

Preston College
Redacted and Abridged¹ Minutes of the Audit and Risk Committee Meeting
held on 20 November 2024 at 5.30pm on Zoom

Present:

Mrs Sally Little Chair
Mr Neil Fletcher
Mr Malcolm Goulding

Apologies:

Mr Steve Browne

In attendance:

Mr Mark Airey	Executive Director of Finance (From minute 3)
Ms Audrey Cowan	Internal Audit Supervisor -Wbg (from Minute 3 until minute 10)
Ms Sana Mumtaz	Audit Manager – Beevers and Struthers (from Minute 2 until minute 8)
Mr Simon Nixon	Principal and Chief Executive (From Minute 2)
Mr Iain Stott	Vice Principal – Corporate Services (From Minute 3)
Mrs Clare Rayner	Clerk to the Board

1. Welcome and apologies

The Chair welcomed everyone to the meeting and welcomed Mr Neil Fletcher to his first meeting.

It was noted that a quorum was present.

2. Declarations of Interest

The Committee noted the interest of senior post holders, the Principal and Chief Executive and the Clerk, in Item 13.

3. Audit and Risk Committee Closed Session

Redacted.

Ms Audrey Cowan, Mr Mark Airey and Mr Iain Stott joined the meeting.

The Chair welcomed Mrs Audrey Cowan, Internal Audit Supervisor -Wbg, Mr Mark Airey, Executive Director of Finance, and Mr Iain Stott, Vice Principal Resources, to the meeting.

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

4. Minutes of the Previous Meeting

The Clerk explained that the minutes of the meeting held on 19 June 2024 would need to be agreed by written resolution as only one member present had been in attendance at the meeting on 19 June 2024.

5. Matters arising

The Committee noted the report on progress on actions from previous meetings. In response to a comment that some of the actions were historic and well beyond their target competition date, the Clerk undertook to review historic actions in the report.

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

Action: The Clerk and management to review historic actions.

6. Internal Audit Reports

a) Follow up review

Ms Cowan, Internal Audit Supervisor -Wbg, presented the Follow Up review report. Mrs Cowan reported that:

- the auditors could provide a substantial level of assurance that the College had endeavoured to implement recommendations raised in prior years, with 10 of the 19 recommendations raised fully implemented, five recommendations partially implemented and four recommendations not implemented;
- two of the partially implemented recommendations were medium grade recommendations;
- the report did not include details of fully implemented recommendations.

A member queried the number of College admissions procedures, as the report referred to five but four were listed in the report. Mr Stott suggested that this could also include the HE admissions policy and undertook to clarify.

A typographical error on page 13 was noted.

Members discussed the progress of partially implemented recommendations. Ms Cowan confirmed that any outstanding actions were rolled over to the next academic year.

b) Internal Audit Annual Report

Ms Cowan presented the Wbg Internal Audit Annual Report for 2023/24. She reported:

- that Wbg were satisfied that sufficient internal audit work had been undertaken to draw a conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes and a clean opinion could be given;
- that there were no high priority management actions and all other outstanding actions were captured in the follow up report;
- on the number of recommendations raised compared to other colleges. However, this was only for guidance rather than a formal benchmarking metric.

In response to a query, the Committee noted that management responses had been delayed for Health and Safety related actions to allow the new Health and Safety Officer to comment on them.

The Committee noted the report.

Resolved: The Committee noted Internal Audit Follow Up and Internal Audit Annual Reports.

Action: Ms Cowan to address queries raised.

7. Audit and Risk Committee Annual Report 2023/24

The Committee reviewed the draft Audit and Risk Committee Annual Report 2023/24.

The Clerk explained that the draft report would need be updated with any actions from the Committee's review of its effectiveness 2023/24 which would take place at the end of the meeting.

As the management letter was still in draft, the Clerk suggested that the Committee approve Chair's action for the Chair to sign the final version of the Audit and Risk Committee Annual Report 2023/24 when the final management letter had been received and the Audit and Risk Committee Annual Report 2023/24 had been updated with any actions from the Committee's review of its effectiveness.

The Committee agreed to approve Chair's action for the Chair to sign the final version of the Audit and Risk Committee Annual Report 2023/24 following confirmation from Beever and Struthers that all outstanding matters had been completed and when the updated management letter had been received and any actions from the Committee's review had been added.

The member noted a typographical error which the Clerk undertook to correct.

Resolved: The Committee noted the draft Audit and Risk Committee Annual Report 2023/24 and approved Chair's action to approve the report.

8. Annual Report Financial Statements, Management Letter and Letter of Representation

Mr Airey, Executive Director of Finance, referred members to the draft Annual Report Financial Statements at Appendix A. The Chair undertook to email a number of typographical errors.

The Chair suggested that it might be helpful to review some of the narrative in the strategic report and director's report which dated back to 2019. The Principal and Chief Executive explained that some of the narrative was included to provide pre Covid context. However, he undertook to review if any information was unnecessary.

Following a query on whether increased national insurance contributions should be included as a risk, the Principal and Chief Executive explained that the government had advised that colleges would be financially supported, however, the extent of this support was currently unknown. There was an indirect risk for the College in that it could impact of employers' recruitment of new staff.

Ms Mumtaz referred members to the Management letter at Appendix B and reported that the substantial work of the audit had been completed and the auditors intended to give an unqualified audit opinion and no recommendations had been made. The Committee noted the Management Letter.

The Committee noted the Letters of representation, at Appendix C and D for regularity and audit and the Regularity self-assessment questionnaire 2023/24 at Appendix E.

Resolved: The Committee agreed to inform the Board that the audit process undertaken to date gave sufficient confidence to provide assurance that the financial statements and associated regularity self assessment review had been prepared in a satisfactory manner.

Action: To review annual report in responses to members' queries and suggestions.

Ms Mumtaz left the meeting.

9. Risk Management Register

Mr Stott presented the Risk Management Register. He reported on the risk of internal threats from within the student and staff body which had been added to the Risk Register in July 2024. In relation to this risk, he reported that:

- there had been isolated incidents at the College during 2023/24;
- the College had supported the government's 'Surrender you Knives' campaign and had worked with the local police to set up a temporary knife arch on campus.

The Clerk reported that, following a recruitment search by Peridot, the Search and Governance Committee had recently considered 12 candidates for the independent governor vacancies. Therefore, the risk of not recruiting governors during 2024/25 had reduced.

In response to questions and comments from members, the Committee noted:

- how knife issues were addressed in College and that the students involved were usually excluded or suspended;
- the reason risks were not currently numbered on the Risk Register.

Members gave feedback on the content and format of the Risk Register and suggested:

- it would be helpful for the risk description to follow a consistent approach e.g. there is a risk that X, this is caused by X and could result in X; and that this approach might help management merge some risks together;
- whilst it was helpful to provide context in the commentary for each risk, some of the commentary might be too historic and it could add more value if the commentary was more forward looking;
- importance of the Committee focusing discussion on the key risks and what the College was doing to mitigate the risks, where this was possible.

The Clerk referred to the Board discussion of the Risk Register in July and reported that the Board had agreed that the Audit and Risk Committee should review whether more detail on risk of reputational damage more generally should be added to the risk management register.

Following discussion, the Committee agreed that the commentary of the risks should be reviewed to include reference to the type of risk e.g. financial, reputation etc. However, the Committee noted that some risks would fit into more than one category.

Management undertook to review the format and content of the Risk Register in response to members' feedback.

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

Action: Management to review format and content of the Risk Register.

10. Audit Register

Mr Stott presented the Audit Register report and updated the Committee on progress to date.

Mr Stott undertook to review the Audit Register as some actions were scheduled for completion in October 2024 and had not been completed.

It was noted that one of the actions related to the drafting of a Procurement Strategy and Procurement Manual. The Committee noted that the strategy and manual had been paused due to the delay in the implementation of the Procurement Act 2023 which had been expected to come into force on October 2024 but had been delayed

due to the change in government. Mr Airey advised that the bill was expected to come into force in March 2025.

Ms Cowan acknowledged that it had been practical to pause the strategy to avoid having to make amendments soon after its approval. However, as the timescales remained uncertain, she recommended that management and the Board should progress the strategy and make amendments at a later stage, if necessary.

The Committee noted the Audit Register report.

Ms Cowan left the meeting.

The Committee noted that some of the delays related to the absence of the Vice Principal - Finance in the first half of the year and as the Executive Leadership Team was now in place, the outstanding actions would be addressed.

Resolved: The Committee noted the Audit Register.

11. Health and Safety Annual Report 2023/24

Mr Stott referred members to the College's Health and Safety Annual Report 2023/24.

In response to questions and comments from members, the Committee:

- welcomed a culture in which near misses could be reported;
- noted the definition of non College incidents and explained some students would ask for College first aid for illness or incidents which had happened outside College.

Following a query on inconsistencies between the headline figures and the tables, Mr Stott undertook to review.

The Committee noted the report.

**Resolved: The Committee noted the Annual Health and Safety Report 2023/24.
Action: Mr Stott to review the headline figures and tables prior to review by the Board.**

12. Annual Report of Debts Written Off 203/24

Mr Airey referred members to the Annual Report of Debts Written Off 2023/24. Mr Airey provided information on write backs, which were repaid loans which the College had written off.

In response to a query, Mr Airey provided more detail on the threshold for chasing of outstanding debt.

The Committee noted the Annual Report of Debts Written Off 203/24.

Resolved: The Committee noted the Annual Report of Debts Written Off 2023/24 report.

13. Senior Post Holder Expenses 2023/24

Mr Airey presented the Senior Post Holder (SPH) Expenses 2023/24 report. The Committee noted the report.

Resolved: The Committee noted the Senior Post Holder Expenses 2023/25 report.

14. Date of Next Meeting

The Committee noted that the next meeting would be held on 5 March 2025.