

Minutes of the Meeting of the Audit Committee held on 17 March 2016 in the Board Room at Preston's College

Present

Mr P Williams (Chair)
Mr S Browne (Vice-Chair)
Mr M Driver
Mr T Readett

In Attendance

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

Mrs J Bickerton (Internal Audit - RSM)

12. Welcome and Apologies

There were no apologies for absence.

It was noted that apologies had been received from KPMG (External Audit).

13. Declarations of Interest

No declarations of interest were made.

14. Internal Audit Reports

Mrs Bickerton presented the Internal Audit reports on behalf of RSM, the College's Internal Auditors.

i) Student Records and Apprenticeships

The Committee noted the recommendations within the report, together with each associated management action. Ms Bickerton confirmed that the points raised in the report were typical of the sector.

ii) Subcontracting Controls

Mrs Bickerton reported that the findings arising from the review were representative of further education in general. Mr Nixon advised that the report had now been submitted to the Skills Funding Agency (SFA) in line with the Agency's requirements and confirmed that the College recognised that subcontracting continued to be an area of high risk.

iii) Follow Up

Mrs Bickerton confirmed that the final Follow Up report indicated 'reasonable progress' in the College's implementation of previously agreed actions. She explained how Internal Audit differentiated between 'Implementation Ongoing' and 'Not Implemented'.

Resolved: That the reports be noted.

Mr Nixon then drew attention to the Internal Audit Plan for the remainder of current academic year. He suggested that, with matters relating to the College's future relationship with UCLan now progressing at a considerable rate, there would be benefit in revising the Plan to accommodate an Internal Audit review of the processes undertaken by the parties on this key matter.

The Committee discussed this proposal and concluded that, whilst agreeing that an internal audit review of the College/UCLan project process would be of value, this should be carried out independently of the existing Plan and only after a proper scope for the review had been developed.

Resolved: That the Internal Audit Plan remain unchanged.

15. Audit Register

Mr Nixon presented the College's Audit Register and the accompanying summary report. In response to a query from the Committee Mr Nixon explained that whilst action in respect of the College's catering provision remained incomplete this was due, in part, to the recent out-sourcing and the matters would be resolved imminently.

Proposed: that the Audit Register be approved.

16. Audit Tender Process

(Mrs J Bickerton left the meeting at this point)

Mr Nixon introduced the report and briefly talked through the decisions required from those present.

The Committee considered the advantages and disadvantages of use of the Crescent Purchasing Consortium (CPC) and concluded that it was, on balance, appropriate to use the CPC on this occasion. The proposed specification and particularly the 'Award Criteria' were examined. Adjustments to the weightings in the framework were agreed.

Finally, it was agreed that member(s) of the Committee would stand by to attend the presentations/interviews of the anticipated tenderers at a date/time to be notified.

Resolved : That

- (i) the tender of Internal Audit Services, in accordance with the documentation and specification as presented, is approved
- (ii) there will be Board representation on the appointment panel
- (iii) the deferral of tender of external audit services for a period of 12 months, with KPMG reappointed to undertake the audit of the financial statements for 2015/16 is approved.

(Mrs J Bickerton rejoined the meeting at this point)

17. Risk Management Register and Policy

Mr Nixon presented the College's updated Risk Management Register and covering report. He drew attention to mitigation processes in respect of Area Based Reviews, Adult Skills Budget reductions and income targets and explained that the improved levels of control for those risks now justified 'Amber' (Moderate risk) status.

The Committee briefly considered each of the residual 'Red' (High risk) risks/issues. Dr Smith updated the Committee on the measures taken to manage the risk associated with the GCSE English and Mathematics success rates.

The Committee reflected on the role of the Board's Committees in monitoring risk management and it was agreed that the Audit Committee report to the Board would, in future, link the residual 'High' risks to the other Committees. Whilst this could be achieved by adding the Risk Management Register (adapted to include a further column denoting 'Committee') to the Audit Committee Minutes as presented to the Board, the Committee was content to enable the Executive Director of Resources and Clerk to determine the most appropriate mechanism. The Committee agreed that consideration should also be given to the inclusion of a standing item "Matters Referred from Audit Committee" on the agendas for the other Committees.

Mr Nixon talked through the content of the revised Risk Management Policy and Procedures. The Committee noted the proposed changes and agreed that, in future, tracked changes versions be circulated to enable greater clarity.

Resolved: That i) the Risk Management Register be noted; and
ii) the amendments to the Risk Management Policy and Procedures statement are approved.

18. Matters to be Discussed in the Absence of Officers

Those present confirmed that there were no items they wished to raise under this heading.

19. Any Other Business

Resignation of Mr Paul Williams

The Committee noted that this would be Mr Williams final meeting as a Chair and member of the Committee and as a Board member.

Dr Smith thanked Mr Williams for his services to the College over the last four years. Mr Williams stated that he had greatly enjoyed his time as governor and was sorry that significantly increased work commitments had meant that he no longer had sufficient time to dedicate to the role.

Date of Next Meeting: 15th June 2016