



**ST HELENS COLLEGE CORPORATION**

**MEETING OF THE AUDIT COMMITTEE HELD AT  
10.00 am ON MONDAY 29 FEBRUARY 2016 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:**

Mr J Creed, ICCA  
Ms S Suchoparek, KPMG  
Mr R Molloy, Deputy Principal  
Mr S Arnfield, Financial Business Partner  
Mrs C Jones, Clerk to the Corporation

**The Chair, on behalf of the Audit Committee, welcomed Ms S Suchoparek from KPMG to her first meeting.**

**1485 DECLARATIONS OF INTEREST**

Mr N Shore, Mr K Sanderson and Mr R Molloy, as Directors of Waterside Training Ltd, declared an interest in Minute Number 1493 in relation to KPMG's sub-contracting arrangements.

**1486 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Ms D Charnock and Dr J Burford.

**1487 NOTIFICATION OF URGENT BUSINESS**

There were no items of urgent business notified.

**1488 MINUTES OF THE PREVIOUS MEETING HELD ON 23 NOVEMBER 2015**

The minutes of the above meeting were **agreed** and signed as a correct record, subject to the following adjustment:

In attendance: Dr J Burford was in attendance at this meeting.

## 1489 MATTERS ARISING

- a Minute 1478 p3 – Regularity Audit: Self-Assessment Report Questionnaire  
It was **agreed** to defer the report relating to Waterside Training Ltd to the next meeting, with the reasons outlined.

**ACTION: Rob Molloy – previously identified action**

## 1490 AUDIT LOG OF INTERNAL AUDIT RECOMMENDATIONS BROUGHT FORWARD FROM PREVIOUS MEETING

Mr S Arnfield, the Financial Business Partner, presented the audit log of internal audit recommendations. An explanation was given about the process for invoicing sub-contractors relating to audit report and reference number 'Other income – 2.4.1'. A new tracking mechanism has been developed by the Finance team to expedite the payment agreements more timely, which was welcomed by the Audit Committee.

Mr J Creed raised the SFA Funding Audit report 1.1, and it was noted that the final issue concerning funding guidance and start dates that also been reviewed in the audit report being presented separately at today's meeting

The audit log of internal audit recommended was accepted by the Audit Committee as presented.

## 1491 INTERNAL AUDIT REPORTS

### 1491.1 EFA Learner Records and Funding

Mr J Creed from ICCA presented the above internal audit report, reporting that the review had identified 2 medium and 2 low recommendations, with the management response associated with this recommendation now accepted 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 weaknesses.

The Committee discussed the mitigation required relating to the risk relating to audit point 3.4 – attendance. It was confirmed that the College had brought the College start date forward by one week in order to improve the attendance on maths and English. The CDA structure had also been reviewed so that each member of staff now linked and work alongside the curriculum departments to further enhance the data checks.

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

## 1491.2

### **Condition of Funding**

Mr J Creed from ICCA presented the above internal audit report, which had been undertaken before the return of the first census return to the SFA for 2015/16. The review had concluded that, based upon the data analysis completed on the RO5 ILR and the additional FIS report provided by the College, the College has in place controls to ensure that it complies with the requirements of the EFA in respect of Conditions of Funding in 2015/16.

The 30 (1.5%) identified learners who do not meet the conditions of funding were particularly discussed by the Committee. ICCA reported that this percentage was considered to be reasonable for a GFE of this size, however the potential amount of funding that could be lost was a cause for concern.

Following a question from the Committee, it was confirmed that the funding was not just linked to non-attendance at English and maths but would be adjusted for the whole of the students' vocational programmes. The Chair reminded the Committee that attendance at English and maths was a condition of attendance for students, as agreed by the Standards and Curriculum Committee, and failure to attend all of the programme must be addressed. The Deputy Principal reported that Heads of Department were actively addressing this issue, which was accepted by the Committee. However, the challenges of ensuring that some students attend maths and English were acknowledged by the Committee.

The Clerk raised the AoC Code of Good Governance relating to point 6.1 under the Financial Strategy and Audit section of the Code, which had been discussed by the Resources Committee at the meeting held on 2 October 2015 as part of a number of other issues. This related to the Board ensuring that effective arrangements are in place for the management and quality assurance of data. The Resources Committee had agreed that a separate report on data quality, to include data for all funding sources, would be drafted for the Audit Committee. The Audit Committee discussed this issue and agreed that an information assurance timetable would be incorporated into the audit log, to include the data returns and any other data issues, for presentation at future meetings.

**ACTION: Financial Business Partner to include an information assurance timetable within the audit log for future meetings**

The Audit Committee accepted the internal audit report relating to the Condition of Funding as presented.

## **1492 ICCA INTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE**

Mr J Creed from ICCA presented a report which provided a progress report of work undertaken thus far for the College, and which also included a sector update which considered the emerging risks in relation to both the sector and the College, and finally to the sector management and to the sector Audit Committee.

It was noted that the timescale for the audit review relating to the learner journey had been extended, with the other internal audit reviews all on track for completion by the agreed deadlines. The sector update related primarily to the Area Review process which was currently underway.

The internal audit progress report and sector update was accepted by the Audit Committee as presented.

**Mr N Shore, Mr K Sanderson and Mr R Molloy declared an interest in the next item**

**1493 KPMG REPORT: SUB-CONTRACTING ARRANGEMENTS  
(Waterside Training Ltd)**

Ms S Suchoparek presented a report which is set against a new requirement of the SFA Guidance document dated September 2015, in relation to sub-contracting arrangements in respect of project funding by the SFA.

The review had identified 2 medium and 2 low recommendations, which were noted by the Committee.

The KPMG report relating to sub-contracting arrangements was accepted by the Audit Committee as presented.

**1494 RISK MANAGEMENT POLICY AND RISK REGISTER**

Mr S Arnfield, the Financial Business Partner, presented the revised draft Risk Management Policy and Risk Management Register. The reasons for the changes to the Policy were to enhance the Policy aim and objectives. The register has been streamlined to be much more strategic and user-friendly. In relation to the risk appetite, SLT proposed that the College would generally adopting a moderate appetite towards risk and recommended acceptance of this by the Audit Committee.

SLT had agreed to hold a separate risk management development session, including HoDs, to review the risk register and business continuity plan in more detail at the next joint planning meeting.

The Committee agreed that under health and safety, any death should be moved into the 'catastrophic' category. The Committee also discussed the high risks and the monitoring methodology to be applied to minimise the risk. It was noted that risk management had been delegated by the Corporation to the Audit Committee

This new approach to risk management was endorsed and welcomed by the Audit Committee, and endorsed that the College would generally adopting a moderate appetite towards risk.

**1495 URGENT BUSINESS (AS NOTIFIED UNDER MINUTE NUMBER 1487 ABOVE)**

There were no items of urgent business notified.

**1496 DATE AND TIME OF NEXT MEETING: 10.00 am on Monday 27 June 2016.**

**Mr J Creed from ICCA and Ms S Suchoparek from KPMG were asked if there were any issues that they 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 and external auditors without the presence of College staff.**

**KEY OUTCOMES:**

**KPMG REPORT: SUB-CONTRACTING ARRANGEMENTS:** The Committee accepted a report which had been commissioned by the College in connection with the sub-contracting arrangements in respect of project funding by the SFA.

**RISK MANAGEMENT:** A new more strategic and streamlined approach to risk management was endorsed and welcomed by the Audit Committee.