

Preston College
Redacted and Abridged Minutes of the Audit Committee Meeting held on 15th June 2022 at
5.30pm
In the Boardroom

Present:

Mr Marcel Driver	Chair
Mr Steve Browne	
Mr Dipesh Patel	(Remote)

Apologies:

Mrs Louise Doswell	Principal and Chief Executive
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In attendance:

Mr Simon Nixon	Executive Director – Resources (From Minute 4)
Mr Steven Pringle	Senior Internal Audit Manager, Wylie and Bissett (From Minute 4 until Minute 10) (Remote)
Mrs Clare Rayner	Clerk to the Board

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. Audit Committee Closed Session

The Committee met in Closed Session.

The Clerk left the meeting for part of the session.

The Clerk re-joined the meeting

Mr Simon Nixon, Executive Director – Resources, and Mr Steven Pringle, Senior Internal Audit Manager, joined the meeting.

4. Minutes of the Meeting

The Committee agreed the minutes of the meeting on 9th March 2022 were agreed as a correct record.

Resolved: the minutes of the meeting of on 9th March 2022 were agreed and signed as a correct record.

5. Matters arising

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

Mr Nixon, Executive Director of Resources, reported on a query raised at the meeting on 24th

November 2021 on debt write offs and explained that the credits listed related to student debts which were written off and then paid. It was noted that there were no VAT issues.

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

6. Internal Audit Review Reports

a) Student Experience

Mr Pringle presented Wylie and Bisset's report on the Student Experience Internal Audit. He reported:

- on how the audit work had been completed;
- that the overall conclusion was that a strong level of assurance could be given;
- that no management recommendations had been made;
- that 10 areas of good practice had been highlighted in the report;
- on benchmarking against other similar internal audits.

The Committee noted the Student Experience Internal Audit.

b) Adult Education Budget

Mr Pringle presented Wylie and Bisset's report on the Adult Education Budget (AEB) Internal Audit. He reported:

- that the overall conclusion was that a strong level of assurance could be given;
- that no management recommendations had been made;
- that 11 areas of good practice had been highlighted in the report;
- on benchmarking against other similar internal audits.

Mr Pringle responded to a request for examples of good practice referred to in the internal audit which enabled the internal auditors to conclude the AEB arrangements in place were strong. Mr Pringle referred to recruitment activities, curriculum planning and marketing arrangements in place at the College. Mr Pringle explained that the scope of the audit did not include observation and instead focused on reviewing the provision on offer, the website and internal data and information.

Members discussed with management that the outcome of the internal audit was particularly reassuring as achieving the AEB budget had been challenging in recent years due to the impact of Covid.

The Committee noted the AEB Internal Audit.

c) Business Continuity Planning

Mr Pringle presented Wylie and Bisset's report on the Business Continuity Planning Internal Audit. He reported:

- that the overall conclusion was that a strong level of assurance could be given;
- that 5 low grade management recommendations had been made;
- that 7 areas of good practice had been highlighted in the report;
- on benchmarking against other similar internal audits. It was noted that the College had more management actions than other colleges but they were all low grade actions.

Mr Nixon confirmed that management had agreed all the management recommendations which were all closely associated. He also referred to the impact of Covid on Business Continuity Planning.

Mr Pringle and management responded to a question on how the internal auditors had concluded the grading should be strong when one of the management recommendations include the necessity for a Business impact analysis. The Committee noted that this recommendation had been graded as low because risk assessments were in place throughout the College and the action related to combining this information into one document which included ranking.

Members requested a copy of the final Business impact analysis report once it had been completed.

The Committee noted the Business Continuity Planning Internal Audit.

d) Procurement

Mr Pringle presented Wylie and Bisset's report on the Procurement Internal Audit. He reported:

- that the overall conclusion was that a substantial level of assurance could be given;
- that 2 medium grade management actions and been raised and 1 low grade management actions had been made;

- the management actions related to development of a procurement strategy, updating the procurement manual and developing bespoke training for all staff involved in the procurement process. However, the Committee noted that Senior Management were aware of processes to be followed for procurement, and other members of staff have access to the Senior Procurement Officer to seek advice on any queries they have in relation to procurement;
- that 12 areas of good practice had been highlighted in the report;
- on benchmarking against other similar internal audits.

Mr Nixon reported that the College management agreed with the management actions raised for this audit. Mr Nixon commended the work of Steven Eaves, Senior Procurement Officer, since his appointment in February 2020. He explained that Mr Eaves had already identified areas for improvement to progress when his schedule allowed and he would progress the management actions as soon as possible. However, during 2021/22 the majority of his time was taken up with other priorities.

The Chair of the Audit Committee commented that in addition to the management recommendations outlined there were also 12 areas of good practice highlighted and commended the procurement work at the College.

The Committee noted the Procurement Internal Audit.

e) Internal Audit 2021/22 Follow Up Review

Mr Pringle presented Wylie and Bisset's Internal Audit 2021/22 Follow Up Review, dated April 2022. The Committee noted that the report was graded substantial. The Committee noted that an outstanding management recommendation, which related to ICT and identifying offsite data storage, included the Audit Register and would be explored by management in the autumn term.

The Committee noted the Internal Audit 2021/22 Follow Up Review report.

f) Internal Audit Plan 2022/23

Mr Pringle presented Wylie and Bisset's draft Internal Audit Plan 2022/23.

Mr Pringle reported that Wylie and Bisset could deliver governor CPD sessions on topics such as Risk Management, Role of the Board, Role of Internal Audit, Finance for Non-Financials and Fraud Awareness. The Chair of Audit Committee agreed that this offer should be extended to all governors. It was agreed to explore this as part of the governance meeting plan for 2022/23.

The Committee discussed the scope of the Curriculum Planning Internal Audit with Mr Nixon and Mr Pringle. Members discussed shifting the scope of the audit to include the financial contribution of each curriculum area as this would ensure the Committee and the Board could

assess the long term viability of courses and programmes. Members also agreed it would be helpful to understand how overheads were allocated. The Committee also discussed with management the importance of ensuring the College's curriculum met local education and training needs and the importance of some courses to the College's curriculum regardless of their current financial contribution.

The Clerk referred to the new statutory duty for college boards to review how well the education or training provided met local needs and how an internal audit of Curriculum Planning could provide Board assurance in this area.

The Committee also noted that changes could be made to the order of internal audits and number of days scheduled for 2023 and 2023/24 if required.

Following discussion it was agreed that, as the Curriculum Planning internal audit would not commence until January 2023, further information would be provided to the Committee at its next meeting on financial contribution by curriculum area by demonstrating the College's 4cast system. The Committee could then review the scope of the Curriculum Planning Internal Audit in light of this information.

The Clerk reported that, following a request from the Audit Committee, she had shared the Audit Needs Assessment (ANA) produced by Wylie and Bisset, with committees and requested feedback on the internal audit plan 2021/22 – 2023/24. The Clerk reported that all committees reviewed the ANA and the Quality and Standards Committee had suggested that, although a Safeguarding and Prevent internal audit had been completed in 2021, it would be helpful to repeat this audit in the latter stages of the 2021/22 – 2023/24 audit plan. The Quality and Standards Committee had also requested a copy of the internal audit of the Student Experience when it was completed. The Clerk reported that she would share the report with the Quality and Standards Committee at their next meeting and that the Search and Governance Committee had considered the Corporate Governance Audit Report at its last meeting.

g) Annual Report 2021/22

Mr Pringle presented Wylie and Bisset's Annual Report 2021/22.

Mr Pringle reported on Wylie and Bisset KPI on service levels.

The Committee commended Mr Pringle and his team for the service level achieved. Members agreed that the internal audit reports presented were succinct and effectively communicated the management recommendations and areas of good practice.

The Committee noted the Internal Audit Annual Report 2021/22.

Resolved: The Committee noted the reports for information and endorsed the Action Plans, pending review of the Curriculum Planning Internal audit in November 2022.

Actions: To demonstrate 4cast at the next Audit Committee Meeting.

To arrange internal audit CPD sessions during 2022/23 academic year.

To share a copy of the final Business impact analysis report once it had been completed.

7. Risk Management Register

Mr Nixon presented this report on the Risk Management Register. He reported that the latest version of the College's Risk Register was at Appendix A.

Mr Nixon highlighted that the most significant increasing risk related to potential cyber attacks which had become more prevalent over time, and the conflict in Ukraine further increased the likelihood of attacks. He reported that on the College's systems. . The Committee agreed the risk register rating for this risk.

The Committee agreed that cyber security would be a useful topic for a CPD session.

The Committee discussed the Risk Management Register, dated June 2022, and agreed the current risks, actions completed and further actions still to be completed.

Resolved: The Committee agreed the current risks, actions completed and further actions still to be completed.

Action: To organise a CPD session on cyber security.

8. Audit Register

Mr Nixon presented his report on the Audit Register, at Appendix A. The Committee noted that off site data storage had been discussed under item 7.

The Committee noted the Audit Register report.

Resolved: The Committee noted the Audit Register report.

9. Post 16 Audit Committee Code of Practice 2021/22

Mr Nixon reported that in April 2022, The Education and Skills Funding Agency published its updated Post-16 Audit Code of Practice 2021/22 (the code) which set out the overarching assurance arrangements for providers, as well as the specific responsibilities for corporations and auditors. The Committee noted that the report was relevant for all governors, but particularly the Audit Committee. Mr Nixon referred members to the Code, at Appendix A.

In response to a query on how the Committee could be assured that the College complied with the Post 16 Audit Committee Code of Practice 2021/22, the Committee noted that assurance would be given by the external auditors as part of their work. Members agreed it was agreed to maintain an open dialogue with the new external auditors throughout the year.

The Clerk reported that a copy of the ESFA Guidance on The scope of work of audit committees and internal auditors in college corporations, which was last updated in January 2022, which was referred to in the Code, was included at Appendix B for information.

The Committee noted the reports.

Resolved: The Committee noted the Post 16 Audit Code of Practice 2021/22 and the ESFA Guidance on the scope of work of audit committees and internal auditors in college corporations

10. Forward Work Programme

The Clerk presented her report on the Audit Committee Forward Work Programme for 2022/23. She referred members to the draft programme at Appendix A, which was based on the 2021/22 programme. The Clerk suggested that a review of the external and internal auditors should be added to the programme in March 2023. The Committee agreed the Audit Committee Forward Work Programme for 2022/23 including a review of the external and internal auditors in March 2023.

Resolved: The Committee approved the Audit Committee Forward Work Programme 2022/23 with the amendment to include a review of the external and internal auditors in March 2023.

Mr Pringle left the meeting.

11. External Audit Tender

Mr Nixon presented his report on the External Audit Tender. Following discussion, the Committee agreed to endorse the recommendation of the appointment panel and recommend to the Board the appointment of Beever & Struther as the College's external auditors for a period of three years (which can be extended by a further year at the discretion of the Board) from July 2022.

The Committee noted that a handover meeting would be arranged with the current external auditors.

Resolved: The Committee agreed to endorse the recommendation of the appointment panel and recommend to the Board the appointment of Beever & Struther as the College's external auditors for a period of three years (which can be extended by a further year at the discretion of the Board) from July 2022.

12. Date of Next Meeting

The Committee noted that the date of the next Audit Committee meeting would be confirmed at the next Board meeting.

The meeting closed at 7.26pm