

## **Draft Minutes of the Audit Committee Meeting held on 16<sup>th</sup> March 2017 in the Board Room at Preston's College**

### **Present:**

Mr E Bassa (Chair)  
Mr M Driver  
Mr T Readett

### **In Attendance**

Mr S Fell (Clerk to the Corporation)  
Mr P McMellon (Deputy Clerk)  
Dr E H Smith (Principal and Chief Executive)  
Mr S Nixon (Executive Director of Resources)

Ms E McIntyre (KPMG – External Auditors)  
Mr M Harding (RSM – Internal Auditors)  
Mr A Osborne-White (RSM – Internal Auditors)

Apologies were received from Mr S Browne.

### **39. Declarations of Interest**

No declarations of interest were made.

### **40. Minutes of the Committee Meeting held on 1 December 2016**

**Resolved: That the Minutes of the Meeting held on 1 December 2016 be agreed as a true record and signed by the Chair.**

### **41. Internal Audit Reports**

Student Records : Selected Aspects of a Mock Funding Audit

The Internal Auditors presented a report setting out selected a Student Records Review covering aspects of a mock funding audit. This was part of the approved periodic plan for the year.

Mr Osborne-White went through the agreed management actions and confirmed that these represented a tightening up of existing controls. The level of assurance resulting from the review was 'Reasonable'. He confirmed that the sample (80 learner records) had been chosen randomly (out of 15,000 such records).

## Provider Risk and Assurance Common Findings

Mr Osborne-White outlined the background to this review. He confirmed that the outcome of the review had been a 'Reasonable Assurance' opinion.

Mr Nixon confirmed that this audit had been instigated in part because the College had not been subject to an actual funding audit for a number of years. He explained that actual funding audits invariably took place at year end, whereas the review had been carried out in year. As a result, the review had picked up on a small number of matters which would normally be resolved prior to year end. Nevertheless, the review had proved useful.

Mr Driver asked about the potential funding implications of an actual SFA audit and Mr Nixon outlined the circumstances where funding would be withdrawn.

## Progress Report March 2017

The Committee's attention was drawn to the Further Education High Priority Management Actions appendix and RSM's performance with the IIA Standards. Dr Smith confirmed that the content of the High Priority Management Actions document was reassuring in that it reflected the College's established priorities.

**Resolved: That the reports be noted and the Action Plans therein be endorsed.**

### **42. Audit Register**

The Board received copy of the updated Audit Register summarising all outstanding or partially completed items and those completed since the first update.

Mr Nixon drew the Committee's attention to the fact that items 1515 and 1516 had been superseded and explained that matters relating to "Preston Project Governance" had been delayed due to external factors, primarily the Area Review Process.

**Resolved: That the Report and Audit Register be noted.**

*(Ms McIntyre, Mr Harding and Mr Osborne-White left the meeting at this point)*

### **43. Appointment of External Audit Service 2017/2020**

The Committee noted the contents of the report and the recommendation of the Appointment Panel that had considered the tenders received by the College for the External Audit Service. Whilst the Committee agreed that with the Panel's recommendation, they requested discussions take place between representatives of the organisations with a view to obtaining greater value for money from the arrangement if at all possible.

**Resolved: That: i) the Board be recommended to reappoint KPMG as the College's External Auditors for a further 3 years (with an option to extend for a further year);**

**ii) that the College be requested to enter into post-tender negotiations with KPMG with a view to either reducing the fee for their services or otherwise increasing the value for money aspect of the External Audit function to the College.**

Mr Nixon thanked the Chair, Mr Driver and Mr Readett for their contributions at the Appointment Panel meetings.

*(Ms McIntyre, Mr Harding and Mr Osborne-White returned to the meeting at this point)*

#### **44. Risk Management Register and Policy**

Mr Nixon presented the College's Risk Management Register which had been refined to take account of prior Internal Audit Reviews and to reflect the risks associated with the College's Strategic Plan.

**Resolved: That i) the Risk Management Register and Assurance Framework be noted; and**

**ii) the refreshed Risk Management Policy statement be approved.**

#### **45. Finance Supplier Payment**

REDACTED

**Resolved: That the report and the robust and transparent approach of College management in reporting such issues be noted.**

#### **46. Matters to be Discussed in the Absence of Officers**

It was confirmed by Committee members and by the Internal and External Auditors, that there were no matters in need of discussion in the absence of officers.

#### **47. Date of Next Meeting**

It was noted that the next meeting of the Committee will be at 5.30pm on 14<sup>th</sup> June 2017.