

Preston's College

Redacted¹ Minutes of the Audit Committee Meeting held on 11 March 2020 at 5.30pm in the Board Room at Preston's College

Present:

Mr M Driver Chair
Cllr J Mein
Mr D Patel
Mr T Readett

In attendance:

Mr K Azeem Internal Audit, RSM (Until close of Minute 8)
Mr R Jones Director, KPMG (Until close of Minute 8)
Mr S Nixon Executive Director – Resources
Mrs C Rayner Clerk to the Board
Dr E Smith Principal & Chief Executive

1. Welcome and Apologies

The Chair welcomed everyone to the meeting, and welcomed Mr Jones, Director, KPMG.

It was noted that a quorum was present.

2. Declarations of Interest

No declarations of interest were noted.

3. Minutes of the meeting held on 13 November 2019

The Committee agreed the minutes of the meeting on 13 November 2019 as a correct record.

Resolved: that the minutes of the meeting on 13 November 2019 were agreed as a correct record and signed by the Chair.

4. Matters arising

The Committee noted the report on progress on actions from previous meetings.

5. Internal Audit Review Reports

a) Risk Management Deep Dive

Mr Azeem, Assistant Manager – RSM, presented a report on the Risk Management Deep Dive. He reported that reasonable assurance could be provided that the controls in place to manage this area were suitably designed and consistently applied. Mr Azeem made reference to their review of a sample of risks, controls and assurances recorded on Preston's College's risk registers. He highlighted the seven management actions identified.

¹ Please note that any matters which the Corporation is satisfied should be dealt with on a confidential basis have been removed from these minutes.

Mr Nixon, Executive Director – Resources, reported:

- management had already introduced a standard risk register template and College Management Team training to address inconsistencies of approach with regarding to department risk registers;
- most of the other management actions had now been addressed by management.

During discussion with Mr Azeem and Mr Nixon, Executive Director – Resources, the Committee noted:

- assurance from management that risks related to students were well managed and documented on a daily basis;
- some risks were dealt with immediately and did not need to be included on the Corporate Risk Register;
- completed management actions would be reviewed by RSM as part of their ongoing follow up.

The Committee discussed with Mr Azeem and Mr Nixon how it would be made aware of risks which did not feature on the Corporate Risk Register reviewed by the Board and Audit Committee. It was noted that internal audit would review the governance process for recording and escalating risk and management would make operational judgements on which risks should be included on the Corporate Risk Register.

The Committee noted the Risk Management Deep Dive report.

b) Curriculum Planning and Forecasting

Mr Azeem presented a report on the Curriculum Planning and Forecasting audit on how the College developed plans to ensure that the curriculum offer was in line with student demand, whilst also considering whether the curriculum area could make a positive contribution to the College's financial position.

Mr Azeem reported that the audit indicated a substantial level of assurance that the controls upon which the organisation relied to manage the identified risks were suitably designed, consistently applied and operated effectively. He highlighted the four low priority management actions identified.

During discussion with Mr Azeem, Mr Nixon and the Principal and Chief Executive on the report, the Committee noted:

- assurance from the Principal and Chief Executive that the culture at the College meant that Heads of School could request additional resources during the academic year if required;
- the College's curriculum planning had benefitted from using 4cast;

- as 4cast and EBS were separate planning tools made by different software providers, it was impossible for the two programmes work together as suggested. It was noted that an internal fix was likely to be too time consuming and the College had other priorities. It was noted that this was an issue for other colleges using 4cast and EBS;
- there was flexibility within the College to bring in short term teaching support if required.

The Committee noted the report on Curriculum Planning and Forecasting.

c) **Internal Audit Progress Report**

Mr Azeem presented the Internal Audit Progress Report, dated March 2020.

Mr Azeem referred to the additional RSM reports provided as appendices:

- Employment Matters – December 2019;
- Changes to off – payroll working IR35;
- Internal Audit Code of Practice.

Following discussion of the report, and in response to queries, the Committee noted that College management were maintaining a watching brief on the developments surrounding the coronavirus and a further update would be provided under the discussion of the Risk Register.

The Committee discussed the report entitled ‘Changes to off – payroll working IR35’ and noted that these changes were not a major issue for the FE sector. Mr Nixon confirmed that the changes effected a small number of self employed consultants or tutors hired by the College and the College complied with the amendments which would come into effect from 6 April 2020.

In response to a query, the Principal and Chief Executive outlined the business reasons the College might hire short term self employed tutors or consultants.

Mr Nixon reported on progress of the Timetabling and Registers audit which had been completed the previous week and responded to queries from members. The Committee noted that a full report would be provided to the Committee at its next meeting.

The Committee noted the Internal Audit Progress Report.

Resolved: The Committee noted all reports and endorsed the Action Plans.

6. **Risk Management Register and Risk Management Policy**

Mr Nixon referred to the Risk Management Register and revised Risk Management Policy. He reported that the Risk Register had been revised to take account of prior Internal Audit Reviews and to reflect the risks associated with the College’s Strategic Plan.

Mr Nixon reported that two new risks had been introduced:

- failure to provide an adequate learner experience, suggested by internal auditors as “best practice”;
- external threats to the continued normal operation of the College. This could cover a range of issues, but had been introduced to reflect concerns over coronavirus (COVID-19).

The Principal and Chief Executive and Mr Nixon outlined actions taken by College management in light of concerns over coronavirus, making reference to:

- guidance provided to staff and students on good hygiene;
- the College continued to follow advice from Public Health England and some learners returning from Category 1 countries had self isolated. Staff had been asked to add comments to Pro Monitor if they had concerns regarding any learners;
- no further overseas student trips were scheduled;
- contingency arrangements in place for staff cover;
- facilities such as Canvas allowed learners to study on line with tutor support;
- supplies of products such as hand sanitiser could be affected and this would be monitored;
- Italy had cancelled student exams and the future of the spring/summer exams in England would be the decision of awarding bodies;
- significant management time diverted to addresses coronavirus related issues and planning;
- a further update would be provided to governors on the management response at the Board meeting on 19 March 2020.

Mr Nixon outlined proposed changes to the Risk Management Policy.

The Committee discussed the Risk Register and proposed changes to the Risk Management Policy and in response to queries noted:

- classification of the types of risk had been removed from the Risk Register to make it more user friendly;
- the College Management Team, and other staff as appropriate, met on a termly basis to discuss risk;
- the Board would discuss the College's approach to risk management at the Board meeting on 19 March 2020;
- proposed changes to policy documents would be shown with track changes going forward;
- the approval date of the new Risk Management Policy would be changed to 19 March 2020, subject to approval by the Board.

Resolved: The Committee:

- **agreed to recommend the proposed changes to the Risk Management Policy to the Board;**
- **noted the Risk Management Register, dated March 2020, the current risks, actions completed and further actions still to be completed.**

7. Audit Register

Mr Nixon presented a report on the Audit Register, dated March 2020, which summarised all outstanding or partially completed recommendations arising from internal and external audits undertaken over the last year with a RAG rating of progress towards implementation. The Committee noted that some actions rated amber had been completed but formal sign off with the internal auditor was required.

Mr Nixon reported that the new Payroll Officer was in post and had developed detailed procedure notes. He reported that additional part time payroll resource was required to support the Payroll Officer and provide contingency during period of sickness and holiday. He reported that in the interim the Head of Human Resources could provide emergency cover if required. Following a query Mr Nixon provided assurance that fraud safeguards were in place and staff training had been provided to ensure that staff followed College procedures.

Resolved: The Committee noted the Audit Register, dated March 2020.

8. Review of Audit Terms of Reference

The Clerk outlined proposed changes to the Audit Committee Terms of Reference which the Search and Governance Committee would propose to the Board, making reference to changes to:

- the process for approving decisions in writing between meetings;
- the policy review and approval process;
- strengthen Board and committee oversight of HE in light of OfS conditions of funding.

The Clerk explained that the Committee could also suggest further changes to the Audit Committee Terms of Reference. The Committee discussed the proposed changes to Audit Committee Terms of Reference and noted that the Audit Committee would review a separate HE Risk Register. The Committee noted the proposed changes to the Audit Committee Terms of Reference.

Resolved: The Committee noted the proposed changes to the Audit Committee Terms of Reference.

Mr K Azeem and Mr Jones left the meeting.

9. Any other business

Mr Nixon reported that the three year contract with the College's current external auditors would expire in 2020. He provided an update on the current market for external audit services and outlined options for consideration. Following discussion, the Committee agreed that the College should invite tenders for the College's external audit services. The Committee discussed the market rate for FE audit services and noted that comparison with other colleges was difficult as the size of the College and remit of external audits differed. The Committee noted that members of the Audit Committee would be invited to serve on the interview panel.

Resolved: The Committee agreed to go out to tender for external audit services.

Actions: The Clerk to send further details of audit tender timetable in due course.

10. Date of next meeting

It was noted that the next meeting date would be held on 10 June 2020.