



ST HELENS COLLEGE CORPORATION

MEETING OF THE AUDIT COMMITTEE HELD AT 10.00 am ON
MONDAY 2 MARCH 2015 IN THE BOARD ROOM, TOWN CENTRE CAMPUS

MINUTES

MEMBERSHIP:

- * Mr P Christian
- * Ms D Charnock
- * Mr J Middlehurst (**Chair**)
- * Mr K Sanderson
- Vacancy

IN ATTENDANCE:

Ms S Mason, Baker Tilly
Mr D Fletcher, Baker Tilly
Dr J Burford, Principal
Mr R Molloy, Deputy Principal
Mrs C Lascelles, Director of Contracts and Data Analysis (up to Minute number 1426 only)
Mr S Arnfield, Finance Business Partner
Mrs C Jones, Clerk to the Corporation

1421 DECLARATIONS OF INTEREST

There were no declarations of interest notified.

1422 APOLOGIES FOR ABSENCE

Apologies for absence were received from KPMG.

1423 NOTIFICATION OF URGENT BUSINESS

There were no items of urgent business notified.

1424 MINUTES OF THE PREVIOUS MEETING HELD ON 17 NOVEMBER 2014

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

1425 MATTERS ARISING

- a Minute 1401.1 p2/3 – Annual Internal Audit Reports 2013/14
The Corporation had accepted the Annual Internal Audit Report for 2013/14 at the meeting held on 8 December 2014. The action to ensure that SLT checks all high audit recommendations remains on ongoing action.

f Minute 1408.1 p6/7 – Follow-up report

The action relating to the checks of the audit point 1.2 relating to security over servers was referenced in the audit log, to be taken as a separate agenda item at today's meeting.

1426 REPORT ON DEVELOPMENT OF COLLEGE AUDIT DATA TEAM

The Director of Contracts and Data Analysis reported on the development of a College audit data team, including the work that was being undertaken by the Team. English and maths was raised by the Committee, and the Principal reported that the challenge in this area could not be underestimated, with a significant amount of action being taken to address the issues. This includes strategies to improve attendance at English and maths classes, which is spasmodic in some cases since the introduction of the new rules. Baker Tilly shared some information following a recent audit undertaken at another college, which included a focus group of students, where a general lack of interest in English and maths was the main contributor to poor attendance. The Government's required pace of change is the most challenging concern, but the College is completely committed to this agenda. The Principal held a session on this topic with the Student Governor over half-term and feedback on the findings of those discussions. This includes some repetition in classes to what is already known by some students. The Audit Committee requested assurances to ensure that everything is in place with regard to procedures and processes, and it was reported that this is being addressed, with the position improving. Following a question from the Committee about the impact on funding, it was confirmed that the potential financial loss in line with the conditions of funding is significant, and the College is actively working on the issues. The Director of Contracts and Data Analysis expressed confidence that the Study programmes evidence is already robust, evidenced through an increased EFA funding allocation for 2015/16, and confidence was expressed that the position would also be achieved with regard to the English and maths condition of funding.

The Audit Committee endorsed the College action taken with regard to the development of a College audit data team, which forms an integral part of the College's overall assurance framework.

Mrs C Lascelles left the meeting at this point

1427 AUDIT LOG OF INTERNAL AUDIT RECOMMENDATIONS BROUGHT FORWARD FROM PREVIOUS MEETING

The Financial Business Partner was invited to explain his new role in the College, which included working closely with the HoDs on budget forecasting and monitoring throughout the College. Any new ideas and initiatives are financially modelled before any decisions are taken. This role also assists with bureaucracy busting with the HoDs, which has been very well received.

The Financial Business Partner presented the audit log of internal audit recommendations in a revised format, which was accepted by the Committee as presented. Clarification was given on the terminology 'not yet due' which should reflect that the audit recommendation has been addressed but the assigned implementation and reporting data has not yet been reached.

1428 INTERNAL AUDIT REPORTS:

1428.1 Key Financial Systems

Mr D Fletcher from Baker Tilly presented the above internal audit report, reporting that the review had identified 1 low recommendation, with the management response associated with this recommendation now accepted by the Committee. The Auditors added that the College's benchmarking position in this area as compared with other Colleges is positive.

Based on this assessment, it was reported that the Corporation can take **substantial assurance** that the controls upon which the organisation relies to manage this area are suitable designed and are being consistently applied.

Following a question from the Committee about the savings against business plan, the Executive responded that, although the current year's efficiencies were on track to be achieved or exceeded, the financial position going forward remains a constant challenge.

The Audit Committee accepted the internal audit report relating to the Key Financial Systems as presented, and commended the Finance Team for such a positive audit report.

1428.2 Internal Audit Progress Report

M D Fletcher from Baker Tilly presented the Internal Audit Progress report which was accepted by the Audit Committee as presented. It was noted that the cash handling audit has been swapped with the English and maths audit with regard to timing, and this was accepted by the Audit Committee.

Following a question from the Committee, it was confirmed that a meeting has been scheduled about the College's banking arrangements and the impact on the bank covenant.

1429 SUTTON ACADEMY GOVERNANCE ARRANGEMENTS: REPORTING TO THE CORPORATION

This item was considered to be confidential by the Committee, with the details therefore recorded within the confidential minutes of this meeting.

1430 REPLACEMENT OF ACADEMY GOVERNANCE AUDIT DAYS IN INTERNAL AUDIT PLAN

This item was considered to be confidential by the Committee, with the details therefore recorded within the confidential minutes of this meeting.

1431 EMERGING ISSUES

Ms S Mason presented a report relating to emerging sector issues, particularly highlighting the following issues:

- The letters received from the SFA about funding changes received late December were discussed. This included the notification of some funding repayments that were identified after all providers' year-end accounts had been audited. This had caused a major concern in the sector with the SFA apologising about the way the communication had taken place but not about the exercise that needed to be undertaken. This had led to the College repaying just over £1,800 to the SFA, totalling approx. £500k being reclaimed to the SFA across the sector.
- Funding audits including:
 - Study programmes
 - Sub-contracting arrangements
 - ESF.
- The AoC new Code of Governance which is currently out to consultation in the FE sector. The auditors' views are that the code needs to be much crisper and clearer with regard to those areas of compliance. It was also recommended that the Corporation should not agree to follow the UK Code of Governance when they consider adopting the new Code of Governance.
- The Principal raised the issue of Devolution as another emerging issue that needs further consideration.

The Audit Committee accepted the report relating to emerging issues as presented.

Ms S Mason and Mr D Fletcher from Baker Tilly were requested to leave the meeting at this point and before they left, was asked if there were any issues to be raised 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.

1432 INTERNAL AUDIT TENDER ARRANGEMENTS

This item was considered to be confidential by the Committee, with the details therefore recorded within the confidential minutes of this meeting.

1433 URGENT BUSINESS (AS NOTIFIED UNDER MINUTE NUMBER 1425 ABOVE)

There were no items of urgent business notified.

1434 DATE AND TIME OF NEXT MEETING: 10.00 am on Monday 29 June 2015

KEY OUTCOMES:

DEVELOPMENT OF A COLLEGE AUDIT DATA TEAM: The Audit Committee endorsed the development of a College audit data team, which would form part of the College's overall assurance framework.

SUTTON ACADEMY GOVERNANCE ARRANGEMENTS: REPORTING TO THE CORPORATION AND REPLACEMENT OF ACADEMY GOVERNANCE AUDIT DAYS IN INTERNAL AUDIT PLAN: The Audit Committee agreed that the College would undertake a self-assessment of the College's sponsorship role of the Sutton Academy.

The Committee agreed that the Executive should recommend how the Academy Governance audit days would be replaced.

INTERNAL AUDIT TENDER ARRANGEMENTS: The Audit Committee agreed an alternative way forward with regard to the internal audit tender arrangements.