

ST HELENS COLLEGE CORPORATION

MEETING OF THE AUDIT COMMITTEE HELD AT
10.00am ON MONDAY 26TH JUNE 2017 IN THE BOARD ROOM
TOWN CENTRE CAMPUS
MINUTES

MEMBERSHIP

*Mr P Christian
Ms D Charnock
*Mr J Middlehurst (Chair)
*Mr K Sanderson
Mr N Shore

IN ATTENDANCE

Dr J Burford - Principal
Mr R Molloy - Deputy Principal
Mr S Arnfield – Head of Department (Finance)
Mr J Creed - ICCA
Mrs J Crowther Clerk to the Corporation

APOLOGIES

Mr N Shore
Ms D Charnock

DECLARATIONS OF INTEREST

None Declared

APOLOGIES

Mr N Shore
Ms D Charnock

NOTIFICATION OF URGENT BUSINESS

Mr Middlehurst wished to let the Committee know that Mr Phil Forest, previous chair of the Audit Committee and a Governor of the College for a number of years, has sadly passed away. Mr Middlehurst and Ms Jones will attend the Funeral.

MINUTES OF THE PREVIOUS MEETING

All actions completed. The minutes were agreed and signed as a correct record.

Item 6: Waterside Training Progress Report

6:1 Mr Molloy outlined the background around the relationship with Waterside to the Committee, and updated them on the current changes. He advised that Waterside has historically had a subcontracting arrangement with the College, but they have recently been admitted to the Register of Approved Training Providers in its own right as a provider to Levy paying employers. This will necessitate a change in the relationship between the College and Waterside and going forward, this will be as a partnership arrangement rather than a subcontracting arrangement. Mr Molloy confirmed that there is a Board of Governors for

Waterside that meets regularly and monitors and reviews performance, financial controls and Health and Safety

- 6:2 Mr Middlehurst queried the arrangement with Merseyside Fire and Rescue, and Mr Molloy confirmed that the relationship with them was a straightforward Subcontracting arrangement rather than a partnership. Dr Burford reassured the Board that, going forward, there would be a review of the Subcontracting arrangements to ensure that they were tightly managed.

Item 7 – Audit Log of Internal Audit Recommendations – brought forward from previous meeting for acceptance:

- 7:1 Mr Arnfield confirmed that all registers have now been completed. Mr Christian queried whether or not, in light of the Ofsted report, apprenticeship success rates needed further attention, and whether or not the risk needed reviewing. Dr Burford confirmed that this was concern expressed by Ofsted with regard to apprenticeship success rates, but she also confirmed that the College achievement rates were currently standing at above the national rate for overall success. She further advised that with the completion of just a few learners the College would be at or above national rate for overall **and** timely success. Dr Burford also confirmed that further work was underway that will ensure that Subcontracting relationships are further strengthened particularly in relation to access to learners to ensure timely completion, and in particular instances where more than one partner is involved.
- 7:2 Mr Middlehurst observed that in light of the inspection grade for apprenticeships, St Helens Apprenticeship provision will now be taken of the apprenticeship register. Dr Burford confirmed that this was the case, but also confirmed that at the point of merge the Ofsted grade will be removed and the College will be able to apply to be placed back on the register.
- 7:3 Dr Burford confirmed that RF application feedback has been received and responded to, and also confirmed that the requirements were relatively small. Based on this, it would appear that the target date of the 26th July Committee meeting is still on track, so there it is still possible that the merge date of the 20th September is still achievable.
- 7:4 Dr Burford confirmed that an ICCA team are in College this week doing an audit this week and will report back to the next Audit Committee meeting.

Item 8 – Risk Management Register

- 8.1 Mr Arnfield outlined the changes that have been made to the grades in light of Ofsted report in two areas – possible adverse curriculum grades, and potential loss of market share as a result. Mr Middlehurst asked about the Post Inspection Action Plan, and how both issues would be addressed as part of this. Dr Burford confirmed that close scrutiny of the plan was being undertaken by the Standards and Curriculum Committee.

Item 9 – ICCA Annual Internal Audit Plan

- 9:1 Mr Creed (ICCA) confirmed that the presented plan is from 15/16 to 2020 and is, of necessity, presented assuming no merge and that the College is a single entity. Should the merge go ahead, then a further audit plan will be presented for the new organisation.

He confirmed that Section Four outlines the proposed internal audit plan, but acknowledged that these might not be the reviews that are required in light of the merge. The focus of the review, therefore, is term one and are:

1. Additional Learning Support – As there have been changes to the funding of Learning Support the audit will focus on two aspects. a) ensuring the recording of support delivered meets audit requirements and b) ensuring that the codifying of support is accurate on the ILR and enables the College to claim accurately for the work undertaken with learners
2. Attendance monitoring – systems and controls to monitor that the College has appropriate and effective processes in place to monitor attendance, with particular emphasis on English and Maths. Dr Burford confirmed that as part of the RF application a bid has been made for funds to enable the College to put in place Attendance Monitors to further strengthen this aspect.

9:2 Mr Middlehurst questioned whether or not these items would still be a priority in a new action plan. Dr Burford advised that at the point of merger a decision will need to be taken with regard to the contract for the internal audit as currently, Knowsley currently contract with Price Waterhouse. Once that decision has been taken, a plan will need to be put in place for the merged college. The audit plan for the new College will most also likely include issues pertaining to the merger. Mr Creed confirmed that he envisaged that a proportion of the items currently on the plan will remain on the merge plan and acknowledged that some might have a more significant importance because of the merge.

9:2 Mr Middlehurst identified some small anomalies in the report. Mr Creed confirmed that these would be amended and removed.

9:3 Mr Christian raised the issue of criticisms made by Ofsted regarding progress monitoring, and in particular the reporting on progress to the Governing Body, and asked for further insight into this. Mr Creed confirmed that they would be looking at the framework of control that has been designed by the College to address the issues raised during Ofsted, and that the audit process would check that it is adequately designed. He also advised that they would sample test to make sure that targets are set, learners are progressing and that progress against target is being checked in accordance with the controls.

9:4 Dr Burford confirmed that work was underway to ensure that the College had a value for money solution to tracking of learner progress for the merged college, and that provision has been built into the RF application for funding to support this. The efficacy of any new processes will be looked at as part of the audit process later in the year. Mr Middlehurst asked for clarification with regard to the next planned Ofsted visit, and Dr Burford confirmed that on merger, the current Ofsted grading would cease to exist, and the new College would be inspected in the third year of operation so there will be at least two full sets of data before the College is inspected again. Under normal circumstances, following a grade 3 outcome, a college would receive support from Ofsted with a nominated HMI to oversee improvement. However, the College as it stands at the moment will not be given a supporting inspector until the outcomes for 16/17 are clear. A supporting inspector has been identified and the NW lead will be accompanying the supporting inspector. Two visits will be made between now and the next inspection, one each year, and this will give the College the opportunity to clarify any points before the next full inspection so it can be fully prepared.

9.5: Mr Creed confirmed that ICCA would be looking for approval to begin working to the plan with the understanding that this might not come to fruition should the merge go ahead. Mr Molloy and Dr Burford confirmed that they would take this to the Transition Board to consider items for inclusion for the new Audit Committee, and to begin the process to commission a new plan.

Action: Mrs Crowther to ask Craig Williams (Clerk to the Transition Board) to include the issue of commissioning internal auditors and an updated Internal Audit Strategy for the merged College on the next Transition Board.

ITEM 10 - KPMG Annual External Audit Strategy

10:1 Unfortunately, a representative from KPMG was unable to attend the meeting. Mr Arnfield confirmed that KPMG are the external auditors for Knowsley and so to avoid any potential conflict, some reorganisation of responsibilities for both colleges amongst staff at KPMG have been put in place. Meetings have taken place with management at KPMG to talk through the approach for both audits and have confirmation that there will be a separation of responsibility as the Colleges move into merger. Mr Arnfield confirmed that the audit manager will remain the same for the College. There is relatively little change to St Helens, but Knowsley accounts will need to be closed down. The new Audit Strategy will be emailed out to Members of the Audit Committee

ITEM 11 - Subcontractor Review

11:1 Mr Arnfield confirmed that the Subcontractor Review is part of SFA requirements. Reviews have been undertaken for the two main Subcontractors and partners, and there were some minor points raised. Mr Arnfield confirmed that these are raised regularly because of the length of contract, particularly with Waterside, and that these have again been dealt with. Mr Arnfield confirmed that the report has now gone to the SFA and that there have been no issues raised, indicating that the SFA are satisfied.

URGENT BUSINESS

No urgent business was tabled.

Date and Time of Next Meeting: 10.00am on the 18th September 2017