## MEETING OF THE AUDIT COMMITTEE

**TIME/DATE 21st March 2019 2pm**

**VENUE ST HELENS BOARDROOM**

**PRESENT:**

Philip Han External Governor (Chair)

Paul Christian Co-opted Member

Alison Cannon External Governor

***Martin Carr External Governor***

**IN ATTENDANCE**

Rob Molloy CFO

***Stuart Arnfield Director of Finance***

Jonathan Creed ICCA

Lorna Lloyd-Williams Clerk to the Governing Board

**Italics denotes absence MINUTES**

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| **1** | **APOLOGIES**  Apologies were received and accepted from Mr. S Arnfield and Mr. M Carr |
| **2** | **DECLARATIONS OF INTEREST**  There were no declarations of interest. |
| **3** | **NOTIFICATION OF URGENT ISSUES**  There were no urgent issues. |
| **4** | **MINUTES OF THE MEETING HELD ON THE 29TH NOVEMBER 2018**  The minutes of the meeting held on the 29th November were approved as a correct record for signature by the Chair. |
| **5** | **MATTERS ARISING.**  It was noted that the committee had been provided with the financial statements and KMPG report requested at the last meeting of the committee and that these had subsequently been approved by the Governing Board.  Governors asked to receive the updated audit recommendation tracker every month  **Action: CFO** |
|  | 5.1 Performance against plan of advanced learner loans and full cost provision  The CFO gave the committee a verbal update and advised the committee that there would be an adverse variance of £300k. The committee were informed that there had been a number of withdrawals of students and the College is looking both at retention generally and dealing with the paperwork in relation to advanced learner loans more quickly. Governors questioned whether there were adequate resources to do this and the CFO confirmed that there was and there was also a need to improve communications with students who do not fill in the paperwork.  Mr. Creed from ICCA commented that this was not unusual in the FE sector and advised that it was a question of being strict regarding completion of the paperwork and engaging tutors in this process.  In relation to full cost the committee were informed that the target is £1.25 million and forecast outturn £1million because the college is behind on the Logistics Academy. However it was noted that the College has started to see an increase in distance learning.  Governors questioned the realism regarding delivery of the plan and commented that there was a concern from a risk point of view in saying that the marketing plan will deliver something it has not. Discussion then took place regarding business planning and the committee were advised that the forthcoming business plans would be based on a positon of no growth. |
|  | 5.2 Analysis of root causes for the subcontracting issues  **This item was taken later in the agenda.** |
| **6** | **INTERNAL AUDITS** |
|  | 6.2 English and maths strategy  Mr. J Creed reported that they 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 weaknesses. He advised that this was still a positive audit opinion and commented that English and maths is a huge issue for the College as it is with every college. The committee were informed that 4 recommendations had been made:  1.2018/19 attendance to date at English and Maths is 84%, which is below the College target of 85%. Auditors questioned whether the target should be 85% or should be higher. Mr. Creed commented that there was limited action regarding non-attendance and approaches to address this were not consistently applied between faculties. He also advised that the college was below national average for high grades with a lot of variation across curriculum areas. .  Governors questioned how big the sample was that was used for the internal audit and were advised that it was between 10-20 learners.  2. The risk ratings on ProMonitor did not always reflect low attendance and/or other behavioral issues; there were no risk ratings for some students in the sample. Mr. Creed advised that there had been delays in getting the system ready for the beginning of the academic year and the College needed to ensure that the systems were working properly. The committee noted that a positive management response had been received The Committee Chair asked that the Deputy Principal be made aware of the issues regarding attendance and retention and that the Quality and outcome committee have sight of the audit.  **Action: Clerk**  3. The committee were advised that the college was below national average for high grades with a lot of variation across curriculum areas. It was auditors’ recommendations that The College should:   * Investigate the variation in the achievement of high grades between curriculum areas and use the outcomes to inform quality improvement planning. * Continue to ensure that English and Maths ‘skills gap tracking’ progress monitoring systems are in place which demonstrate the distance travelled by individual students. * Set targets for English and Maths achievement rates and the achievement of high grades in the appraisals of Heads of Faculty and course tutors.   The CFO provided the committee with assurance advising that there was an increased focus on high grades and that the business planning for next year was looking at smaller classes and finding a more efficient way of delivering English and maths.  4. The committee were advised that the final recommendation was a high recommendation and related to record keeping as follows:  “The College moved to a single learner management information system in 2018/19, adopting the former Knowsley Community College system, ‘ProSolution’. This led to some delay in the setting-up of registers for English and Maths in the autumn term and any subsequent adjustments which were made. • In some cases, the student’s qualifications on entry have not been correctly entered into ProMonitor and they did not match the PLR.”  Governors advised that that they wished to receives assurance that the MIS/Prosolution system was working well, ready for September and that there is 100% compliance. They asked to receive a report on this at the first meeting in the autumn term  **ACTION:CFO** |
|  | 6.3 IT Data Security, Infrastructure & Disaster Recovery  The Audit committee noted that the review sought to provide assurance that the IT data security and management policies and procedures in place were appropriate to protect the College from the loss of data. Auditors advised the committee that they were able to provide 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 weaknesses. The committee noted that there were 5 recommendations made, 4 low and 1 advisory. In relation to the firewall Governors asked about the configuration and that it be reviewed urgently.  **ACTION:CFO** |
| **7** | **Consultation with Auditors in the absence of College Officers *should it be required***  ***This was not required.*** |
| **8** | **INTERNAL AUDIT RECOMMENDATION TRACKER**  The committee were informed that 4 recommendations had been completed and that there was one incomplete recommendation regarding Apprenticeships. Governors questioned and received clarification regarding the issues surrounding the calculation of the 20% of the job training element.  **15.25 M J Creed left the meeting.**  The internal audit recommendation tracker was duly noted by the committee. |
| **9** | **RISK REGISTER**  The CFO advised of the work that had been undertaken in relation to the risk register at recent meetings of the Risk Management group. The committee were advised that the merger register had been removed because it is now “business as usual”. The Head of IT is now part of the risk management group which will provide a focus on IT. The committee were informed that the College had used a risk management approach to inform the decision that had been made by SLT regarding the 14-16 Academy, which demonstrates how the risk culture is growing in the college.  The risk register was duly noted.  **15.36 Ms. H Culshaw left the meeting.** |
| **10** | **ANY OTHER BUSINESS**  The committee discussed the paper, “an update on the implementation of subcontracting recommendations” At the audit committee meeting on the 29th November, the CEO had presented a report analyzing the root cause of the HE subcontracting issues that had come to light in the QAA review. The committee had accepted those recommendations and this report had been requested by Governors who wished to have assurance that the proposed recommendations had been implemented.  The CFO spoke to the paper taking the Governors through each recommendation and updating them regarding implementation. Governors noted that the due diligence process had been redesigned. Governors questioned how much subcontracting revenue there would be this academic year and received assurance that it would be below the limit set by the Governing Board. |
| **11** | **ANY MATTERS TO BE REFERRED TO ANOTHER COMMITTEE**  There were no other matters apart from the English and maths audit to be referred to another committee. |
| **12** | **DATE OF NEXT MEETING *Thursday 20th June 2pm St Helens Boardroom*** |