

SOUTHPORT COLLEGE

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 14TH MARCH 2018

Present:	John Fell	Independent Governor
	Greta Fenney	Independent Governor (Chair)
	Terry Fleetwood	Independent Governor
	Mo Kundi	Independent Governor
	Jim Turner	Parent Governor
	Ilush Bricknell	Associate Member
	Richard Jacklin	Associate Member
In Attendance:	Jonathan Creed	ICCA (Internal Auditor)
	Eddie Green	Vice Principal Services
	Lesley Venables	Interim Clerk to the Corporation

APOLOGIES FOR ABSENCE

84 Apologies for absence were received from Philip Porter (Associate Member).

85 The Chair welcomed new governors to their first meeting and Committee members introduced themselves to each other.

DECLARATIONS OF INTEREST

86 Declarations of interest were received from John Fell as he is married to the Chair of the Corporation, from Greta Fenney whose partner is a member of staff and from Mo Kundi who is a board member of the charity run by Greta Fenney.

MINUTES OF PREVIOUS MEETINGS

87 **Resolved -** That, with a small number of minor amendments, the minutes of the meetings held on 20th November and 6th December 2017 be approved as a correct record and signed by the Chair.

MATTERS ARISING

88 Governors received a report on all actions identified at the previous two meetings and noted that the majority of items were either completed, in progress or featured on the agenda.

89 Under minute 25, the Vice Principal Services reported that the KGV asset register had formed part of the due diligence process during the merger.

CONFIDENTIAL ITEMS

90 There were no agenda items that the Committee considered to be confidential.

REVIEW OF HIGH RISKS

91 The Vice Principal Services presented a review of the College's high level risks within the Risk Register. As part of the Committee's annual cycle of business the high risk action plan was considered at every meeting to ensure the Internal Audit Plan remained appropriate, with the Resources Committee reviewing the financial effect of risks.

92 It was noted that the risks associated with the merger had now been removed and absorbed into the main register (where appropriate).

93 Adult funding provided the highest risk in terms of financial consequences and governors were advised that the College would be facing a shortfall in income of between £150K and £200K. The Vice Principal explained the reasons for this under-performance, including changes to the College's funding regime, learner eligibility and loans and the reducing number of qualifications that could be offered to adult learners.

94 Governors recognised that some of these issues affected colleges across the further education sector and that, following the devolvement of the Adult Education Budget to the Liverpool City Region Authority, a competitive bidding process could be introduced for part of the College's core funding.

95 The first set of merged management accounts would provide a full overview of the situation and these would be reviewed by the Resources Committee at its meeting in April 2018.

96 The Committee questioned whether non-compliance with the new General Data Protection Regulations constituted a high level risk. The Vice Principal reported that this was currently graded as 'medium' risk as, although there had been changes to the data protection framework, many of the actual processes involved remained similar. It was noted that the College was still in the process of completing its preparations, such as the appointment of a designated Data Protection Officer.

97 It was agreed that the risk register would be circulated to the new members of the Committee for information.

INTERNAL AUDIT REPORTS

98 The Internal Auditor presented four internal audit reports.

Corporate Governance

99 The College's Corporate Governance processes and procedures had been graded as providing a 'substantial' level of assurance with an adequate design. The visit had incorporated a review of the operation of governance arrangements at that time and also examined future plans as part of the merger of the two corporations. Governors questioned whether the completion of the merger would enable the assessment of the design to be improved and were informed that this would be a priority over the coming months. However

it was recognised that governance processes had been updated in line with best practice since the internal audit work was undertaken.

100 The majority of the recommendations (5 of which were graded as 'medium' and one as 'low') related to the forward-looking element of corporate governance. The areas for improvement were some aspects of the governance documentation, the post-merger composition of the Corporation and its size, the role of associate members, terms of office and succession planning, training, development and induction and introducing a self-evaluation process.

101 The Committee noted that no significant weaknesses or gaps in the governance framework had been identified during the audit and that the Clerk and the Governance Committee were in the process of progressing all recommendations, all of which had been accepted.

Safeguarding and Prevent

102 The Internal Auditor reported that this area of the College's provision had been assessed as providing 'reasonable' assurance, with 3 'medium' priority recommendations made.

103 The first of these centred around ensuring that the most appropriate, trained member of staff was responsible for making decisions on learners undertaking prohibited internet searches. A procedure was now in place whereby the safeguarding team would be alerted by IT staff to any such activity. The Vice Principal undertook to ascertain whether the same system was in place at KGV.

104 Governors also queried whether it was possible for disgruntled IT staff to view sensitive data and were advised that staff training in such scenarios had been provided to ensure that information was treated in the correct manner. All staff and students were aware that their on-line activities were monitored and this was part of the IT User Policy which all users of College IT equipment were required to sign.

105 From the sample taken by the Internal Auditors 3 members of staff had not completed safeguarding training within a timely period. The Vice Principal explained that was due to a mismatch between the list of new starters held by the HR department and the list of staff who had undertaken on-line training.

106 The final recommendation had identified that the College did not currently have a set of 'lock-down' procedures. Governors were advised that guidelines had now been issued to all staff and students and would be tested on a regular basis.

Apprenticeship Delivery

107 The Vice Principal Services reported that this internal audit visit had been added to the original plan at the request of management, as there was likely to be an ESFA funding audit in the Autumn Term and this would provide some assurance over the College's response to new apprenticeship regulations.

108 The Committee was asked to approve this amendment to the original internal audit plan retrospectively. The review on performance management that had been scheduled for February 2018 would be included in a future internal audit cycle, to allow sufficient time for the merger to embed and for the two separate systems undertaken by the individual colleges to be brought together.

109 Governors were advised that the review of Apprenticeship Delivery had been graded as providing 'substantial' assurance. A total of 3 recommendations had been made, 1 of which was classified as 'medium', one as 'low' and one as 'advisory'. The latter related to enabling employers to pay the College through a direct debit facility. The medium priority recommendation was to ensure that on the job training logs were used consistently to record any activity. The College had a policy of reviewing learner progress every 12 weeks, but a sample of records selected by the internal auditor had highlighted that this was not always followed.

110 The Internal Auditor commented that the College's systems in this area had compared favourably to those of other colleges.

Study Programmes at KGV

111 The Committee was informed that the internal audit of Study Programmes at KGV had graded the College's provision as providing 'reasonable' assurance, with 2 'medium' and one 'high' priority recommendations.

112 The high priority recommendation centred around the fact that no planned learning hours had been allocated to work-related activities, which risked a reduction in the funding band to which this provision was allocated by the ESFA. The Internal Auditor had suggested that a course 'footprint' should be developed to which learners sign up and which was clearly visible.

113 Progression pathways could also improve success for some learners. However, although it was more efficient to group together particular A Level subjects, this could limit learner choice. The curriculum plan had to meet the needs of learners but also remain sustainable from a resourcing perspective. The 'passport to success' programme already in operation at Southport College would be introduced for KGV courses.

114 **Resolved -** That changes to the Internal Audit Annual Plan for 2017/2018 be approved

IMPLEMENTATION OF AUDIT RECOMMENDATIONS

115 The Vice Principal Services presented a report that enabled governors to track the implementation of previous audit recommendations.

116 It was noted that 4 recommendations had been completed since the December 2017 meeting, with a further 7 recommendations still to be implemented fully.

WHISTLEBLOWING AND FRAUD POLICIES

117 Governors received updated versions of the Whistleblowing and Fraud Policies, both of which had minor amendments. The former had been discussed at the recent Union-Management Forum and no further changes had been proposed.

118 The Vice Principal Services reported that no instances of whistleblowing or fraud had been identified in the past year. In response to questions, the Clerk advised that it was a legal requirement to publish the Whistleblowing Policy on the College's website. The Fraud Policy formed part of the Financial Regulations and both documents were available to staff on the intranet.

119 **Resolved -** That the Corporation **be RECOMMENDED** to approve Policies on Whistleblowing and Fraud, subject to some further minor changes

APPOINTMENT OF VICE-CHAIR

120 Following the appointment of Veronica Fell as Chair of the Corporation the position of Committee Vice-Chair was currently vacant. The Committee Chair also advised that she had tendered her resignation from the Corporation and that this would be her final Audit Committee meeting.

- 121 **Resolved -**
- 1 That Mo Kundi be appointed as Vice-Chair of the Audit Committee
 - 2 That the Corporation consider the appointment of a new Committee Chair at its next meeting

ITEMS TO BE REPORTED TO THE BOARD

122 The Chair summarised the key points that would be reported to the Corporation at its meeting on 23rd May 2018:

- Internal Audit reports on Corporate Governance, Safeguarding & Prevent, Apprenticeship Delivery and Study Programmes were received
- High Risk Action Plan and progress against previous recommendations were considered
- Committee recommended for approval policies on Whistleblowing and Anti-Fraud
- Mo Kundi appointed as Vice-Chair of the Committee and the Corporation will be asked to appoint a new Chair at its next meeting

DATE OF NEXT MEETING

6th June 2018

5.00 p.m.