

Preston's College

Redacted and Abridged<sup>1</sup> Minutes of the Audit Committee Meeting held on 10<sup>th</sup> March 2021 at 5pm  
via Zoom

**Present:**

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

**In attendance:**

Mr A Mawdsley                  Internal Audit, RSM  
Mr S Nixon                        Executive Director – Resources  
Ms L Randall                      Internal Audit, RSM  
Mrs C Rayner                      Clerk to the Board  
Dr E Smith                         Principal and Chief Executive

**1. Welcome and Apologies**

The Chair welcomed everyone to the meeting.

It was noted that a quorum was present.

**2. Declarations of Interest**

No declarations of interest were noted.

**3. Minutes of the previous meetings**

The Committee agreed the minutes of the meeting on 25<sup>th</sup> November 2020 as a correct record.

**Resolved: The Committee agreed the minutes of the meeting on 25<sup>th</sup> November 2020 as a correct record.**

**4. Matters arising**

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

**a) Minute 11 - Any Other Business**

The Clerk referred to a request at the previous meeting for an update on the Corporation's subsidiaries and their purpose. The Clerk referred to the Passport to Apprenticeship Ltd subsidiary which was a dormant incorporated private company limited by guarantee with no funds. She reported that following meetings with the companies two directors, Dr Smith and Mr Nixon, and management it was agreed that the company was no longer required and should be

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

wound up. She explained that this would be considered at the Board meeting on 18<sup>th</sup> March 2021. The Principal and Chief Executive and Mr Nixon provided additional information on the original purpose of the Passport to Apprenticeship Ltd which had been established with the approval of the Board. The Clerk confirmed that the Board would need to approve the formation of Corporation subsidiaries and undertook to provide further details on the governing document which embodied this.

The Clerk and the Principal and Chief Executive also reported on the College's other subsidiary, Preston College Education Fund, which was no longer registered with the Charity Commission. The Committee noted that the remaining balance would be transferred to the College for the purpose previously agreed by the Board.

In response to a query Mr Nixon confirmed that the College would notify ESFA when the required actions had been completed.

**Resolved: The Committee noted the matters arising report including an update on Board subsidiaries.**

## **5. Internal Audit Progress report – March 2021**

Ms Randall presented the Internal Audit Progress report – March 2021. She made reference to:

- Students Records and Key Financial Controls audits had been completed and would be considered by the Audit Committee at its June meeting;
- as many audits were scheduled to be completed in time for the June Audit Committee meeting this could be a longer meeting;
- productive meetings held with management prior to the commencement of the Quality Framework and Compliance Audit and People Strategy Audits;
- reasons why the Quality Framework and Compliance Audit and People Strategy Audits had been rescheduled at the request of management due to audit leads being unavailable for scoping calls until January 2021. It was noted that whilst the Covid pandemic had impacted significantly on management time during 2020, progress on audit requests had made in recent weeks.

The Committee discussed and noted the Internal Audit Progress report – March 2021 and recorded thanks to RSM and College management for their continued efforts to progress internal audits during the pandemic.

**Resolved: The Committee noted the Internal Audit Progress report – March 2021.**

## **6. Risk Management Register**

Mr Nixon referred to the Risk Management Register as of March 2021 and his report. Mr Nixon referred to the key risks including:

- risks relating to income, particularly due to the impact of the pandemic
- discussions at Resources Committee on efforts of management to mitigate risks to income where possible;

- the University of Derby's decision to cease validation arrangements at the end of the academic year and the impact of this on current students and future enrolments and the College's response to date;
- increased 16-18 recruitment which would have a positive impact on 2021-22.

Members discussed the Risk Register with management and during discussion noted:

- discussions regarding the decision of the University of Derby and the response of the Office for Students;
- the timescale column on the Risk Register referred to a target date for management review of the risk rather than for removing or resolving the risk;
- learner engagement during lockdown and the impact of lockdown on learner's mental health and support provided. Members noted plans to increase the amount of time learners spent on campus. However, blended learning had many positives and would be continued;
- during lockdown a small number of learners and staff had attended College and were invited to complete regular lateral flow tests. Mr Nixon outlined how this offer had been extended to all learners and staff returning to College and home testing would be phased in;
- lateral flow testing was not mandatory for staff and learners;
- whilst lateral flow testing was not as accurate as the swap test it provided some assurance and there had been one positive result to date. Mr Nixon outlined the action taken in response;
- learner behaviour had been very good to date.

The Principal and Chief Executive commended Mr Nixon, management and staff for the implementation of the College testing centre and efficient systems. Members noted that staff had volunteered at the test centre.

The Committee discussed and noted the Risk Management Register, March 2021. Following discussion, it was agreed that it would be helpful if the format and content of the Risk Register was reviewed to provide more information on potential consequences of key risks and mitigating action taken or planned, particularly for risks which required immediate action. Members suggested that this would assist members in supporting College management and staff and also provide a governance record.

Ms Randall provided background and confirmed that the format of the College's Risk Register was standard and many of the risks currently experienced by the College were common to other colleges, particularly due to the pandemic. She outlined it was good practice, as shown in the College's Risk Register, to provide details of which person had been assigned to complete the mitigating action and the timeframe for this. She suggested it might be useful to stress test the register to explore impact should a number of risks occur at the same time. Following discussion, it was agreed that further narrative of the potential scenarios would also be beneficial and noted that the Board had considered a report on different Covid impacts scenarios in December 2020.

**Resolved: The Committee noted the Risk Management Register, dated March 2021, the current risks, actions completed and further actions still to be completed.**

**Action: Mr Nixon undertook to review the format and content of the Risk Register ahead of the June meeting and to explore further scenario reporting.**

## **7. Audit Register**

Mr Nixon presented a report on the Audit Register, dated March 2021, 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 the Audit Register and progress to date.

**Resolved: The Committee noted the Audit Register, dated March 2021.**

*Mr Mawdsley and Ms Randall left the meeting.*

## **8. Any other Business**

### **a) Subsidiaries**

The Clerk referred to discussions earlier in the meeting regarding the formation of subsidiaries and confirmed that the role of the board in establishing shareholding arrangements and appointing directors of companies wholly or partly owned by the College was detailed in the Financial Regulations. The Committee discussed the formation of subsidiaries and the best practice structure should the Board decide to set up a subsidiary going forward.

### **b) University of Derby**

Following a question from the Chair the Committee further discussed the decision of the University of Derby to end the partnership with the College with management.

### **c) Internal Audit Services Tender**

Mr Nixon reported that the existing contract for internal audit services expired at the end of July 2021 and under the terms of the appointment could not be extended. He referred members to his Internal Audit Tender report and made reference to:

- the proposal to tender using the CPC framework and the rationale for this;
- the draft tender specification at Appendix A for review and comments by the Committee;
- a request for members of the Audit Committee to take part in the tender process.

The Committee discussed the recommendation and noted the draft tender specification. Following discussion, the Committee approved use of the CPC framework. The Chair, Cllr Mein and Mr Patel volunteered to join the evaluation panel. It was noted that further information would be sent in due course.

**Resolved: The Committee noted the report, draft tender specification and approved use of the CPC framework.**

## **9. Date of next meeting**

The Committee noted that the next meeting date would be 9<sup>th</sup> June 2021.

*The meeting concluded at 6.53 pm*