

Preston College
Redacted and Abridged¹ Minutes of the Audit and Risk Committee Meeting
held on 6 March 2024 at 5.30pm Zoom

Present:

Mr Marcel Driver Chair
Mr Steve Browne
Mr Malcolm Goulding
Mrs Isara McKnight

Apologies:

Mrs Sally Little
Mr Iain Stott Vice Principal - Corporate Services

In attendance:

Ms Dianne Allott Funding and Data Services Manager (from Minute 5 to Minute 6 (a))
Ms Audrey Cowan Internal Audit Supervisor - Wylie and Bisset
Mrs Karen Dunmore Vice Principal - Finance
Professor Ron Hill Consultant, Stone King - External Governance Review
Mr Simon Nixon Principal and Chief Executive
Mrs Clare Rayner Clerk to the Board
Ms Rachel Robson Consultant, Stone King - External Governance Review

1. Welcome and Apologies

The Chair welcomed everyone to the meeting. The Committee noted that apologies had been received from Mrs Sally Little and Mr Iain Stott.

The Chair welcomed Professor Ron Hill and Ms Rachel Robson, who would observe the meeting has part of the College's external governance review.

The Chair welcomed Ms Karen Dunmore, Vice Principal Finance, to her first meeting since her appointment.

It was noted that a quorum was present.

2. Declarations of Interest

No declarations of interest were declared.

3. Minutes of the Previous Meeting

The Minutes of the Meeting on 22 November 2023 were agreed as a correct record.

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.

Resolved: the minutes of the meeting held on 22 November 2023 were agreed as a correct record.

4. Matters arising

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

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

5. Funding Audit Report

Ms Dianne Allott, Funding and Data Services Manager, joined the meeting.

The Chair welcomed Ms Allott to the meeting. The Chair referred members to the Funding Audit report at Appendix A.

The Principal and Chief Executive and Ms Allott provided background on the outcome of the funding audit.

The Committee discussed and noted the report.

Resolved: The Committee noted the Funding Audit Report.

6. Internal Audit Reports

a) Apprenticeship Review

Ms Audrey Cowan, Internal Audit Supervisor - Wylie and Bisset, presented the Apprenticeship Review internal Audit report at Appendix B. Ms Cowan outlined the scope of the audit and reported:

- that the overall conclusion was that a 'strong' level of assurance could be given;
- that four low grade recommendations had been made:
 - ensuring that data in the Individualised Learner Records (ILRs) could be substantiated with the underlying source documents,
 - that training/guidance be given to staff to ensure that they record support data which accurately reflected the support given;
 - that the College strives to ensure that all documentation is signed prior to the start date of the apprenticeship
 - that the College strives to ensure that the end dates recorded on Apprenticeship Agreements are updated to reflect the start and end dates of the whole apprenticeship.
- on 12 areas of good practice which had been identified;
- on benchmarking against other colleges;

- that this was a very good audit with no funding errors identified.

The Committee discussed the internal audit report with Ms Cowan and management. Following comments and queries from members, the Committee noted:

- that the College had addressed the recommendation on record keeping. However, the sample identified related to a specific learner with a very specific learning need;
- that time was available in the working day for staff to update records as required and the process had been streamlined and automated to make it as easy as possible;
- communications would be sent to staff with reminders on the information required to be recorded and the tools provided to do so; training sessions had also been delivered on record keeping.

The Committee noted the report and congratulated management on the outcome.

Ms Allott was thanked for her attendance at the meeting.

Ms Allott left the meeting.

b) Human Resources

Ms Cowan presented the Human Resources Internal Audit report at Appendix A. Ms Cowan outlined the scope of the audit and reported:

- that the overall conclusion was that a 'substantial' level of assurance could be given;
- that two medium and two low grade recommendations had been made:
 - that the College should in all recruitments maintain an accurate audit trail for Business case; evidence of shortlisting; interview notes; and appointment form/checklist
 - the College put in place an agreed timeline for return of recruitment files from line managers,
 - that policies and procedures are updated in compliance with the College's review dates;
 - that new starters do not commence employment prior to a contract of employment being signed;
 - that induction is completed for all staff and that a timeline is established for completed induction checklist from line managers.
- on eight areas of good practice which had been identified;
- on benchmarking against other colleges;

- that the College's Equality, Diversity (EDI) Policy had been reviewed and the auditors were of the view that the College's HR policies and procedures included due consideration of equality, diversity, and inclusion provisions, particularly in the areas of performance improvement, attendance, leave management and recruitment.

The Committee discussed with management the reasons that the HR department had been understaffed in recent years. The Committee noted that the HR department was now at full strength and policies and procedures would be reviewed as required.

The Chair also highlighted that, in addition to managing her department, the Head of Human Resources had also supported the Board with two Senior Post Holder appointments during 2023.

The Committee discussed the internal audit report with Ms Cowan and management. Following comments and queries from members, the Committee noted:

- that Ms Cowan advised that in the sector, records from unsuccessful candidates were normally retained for six months to a year depending on a college's individual policy;
- actions planned in response to the recommendation on recording of recruitment information, including the intention to replace Education Recruiter, the College's current recruitment tool.

During discussion with management, members suggested that:

- the timeframe for updating policies by July 2025 should be reduced and whether additional HR resources were required to achieve this. The Principal and Chief Executive undertook to review;
- a review was undertaken on the frequency of review for policies and whether the review period could be extended for some policies. It was suggested that a legislative led framework might be more efficient than the current review periods which were often arbitrary. It was noted that some reviews were required due to changes in legislation;
- the number of overall policies could be reviewed as 46 appeared to be a high number.

Management undertook to review the suggestions and thanked members for their feedback.

The Chair of the Board recorded thanks to the Human Resources department on behalf of the Committee.

Resolved: The Committee received the reports for information and endorsed the action plans.

Action: Management to review feedback from members on the policy review process, number of overall policies and the timetable for ensuring that all outstanding policies were reviewed.

7. Risk Management Register

Mrs Dunmore presented the Risk Management Register. Mrs Dunmore reported:

- that the risk of not achieving the Apprenticeship income target had increased due to the identification of a phasing error in the curriculum plan which had resulted in an inflated in-year target against a number of apprenticeship standards. She reported that this had resulted in a target set of c£300k more than the plan would earn and this shortfall had already been mitigated in the accounts;
- that the other main agency income streams, 16-18 and AEB, had reduced risk following submission of the mid-year return to the ESFA. It was noted that whilst there were still challenges within these income streams, performance in the first half of the year, was improved compared to this point in previous years;
- that the risk of cyber attacks at the College had increased due to information from the National Cyber Security Centre on the probability of attacks in the UK due to the global elections in 2024, ongoing conflicts around the world and increased use of Artificial Intelligence (AI);
- the College's water costs had increased in recent years. Management was investigating potential causes. However, the increased use of water was likely to be related to the increase in learners, particularly on construction courses which used lots of water during lessons.

The Committee discussed the report with management. In response from queries from members, the Committee noted:

- that in response to concerns regarding the phasing error and the significant budget adjustment required, assurance was provided that the error had been identified early in the academic year and that additional checks would be put in place to identify similar errors going forward. It was noted that this had been a curriculum planning error rather than a budgeting error;
- that the cyber threat risk had become individualised, such as sending key contacts at colleges phishing emails, which were becoming increasingly realistic and harder to spot as fraudulent;
- that the Vice Principal Finance had recently received a fake email purporting to be from the Principal and Chief Executive. The Committee noted a summary of the training staff received at induction and ongoing Continuing Professional Development (CPD) in relation to increasing cyber threats;
- that the College had conducted penetration testing and phishing tests with staff in November 2022 and this would be revisited in due course;
- that changes to the risk register for risk on '*Changes in Board membership/management team have adverse impact on College strategic direction and/or oversight*' could be considered in the Closed Session;

- that the Clerk's proposal to reintroduce the risk related to the appointment of new governors, following the resignation of two governors, could be considered in the Closed Session;
- that a governor CPD session on cyber risk was planned for 14 March 2024. The Clerk reported that there was a possibility that the session might need to be postponed and she would confirm details to governors as soon as possible. The Chair highlighted that the session had already been postponed in October 2023 and it would be helpful to hold the session as soon as possible.

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

8. Audit Register

Mrs Dunmore presented the Audit Register report and updated the Committee on progress to date. Mrs Dunmore reported:

- that establishing a process for reviewing lessons learnt from incidents impacting on business continuity, including Covid, was rated amber and had been postponed until October 2024;
- on new management appointments including Estates and Facilities Manager and the Health and Safety Officer.

The Committee noted the Audit Register.

Resolved: The Committee noted the Audit Register.

Ms Cowan left the meeting.

9. Draft Procurement Strategy

Mrs Dunmore referred members to the draft Procurement Strategy at Appendix A. She reported:

- that the Procurement Act 2023 had received Royal Assent on 26 October 2023 and the Cabinet Office indicated it would come into force in October 2024. Once the consultation on the secondary legislation had concluded, detailed guidance would be issued;
- that the draft was a work in progress;
- on the three interlinked themes of the strategy: Value for Money and Innovation, Training and Development and Public Benefit and Sustainability;
- on plans to upskill staff in the new procurement strategy;

- that the Procurement Strategy had identified spend in Estates and Catering as initial key focus areas.

The Committee discussed the draft strategy with management. A member suggested that, whilst it was admirable to encourage local companies to submit tenders, the weighting of price against other components required careful review, and colleges must ensure value for money rather than subsidising local companies. The Principal and Chief Executive acknowledged the concern and recognised that a balance was important, particularly as the College, as a public body, needed to demonstrate adherence to the principles of Managing Public Money. The Principal and Chief Executive also outlined the social value that some local companies had provided for recent projects, including benefits to learners. It was noted that the detailed guidance expected from the government would provide clarification on the inclusion of local suppliers in procurement.

Following a query, members discussed with management whether the strategy could become operational before the Procurement Act came into force.

The Chair highlighted two typographic errors.

The Committee noted the report.

The Chair welcomed the progress made on the development of a Procurement Strategy and thanked management.

Resolved: The Committee noted the draft Procurement Strategy.

10. Date of Next Meeting

The Committee noted that the next meeting would be held on 19 June 2024.