

NON-CONFIDENTIAL MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 21 FEBRUARY 2018

| | | |
|-----------------------|-----------------------------------|--|
| Present: | Ainsley Cheetham (<i>Chair</i>) | |
| | Ian Haines |) External Governors |
| | Susanna Cassey | External Member |
| In attendance: | Michael Harding | Internal Auditor, RSM |
| | Iain Parkinson | Director of Curriculum and Innovation (<i>items 1 and 2 only</i>) |
| | Charlotte Rawes | Director of Apprenticeships and Employer Engagement (<i>items 1 and 2 only</i>) |
| | Peter France | Vice-Principal Finance and Resources |
| | Oona Cushen | Clerk to the Corporation |

WELCOME AND APOLOGIES FOR ABSENCE

A/17/054 The Chair welcomed Mike Harding, Iain Parkinson and Charlotte Rawes to the meeting. Apologies for absence were received from Thelma Aye.

UPDATE ON THE WITHERSLACK LEVY CONTRACT

A/17/055 The Chair advised that the Committee had previously been charged with reviewing the potential national contract within the new levy arrangements. This six month review is to provide assurance to the Audit Committee and Corporation that the audit assurance requirements are being completed.

A/17/056 The Director of Curriculum and Innovation advised that he is working with the assessor, senior team and The Witherslack Group. LMC is only delivering to the northern care staff and a college in the Midlands is delivering to the southern homes. College staff have worked very closely with the employer to enrol learners onto the right programme, ensuring all those on the apprenticeship are fully capable of completing the programme. Some learners do have to go onto a pre-apprenticeship programme, particularly those who require additional maths and English to reach Level 3 standard. Some learners will struggle with GCSE Maths and/or English and would not, therefore, suit the full apprenticeship programme. The Witherslack Group has advised that they would remove these learners from their levy programme and put them through full cost training. Any potential learner that holds a grade D or below in GCSE maths and/or English is given an initial assessment to assess their true capability in maths and English. Learners at Levels 1 and 2, or with a very low 3 score are placed on the pre-apprenticeship programme to get them up to standard as quickly as possible. Learners must also have an ICT qualification. In the recent contract meeting with the Director of Apprenticeships and Employer Engagement, the Group advised that they do request GCSE grade A*-C or grades 9-4 in maths and English as part of their recruitment. The issue is, however, that the Group does not collect the evidence from their staff. The College is requesting that the Group is strict on collecting certificates to evidence prior learning, as very often the learners are coming out with very low scores from their BKSb assessment.

In response to questions:

A/17/057 The College currently offers a Level 3 apprenticeship only; TWG has enrolled 33 learners via their levy payment system, and another 18 staff onto Functional Skills. This is the first group to be uploaded onto Smart Assessor and both the learner and the employer will also be able to track progress through the system. The tracker is rudimentary and will evolve over time and was demonstrated to Governors. There is a percentage figure against each learner representing their expected progress on the course, for example, one learner highlighted had 35% progress against a 33% expectation.

- A/17/058 It was noted that the evidence for attendance at off-the-job training is currently retained in the learner's paper portfolio and, if requested by Ofsted, would need to be obtained from the learner. In the care homes, staff work shift patterns and time is given within the working day at the home to complete their apprenticeship work within Moodle or Smart Assessor and these track how much time the learner has spent. The College is in the process of transferring what is in the learners' paper log booklets onto Smart Assessor.
- A/17/059 It was suggested that the College should have a register for off-the-job training, as it is known there needs to be approximately 280 hours off-the-job training to achieve the diploma. Governors queried how many logged hours have learners completed 'off-the-job'. The Director of Apprenticeships and Employer Engagement advised that the evidence is currently paper based with the learners themselves, but these will be recorded onto Smart Assessor in the future and will also be recorded in the funding return from 2018/19. Learners, however, must be completing their training, as progress through the units can be evidenced within the paper logs and are checked by the assessor.
- A/17/060 There was only one out of the 33 learners that had been withdrawn, as they had left their employment. All of the apprentices enrolled with LMC are in care homes based in Lancashire (Lancaster and the Fylde), with seven learners at a care home in Durham. The assessor visit the Durham based learners in one day. The cost of training time and travel is circa £110 per month, which is within budget. For the next phase, there are 18 learners working on pre-apprenticeships, English and maths. The Group have recently appointed a Learning and Development Manager for the whole company. As the Group is not spending their levy as quickly as they first thought, they are now looking at training for other aspects of their business, e.g. business admin, accountancy etc. rather than focusing solely on residential childcare. The Group has been provided with a list of all the other apprenticeships offered by the College and there is a follow-up meeting planned to discuss further training needs.
- A/17/061 The apprenticeship duration is 18 months, so the first enrolled learners will complete around July 2018. Learners being enrolled now will complete in 2018/19 and the next cohort in 2019/20. Governors emphasised that, although paper based evidence is held off site within learners' portfolios, the College must continue to ensure all requirements are being met. The Audit Committee must provide assurance to the Board and, despite the implementation of the new system, the College must accelerate its improvement.
- A/17/062 Governors questioned what lessons had been learnt from this contract that could be applied to other levy-paying employers. The Director of Apprenticeships and Employer Engagement advised that no further national contracts would be taken on without full consideration. The use of Smart Assessor will provide more scope to take on learners outside the area, as there is an online 'Smart Classroom'. This allows a tutor/assessor to deliver one session to multiple learners at the same time and could open up other opportunities. The use of Smart Assessor has also given staff more confidence to work with online resources, and the same staff team is now providing distance learning with The Skills Network. This electronic system could open up a national market. The Vice-Principal Finance and Resources advised that several other levy contracts have now been secured by the College.
- A/17/063 The Witherslack Group is very pleased with learners' progress and the way the College works with its staff. They have changed communication processes within the Group to ensure the learner, College, care home manager and the Learning and Development Manager are all aware of progress being made by learners. This ensures that everyone can address any issues, e.g. time, learning support, functional skills, exam rooms etc. at the earliest opportunity. The implementation of Smart Assessor is addressing some of those issues as the Group managers can access Smart Assessor and see the progress of all their apprentices within the Group that are enrolled with LMC.
- A/17/064 The Chair thanked the Directors for their attendance and welcomed further updates in the future via the monthly performance monitoring reports to the Board.

Iain Parkinson and Charlotte Rawes left the meeting.

DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 NOVEMBER 2018

A/17/065 The minutes of the previous meeting, held on 22 November 2018, paper LMC/A/12/17, were agreed as a true and accurate record and duly signed by the Chair.

MATTERS ARISING

Committee Action Checklist

A/17/066 The Clerk referred Governors to paper LMC/A/13/17 and advised that most items were complete. The two outstanding actions relate to the audit assurance mapping, which was originally scheduled for completion by May 2018. This will now be incorporated into a broader and strategic review of governance and Board papers.

A/17/067 The Committee noted and agreed the Committee Action Checklist, paper LMC/A/13/17.

AUDIT REPORTS

Internal Audit: Curriculum Compliance

A/17/068 The Internal Auditor referred Governors to paper LMC/A/14/17 and advised that there has only been one assignment report. The audit focused on tracking of attendance, learner plans and completions etc. Substantive testing was undertaken around those areas and resulted in two recommendations; one on control and one as a reminder to use the framework that is already in place. The first recommendation relates to enhancing the design of the control framework rather than compliance. The second recommendation is a reminder in regard to one-to-one meetings with learners to follow the attendance protocol in relation to attainment of the 90% attendance target. It is likely there will also be some non-compliance and any audit is unlikely to evidence 100%.

In response to questions:

A/17/069 The reasons for non-compliance were questioned, as this needs to be understood before it can be corrected, e.g. is the process not clear to staff, are expectations of use not set or reinforced. The internal auditor advised that there is evidence of constant reinforcement and it does work well when people are aware they are being monitored. The Vice Principal Finance and Resources confirmed that there is a significant focus in attendance, evidenced in every senior team meeting. In addition, the assessment boards drill down into individual learners and tutors knew exactly why a learner was not attending. Staff are aware that attendance is a key focus. Both recommendations are in progress.

A/17/070 Governors noted that Markbook had only been implemented in the summer and, given the complexities of implementation, questioned the timescale for completion. Although the date for documenting procedures is listed as 28 February, it was confirmed that this will not be met as the task is so large. The Vice Principal Finance and Resources confirmed that around 95% of provision is on Markbook, which is being used by all staff.

A/17/071 Governors acknowledged that there are various stages of maturity for new systems and the College has implemented a significant number of new systems over the last 18 months. Each of these new processes will need fine-tuning. Once that has been completed, the College should document a procedure for all staff to follow so the process becomes embedded. As the systems develop further, this will need to be a reiterative process to prevent organisational drift. All staff have been trained and, once the system has been tweaked and embedded, procedures will be finalised and published. Ofsted will review the system itself and the data within it as opposed to procedure. There needs to be given sufficient time for the new system to be fully implemented and embedded. Governors noted the report and received assurance that work is in progress and this can be revisited in 2018/19. The Board also received assurance from live data presentations.

A/17/072 The Committee received and discussed the Internal Audit; Curriculum Compliance Report, paper LMC/A/14/17.

Internal Audit: Progress Report

A/17/073 The Internal Auditor referred Governors to paper LMC/A/15/17 and advised that the funding agency guidance for the subcontracting audit had not yet been issued. When published, auditors will have a three month timescale in which to complete the audit. The provisional date of week commencing 5 March will be reviewed.

A/17/074 The Committee received and discussed the Internal Audit; Progress Report, paper LMC/A/15/17.

Education and Skills Funding Agency; Funding Assurance Review Final Report

A/17/075 The Vice Principal Finance and Resources referred Governors to paper LMC/A/16/17 and advised that the funding audit had been undertaken over the summer and the initial report had already been presented to the Committee. It was advised that at the debrief meeting with Price Waterhouse Coopers at the end of the meeting, no issues were raised. When the report was issued, however, there were a number of issues listed which had not been discussed. The Vice Principal Finance and Resources did challenge the report and there have been minor amendments agreed. None of the issues noted are a cause for concern at the College, with some being applied to every audit report.

A/17/076 The learning start dates was an isolated error, where the system and the register did not match. The funding return was amended prior to submission and the funding was adjusted. The College routinely carries out a validation process using an exceptions report to check the funding return and registers. All discrepancies are investigated as a matter of course. The data inputting error was made by a junior member of staff and DSAT reports are also routinely completed. It is good practice to review and this has already been completed.

A/17/077 Colleges are funded on planned hours on the funding return and, in some cases, there was insufficient evidence of actual hours versus planned hours. The actual and planned hours need to be reviewed on a monthly basis and any significant variations investigated. It was questioned whether there was a register for employment, enrichment or pastoral (EEP) hours but it was clarified that funding is on planned not actual hours. As long as there is evidence of planned hours, there does not need to be evidence of actual hours. The College does, however, already record work experience hours and self-study hours in the Hex as learners are scanned in and out. This is reconciled on an ongoing basis throughout the year. Planned hours are based on the programme of study and what learners want to achieve and includes the actual qualification, work experience, self-study and enrichment activity to meet the funding.

A/17/078 The recommendation in regards to off-the-job training was not raised at the debrief meeting, nor was it listed in the initial report. When this was raised with the auditors, they advised it is a blanket recommendation in all audit reports give the new apprenticeship system. As learners under the new system will not have been on their course for long, it was expected that there was insufficient time for any real evidence to be available. It is recorded in all learners' files and will be transferred onto Smart Assessor. There is a campaign by employers to scrap the off-the-job training requirement as there is little evidence in how that helps learners to achieve the qualification.

A/17/079 In regards to a negotiated price, there is a published set of funding bands for each apprenticeship and colleges may charge from the lowest to the highest point. LMC decided to charge at the top of each funding band but the ESFA expect colleges to negotiate a price with each employer and evidence that negotiation. The College only charges for eligible costs and there is no negotiation to evidence. The contracts state that the price is based on the top rate of the ESFA published funding band.

A/17/080 It was explained that learners receive a letter on enrolment, setting out their learner loan, cost of the course and repayments but, in this instance, evidence of the letter being sent could not be found. Letters are now produced and logged automatically on the system.

A/17/081 There is a detailed list of rules in relation to the match funding received by the Education and Skills Funding Agency (ESFA) from the European Social Fund (ESF). The College is working with its subcontractors to ensure full compliance.

In response to questions:

A/17/082 To ensure governance oversight, Governors questioned whether the procedure had been amended to ensure the issues do not reoccur. It was advised that the actual errors (£5k) were very small in the context of the overall funding reconciliation statement. All the issues raised are within CIS and some have been added to the automated process.

A/17/083 The subcontracting audit undertaken by the auditors focuses on compliance with funding regulations. This audit related to compliance with ESF regulations in regards to match received by the ESFA. The requirements will be built in to the College's own procedures.

A/17/084 The Committee received and discussed the Education and Skills Funding Agency; Funding Assurance Review Final Report, paper LMC/A/16/17.

REPORT ON RISK MANAGEMENT

A/17/085 The Vice Principal Finance and Resources referred Governors to paper LMC/A/17/17 and advised that the risk register is reviewed in detail at every College Risk Management Group meeting. There are some small changes to the devolved departmental risk registers and to include reference to the new General Data Protection Regulations (GDPR), which come into effect from May 2018.

In response to questions:

A/17/086 The Chair confirmed that the Audit Committee does review the risk register in detail at least once a year.

A/17/087 The Committee received and discussed the Report on Risk Management, paper LMC/A/17/17, which will be presented to the Corporation.

REVIEW OF AGREED ACTIONS ON AUDIT RECOMMENDATIONS

A/17/088 The Vice Principal Finance and Resources referred Governors to paper LMC/A/18/17 and advised that this report tracks progress made against all audit recommendations, not just internal audit recommendations. Most of the actions have been completed and the remainder are in progress. The action relating to patch management will be removed as this related to the old servers and has been superseded by the installation of new servers. In future, patches will be installed as soon as they are available.

A/17/089 The Corporation received and discussed the Review of Agreed Actions on Audit Recommendations; paper LMC/A/18/17.

ANY OTHER BUSINESS

A/17/090 There were no other items of business.

PRIVATE DISCUSSION BETWEEN GOVERNORS AND AUDITORS

A/17/091 This item is a confidential item for Corporation members only, under Section 41 of the Freedom of Information Act. Paragraphs A/17/092 to A/17/093 are, therefore, minuted separately.

DATES OF NEXT MEETINGS

A/17/094 Wednesday 23 May 2018 at 6.30pm

The Corporation agrees that these non-confidential minutes are an accurate record of the meeting.

SIGNED:

NAME: (Chair)

DATE: