

Preston's College

Minutes of the Audit Committee Meeting held on 14th November 2018 at 5.30pm in the Board Room at Preston's College

Present:

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

In attendance:

Mr S Nixon (Executive Director – Resources)
Mr K Azeem (RSM)
Ms Saima Valli (KPMG)
Ms A Barnes (Clerk to the Corporation)
Dr L Smith (Principal/ Chief Executive)

1. Welcome and Apologies

The Chair welcomed members and noted that no apologies had been received,

2. Declarations of Interest

No declarations of interest were made.

3. Minutes of the meeting held on 13th June 2018

Resolved: that the minutes of the meeting on 13th June 2018 be agreed as a true record and were signed by the Chair.

4. Audit Committee Annual Report

Mr Nixon took the Committee through the report which provides a summary of the activities of the Committee for the year ending 31st July 2018 to go to the Board with the annual accounts.

The Committee were informed that the Annual Report contains information lifted from other external reports which are a source of assurance to the Committee to enable them to give assurances to the Board.

Resolved: that the Annual Report of the Audit Committee be approved for onward submission to the Board.

The Chair signed the Annual Report to then be placed before the Board.

5. Internal Audit Reports

Mr K Azeem from RSM talked the Committee through the internal audit reports prepared by RSM.

(i) Subcontracting controls

Mr K Azeem informed the Committee how the Subcontracting report had been prepared and what the actions identified for Management are. Mr Nixon informed the Committee that some of these actions have already been completed.

The Committee raised questions regarding the actions that have been identified and asked what procedures the College has in place to deal with these action points.

(ii) Progress Report November 2018

Mr Azeem informed the Committee that this report provides an update on where the internal audit progress is at and it looks ahead to what is happening when.

The report was discussed and some changes to the future assignment areas proposed.

(iii) Internal Audit Annual Report 2017/18

Mr Azeem reported on the Annual Report for the year ending July 2018 and informed the Committee that the year end statement is positive.

Mr Azeem took the Committee through the key sections of the report, being –

- Their findings in governance, risk management and internal control;
- Appendix B which sets out their conclusions;
- The internal audit management actions.

A discussions was had regarding the conclusions and in particular regarding apprenticeships and the steps that are being taken in that area.

Resolved: The Committee received the internal audit reports

6. Annual Report and Financial Statements (2017/18) and Management Letter

Mr Nixon introduced the item. The Committee had been provided with the final drafts of the financial statements which will be considered by the Resources Committee at their next meeting.

Ms Valli from KPMG presented KMG's Annual Report to the Committee, highlighting the following key areas-

- The purpose of the report
- The findings
- The significant risks that have been identified
- Outstanding matters
- Audit misstatements
- Recommendations.

The Committee discussed the contents of the report and raised questions of Ms Valli regarding how some of the contents of the report had been arrived at. The Committee also asked the management team for further information regarding some of the issues identified in the report, which was provided by Mr Nixon and the Principal.

Resolved: The Committee:

- **Approved the Annual Report and onward submission to the Board.**
- **Agreed to inform the board that the audit process undertaken gives sufficient confidence to provide assurance that the financial statements have been prepared in a satisfactory manner.**
- **The Board be recommended to authorise that the letter of representation be signed.**

7. Risk Management Register and Annual Report

Mr Nixon informed the Committee that the Risk Management Register provides a summary of the key risk areas.

The Committee discussed the College wide risk register and the local risk register, both of which had been provided prior to the meeting.

The Committee were informed that the Risk Management Register has been refined to take account of prior internal audit reviews and to reflect the risks associated with the College's Strategic plan.

Mr Nixon talked through the high risks that have been identified and the actions proposed to mitigate those risks. The Committee were also made aware of the risks that have increased and decreased.

The Committee members raised questions regarding the risks and discussed why certain risks are still applicable. A discussion was had regarding some of the past actions that have been put in place to mitigate risks and how successful they have been.

The Committee also discussed the other cost management strategies including estate management and it was agreed that this should be dealt with in more detail in the risk register.

Resolved:

- **The risk management register and annual report is noted; and**
- **The current risks, actions completed and further actions still to be completed are agreed.**

8. Date of Next Meeting

The date of the next meeting is 13th March 2019.