

**10.30 am ON TUESDAY 10 OCTOBER 2017 IN THE BOARD ROOM,**

**TOWN CENTRE CAMPUS**

***M I N U T E S***

**MEMBERSHIP:**

\* Mr P Christian

Ms D Charnock

\* Mr J Middlehurst **(Chair)**

\* Mr K Sanderson

Vacancy

**IN ATTENDANCE:**

Ms K Stott, ICCA

Dr J Burford, CEO

Mr S Arnfield, Director of Finance

Mrs C Jones, Clerk to the Corporation

1. **ANNUAL ELECTION OF CHAIR**

It was proposed by Mr P Christian seconded by Mr K Sanderson and duly agreed by the Committee that Mr J Middlehurst be re-appointed as Chair of the Audit Committee for 2017/18 (up until the point of merger).

**2 DECLARATIONS OF INTEREST**

There were no declarations of interest notified.

**3 APOLOGIES FOR ABSENCE**

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Apologies for absence were received from Ms D Charnock and from KPMG.

Apologies for absence were also received from Mr R Molloy and the Committee sent their best wishes for Mr Molloy’s forthcoming operation and hoped that he made a speedy recovery.

**4 NOTIFICATION OF URGENT BUSINESS**

a Serious incident near to STEM Centre **(CEO)**

The CEO was invited to provide further information about the serious incident that had taken place the previous Thursday in the Town Centre and involving some College students. This involved a stabbing and the person who was taken to hospital had been attended by another student who had assisted at the scene. It was confirmed that there have been no negative comments made about the College in relation to the incident, and that the police had interviewed any students involved.

Following a question from the Committee, it was confirmed that an internal investigation could only take place once the case is dealt with by the police, with no tutors confirming that this was an escalation from anything connected with the classroom. The Committee was assured that all Safeguarding procedures have been followed and a meeting with the Local Authority will be convened to discuss any follow-up procedures that may be required. The College has introduced PAC access to most of the entry and exit points and students have confirmed through surveys that they generally feel safe whilst in College. Following a question about similar procedures at Knowsley CC, it was confirmed that the procedures will be similar but it cannot be guaranteed that they are identical to St Helens College at the moment, but that there will be an alignment of all safeguarding procedures within the first year.

**5 MINUTES OF THE PREVIOUS MEETING HELD ON 26 JUNE 2017**

The minutes of the above meeting were **agreed** and signed as a correct record.

**6 MATTERS ARISING**

a Minute 6.2 p1 - Waterside Training Progress report

The CEO confirmed that the sub-contracting contractual regulations have been strengthened significantly to support this year’s sub-contracting arrangements.

b Item 7.1 p2 - Internal log of Internal Audit Recommendations

The CEO confirmed that 11 apprentices were being carried forward this year with the achievement outcome for 2016/17 reported at 6.7 % above the national rate, and the timely achievement outcome reported at 9.7% above the national rate, which was welcomed by the Committee.

c Minute 9.5 p3/4 – ICCA Annual Internal Audit Plan

The Transition Board have discussed the commissioning of internal auditors with a strategy agreed going forward.

**7 AUDIT LOG OF INTERNAL AUDIT RECOMMENDATIONS BROUGHT FORWARD FROM PREVIOUS MEETING**

Mr S Arnfield, Director of Finance, reported that there was no audit log to present at this meeting at the only outstanding recommendations were as contained in the internal audit reports being presented at today’s meeting. This was accepted by the Audit Committee.

**8 INTERNAL AUDIT REPORTS**

**8.1 Learner Records and Funding (19+, apprentices and HE)**

Ms K Stott from ICCA presented the above internal audit report, reporting that the review had identified 1 low audit recommendation, with the management responses noted by the Committee.

Based on this assessment, it was reported that ICCA were able to provide management and the Audit Committee with **Substantial Assurance** that the areas of the control environment tested during the audit were designed and operating effectively, with no significant weakness identified.

It was noted that ICCA confirmed that this was a very positive outcome for this audit review.

The Audit Committee accepted the internal audit report relating to Learner Records and Funding, as presented.

**8.2 Business Planning and Use of Resources on the Study**

**Programme**

Ms K Stott from ICCA presented the above internal audit report, reporting that the review had identified 1 medium and 1 low audit recommendations, with the management responses noted by the Committee. The CEO raised issues about one of the recommendations, where it was confirmed that there was evidence that could be provided to support one of the audit recommendations. ICCA agreed that in future the CEO would be included in the circulation of draft audit reports.

**ACTION: ICCA/Director of Finance to ensure that the CEO is copied into the circulation of all draft internal audit reports**

The management response to the medium audit recommendation was discussed relating to the risk associated with the impact of the apprenticeship reforms and levy, which it was reported had not been assessed. The CEO added that the rulings involved with the new apprenticeship levy had not yet been fully recognised nationally, which now involved a lot more administrative bureaucracy. This observation was noted by the internal auditors and also by the Audit Committee.

Based on this assessment, it was reported that ICCA were able to provide management and the Audit Committee with **Reasonable Assurance** that the areas of the control environment tested during the audit were designed and operating effectively, with no significant weakness identified.

The Audit Committee accepted the internal audit report relating to the Business Planning and Use of Resources on the Study programme, as presented.

**8.3 Follow-up Report of previous recommendations**

Ms K Stott from ICCA presented the above internal audit report reporting that the College had fully implemented 89% (16 out of 18) of the previously agreed recommendations, and 11% (2 out of 18) of the previously agreed recommendations were deemed not implemented but superseded/no longer applicable.

It was reported that ICCA were able to provide management and the Audit Committee with **Substantial Assurance** that progress with implementing previously agreed internal audit recommendations had been timely and effective.

The Audit Committee accepted the internal audit follow-up report, as presented.

**9 ANNUAL INTERNAL AUDIT REPORT 2016/17**

Ms K Stott from ICCA presented their internal audit annual report for the year ended 31 July 2017, which outlined the internal audit work that ICCA had carried out for the year-ended 31 July 2017 as the College’s appointed internal audit service provider.

The internal audit service have confirmed the following, following 8 audit reviews undertaken throughout 2016/17:

**“Based on the work undertaken during the year, and the implementation by management of previous internal audit recommendations, we can provide the Audit Committee and Corporation with Reasonable Assurance that St Helens College’s governance, risk management, and systems of internal control were operating adequately and effectively, and that there were no instances where any breakdown of control resulted in a material discrepancy.**

**In our opinion, the College has adequate and effective governance, risk management, and systems of internal control in place to manage the achievement of its objectives and securing economy, efficiency and effectiveness. No significant control issues were identified in 2016/17 as a result of work undertaken”.**

The Internal Audit Report for 2016/17, as presented from ICCA, was accepted by the Audit Committee and recommended for acceptance by the Corporation, and it was noted that Reasonable Assurance is the highest outcome that can be provided by the Internal Audit Service.

**10 KPMG’S ANNUAL EXTERNAL AUDIT PLANNING MEMORANDUM**

Mr S Arnfield presented the External Audit Planning Memorandum on behalf of

KPMG for the year ending 31 July 2017 taking Governors through each section which included reference to:

* The purpose and objectives of the audit.
* The Audit cycle and timetable.
* The materiality and reporting of audit differences.
* The significant risks and how they are addressed.
* Other areas of audit focus and how they are addressed.

The Committee asked about the significant risks and areas of audit focus relating to the triennial review of the Merseyside Pension Fund and how this can be so as it was out of anybody’s control. The Director of Finance agreed to speak to KPMG about this matter to ascertain why it had been determined as a significant risk.

**ACTION: Director of Finance to contact KPMG about the Merseyside Pension Fund triennial review being identified as a significant audit risk in the audit approach**

The Committee raised the new EU General Data Protection Regulation (GDPR), as detailed in appendix 6 (Technical update) and it was confirmed that relevant College staff have attended recent training on these developments, with AoC advice awaited for all colleges on any resulting issues.

The External Audit Plan Planning Memorandum for the year ending 31 July 2017 was approved by the Audit Committee as presented.

**11 ANNUAL REVIEW OF CONFIDENTIAL ITEMS 2016/17**

The Clerk reported that there had been no items of confidential items reported to the Audit Committee in 2016/17, which was accepted by the Committee.

**12 URGENT BUSINESS (AS NOTIFIED UNDER MINUTE NUMBER 3 ABOVE)**

There were no items of confidential business notified.

**13 VOTE OF THANKS TO RETIRING GOVERNORS**

The Clerk reported that this may not now be the final Audit Committee meeting of

St Helens College, due to the slightly later merger date, so this item was postponed.

**14 DATE AND TIME OF NEXT MEETING: 10.00 am on Monday 20 November 2017.**

**Ms K Sottt from ICCA was asked if there were any issues that she wished to raise without the presence of College Staff, with no issues raised. Similarly, the Audit Committee had no issues to raise with the internal auditors without the presence of College staff.**

**KEY OUTCOMES:**

**INTERNAL AUDIT REPORTS: The Audit Committee accepted 3 internal audit reports in the areas of Learner Records and Funding (19+, apprentices and HE) (Substantial Assurance), Business Planning and Use of Resources on the Study Programme (Reasonable Assurance) and the Follow-up Report of previous recommendations (Substantial Assurance).**

**ANNUAL INTERNAL AUDIT REPORT 2016/17: The Audit Committee accepted the Annual Internal Audit Report for 2016/17 and recommended acceptance to the Corporation.**

**KPMG’S ANNUAL EXTERNAL AUDIT PLANNING MEMORANDUM: The Audit Committee accepted KPMG’s Annual External Audit Planning Memorandum for the year ending 31 July 2017.**