

Preston College
Redacted and Abridged¹ Minutes of the Audit and Risk Committee Meeting
held on 5 March 2025 at 5.30pm on Zoom

Present:

Mrs Sally Little	Chair
Mr Steve Browne	
Mr Neil Fletcher	
Mr Malcolm Goulding	

In attendance:

Mr Mark Airey	Executive Director of Finance (From minute 4 until Minute 14)
Mr Kevin McDermott	Senior IT Internal Auditor -Wbg (from Minute 4 until Minute 9)
Mr Calum Montgomery	Senior Internal Auditor -Wbg (from Minute 4 until Minute 9)
Mr Simon Nixon	Principal and Chief Executive (Until Minute 14)
Mr Iain Stott	Vice Principal – Corporate Services (from Minute 4 until Minute 14)
Mrs Clare Rayner	Director of Governance

1. Welcome and apologies

The Chair welcomed everyone to the meeting.

It was noted that a quorum was present.

The Director of Governance reported:

- that Miss Hajara Ugradar’s appointment to the Board and the Audit and Risk Committee had been approved by the Board and Miss Ugradar would join the Board at a later date in March;
- that the Search and Governance Committee had met with Mrs Isara Cotton, former governor, and the Board would be asked to approve the appointment of Mrs Cotton as a Co-opted Member of the Audit and Risk Committee at its next meeting.

The Committee welcomed the appointments.

2. Declarations of Interest

No declarations of interest were declared.

3. Audit and Risk Committee Closed Session

Redacted.

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 Chair welcomed Mr Mark Airey, Mr Iain Stott from the College and Mr Kevin McDermott and Mr Calum Montgomery from Wbg to the meeting.

No further declarations of interest were declared.

Following confirmation by the Chair, the Director of Governance reported that the minutes of the meeting held on 19 June 2024 had been agreed as a correct record by the Chair, Mr Steve Browne and Mr Marcel Driver (the former chair).

The Committee agreed the minutes of the meeting on 20 November 2024 as a correct record.

Resolved: The Committee noted that the minutes of the meeting on 18 June 2024 had been agreed as a correct record and the minutes of the meeting on 20 November 2024 were agreed as a correct record.

5. Matters arising

The Committee discussed the report on progress on actions from previous meetings. Following a query on progress of the introduction of online General Data Protection Regulation (GDPR) training for governors which had been on the actions list since 2019, the Director of Governance explained the reasons for the delay, including system changes required to allow governors to access the College's Canvas system and prioritising of other governance projects, including introduction of online Safeguarding training. She reported that in the interim, face to face GDPR training had been arranged and delivered. However, not all members had been able to attend the session. In response to a request for a date when this action could reasonably be completed, the Director of Governance referred to a number of urgent projects which required attention and after this she would focus on implementing this action.

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

Action: To implement GDPR online training for governors as soon as possible.

6. Internal Audit Reports

a) Cyber Security

Mr McDermott, Senior IT Internal Auditor -Wbg, presented the Cyber Security Internal Audit report at Appendix A. Mr McDermott outlined the scope of the audit and reported:

- that the overall conclusion was a 'substantial' level of assurance could be given;
- that three medium and two low grade recommendations had been made:

- management responses to the recommendations;
- benchmarking with other colleges and the College had one less medium recommendation on average than other colleges and the same number of recommendations overall;
- 12 areas of good practice had been identified.

The Committee discussed the internal audit report with Mr Kevin McDermott and management. In response to comments and queries, the Committee noted:

- the College was benchmarked against 20+ colleges who had undergone the same internal audit with Wbg;
- that there had been no issues during the internal audit an auditors had access to everything they needed to complete the audit;
- members could monitor the progress of management recommendations by reviewing the audit register and internal audit follow up reports;
- that members of the Board were not currently included in staff phishing exercises. Following discussion, members agreed it would be beneficial to include members and agreed to ask the Board for a view.

The Committee noted the report.

b) Climate Change

Mr Montgomery, Senior Internal Auditor - Wbg, presented the Climate Change Internal Audit report at Appendix B. Mr Montgomery outlined the scope of the audit and reported:

- that the overall conclusion was a 'strong' level of assurance could be given;
- that two low grade recommendations had been made which related to:
 - formalising plans to create a Sustainability Steering Group;
 - developing and implementation a set of SMART KPIs aligned with the aims of the Environmental and Sustainability Strategy;
- management responses to the recommendations;
- benchmarking with other colleges and the College had three less recommendations on average than other colleges;
- six areas of good practice had been identified.

The Committee discussed the internal audit report with Mr Montgomery and management. A member commented that the report reflected the update to Resources Committee on Environmental and Sustainability initiatives and indicated the strength of progress of the College in this area.

The Committee noted the report.

c) Project Management

Mr Montgomery presented the Project Management Internal Audit report at Appendix C. Mr Montgomery outlined the scope of the audit and reported:

- that the overall conclusion was a ‘strong’ level of assurance could be given;
- that two low grade recommendations had been made which related to:
 - creation of a project management policy;
 - the roles and responsibilities for each project should be formally noted prior to a project commencing;
- management responses to the recommendations;
- benchmarking with other colleges and the College had one less recommendation on average than other colleges;
- seven areas of good practice had been identified.

The Committee discussed the internal audit report with Mr Montgomery and management. In response to comments and queries, the Committee noted that the auditors had tested a sample of three projects and there were c. six projects on going.

A member suggested that when the College developed a project management policy that the College’s definition of a project was included with a set of criteria and associated risks.

The Principal and Chief Executive commented that the internal audit stated that moving forward, Mr Airey, Executive Director of Finance, would attend Executive Leadership Team (ELT) meetings and that he had been attending ELT meetings for many months prior to this date. Mr Montgomery undertook to update the report.

The Committee noted the report.

d) Procurement

Mr Montgomery presented the Procurement Internal Audit report at Appendix D. Mr Montgomery outlined the scope of the audit and reported:

- that the overall conclusion was a ‘strong’ level of assurance could be given that two low grade recommendations had been made which related to:

- establishing a procurement reporting framework;
- to finalise and approve the draft Procurement Policy by March 2025;
- management responses to the recommendations;
- benchmarking with other college and the College had two less recommendations on average than other colleges;
- 10 areas of good practice had been identified.

Following differing views on the frequency of asking the Board to approve waivers, it was agreed that the Board had been asked to approve waivers infrequently, possibly three or four times over a 12 year period.

The Committee noted the report.

On behalf of the Committee the Chair thanked the internal auditors for their work on the internal audits and to management for their responses. The Committee agreed that the strength of the internal audit reports indicated that the College was being well managed.

Resolved: The Committee noted the Internal Audit Reports.

Actions:

- **To ask the Board if members of the Board should be included in College phishing testing.**
- **To update the Project Management Internal Audit report to reflect that the Executive Director of Finance was already attending ELT meetings.**

7. Risk Management Register

Mr Stott, Vice Principal – Corporate Services, presented the Risk Management Register. Mr Stott reported:

- that he had produced a slimmed down version of the Risk Register but this had not been included in the pack and would be included next time;
- that the commentary on risks had been reviewed, reduced and updated:
- that the risk of “Internal threats to normal continued operations at the College” had increased due to the increased use of contaminated/illegal vapes by students and that on some occasions students had been taken to hospital. He reported on the actions management had taken, including a poster campaign and increased disciplinary sanctions for students using or sharing illegal or contaminated vapes and that since Christmas there had been one incident. He confirmed that the increase in vape related incidents was not isolated to the College;
- on the proposed introduction of a new risk of “risk of litigation” and that the College would be liable for any asbestos related claims post 1992. It was noted that the

other risks of litigation had been considered by the Committee during the Closed Session;

- on uncertainties regarding in year growth funding;
- that the College had tendered for agency recruitment in 2024/25 to mitigate the risk of skills shortages. However, the risk of staff recruitment in hard to recruit areas had increased

The Committee agreed to recommend to the Board that a “risk of litigation” should be added to the risk register.

The Director of Governance reported that in February 2025 the Board had approved the appointment of five independent governors and, as all applications had now been received, she proposed that the Committee recommend to the Board that this risk could be removed as there was no longer a risk of not recruiting governors during 2024/25. The Committee agreed to recommend to the Board that this risk was removed.

The Committee noted that it was proposed that the risk “Changes in Board membership have adverse impact on College strategic direction and/or oversight” had been be retained as the Governing Body did not currently have a Vice Chair.

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

- that the risk of “Internal threats to normal continued operations at the College” had been increased due to issues with vapes and there had not been an increase in risk of other internal threats;
- how the College’s local risk registers informed the Board’s Risk Register and how inherent risk and residual risk were calculated.

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

- that as discussed at the previous meeting, it would be helpful for the risk description to follow a consistent approach e.g. there is a risk of X, caused by X and could result in X. Mr Stott responded that he had considered this approach when reviewing the risk register. However, it worked for some risks better than others. He undertook to further review;
- that the inherent risks should be reviewed as all were currently scored as high risk.

Resolved: The Committee:

- **noted the Risk Management Register and agreed the current risks, actions completed and further actions still to be completed;**
- **agreed to recommend to the Board that a new risk the “risk of litigation” should be added to the risk register and the risk of “not appointing independent governors during 2024/25” was removed.**

Action: Mr Stott to further review format and content of the Risk Register.

8. Risk Management Policy

Mr Stott referred members to the Risk Management Policy at Appendix A. He referred to the proposed changes which were shown as track changes. He reported that the changes related to:

- updating job titles;
- adding linking items on the Risk Register to strategic objectives to the role of the Executive Leadership Team
- adding reviewing the risk appetite to the role of the Committee;
- minor cosmetic changes.

Following discussion, it was agreed that it would be helpful to add the numbers to the risk matrix on page 6.

The Committee agreed to recommend to the proposed changes to the Risk Management Policy to the Board for approval.

Resolved: The Committee agreed to recommend to the proposed changes to the Risk Management Policy to the Board for approval.

Action: Mr Stott to add the numbers to the risk matrix.

9. Audit Register

Mr Stott presented the Audit Register report and updated the Committee on progress to date, including actions which had been completed and actions in train.

The Committee noted the Audit Register report.

Resolved: The Committee noted the Audit Register.

Mr McDermott and Mr Montgomery left the meeting.

10. Items to be raised with the Board

Following discussion, the Committee agreed to highlight to the Board the strength of the four internal audit reports considered at the meeting; with three audits graded had been 'strong' and one graded as 'substantial.'

The Committee agreed to ask the Board to consider if governors should be included in College phishing testing.

Resolved: Following discussion, the Committee agreed:

- **to highlight to the Board the strength of the four internal audit reports considered;**

- **ask the Board to consider if governors should be included in College phishing testing.**

11. Any other business – Valediction

The Chair reported that as Mr Browne could not attend the Board meeting on 13 March this would be his last College meeting.

The Chair reported that Mr Browne had served on the Board for 12 years, serving on the Audit and Risk Committee, Resources Committee and Senior Post Holder Remuneration Committee. The Chair thanked Mr Browne on behalf of the College for his valued contribution.

The Principal and Chief Executive referred to the many different roles Mr Browne had undertaken whilst governor at the College, including a period as Chair of the Governing Body. The Principal and Chief Executive recorded thanks to Mr Browne for the valued support that Mr Browne had provided to him in his roles as Executive Director of Resources and Principal and Chief Executive which he had hugely appreciated and that he would miss working with him. He missed Mr Browne well for the future.

Mr Browne commented that it had been a privilege and worthwhile to be a governor at the College but that it was time for new governors to join the Board. He commended the staff and governors at the College and thanked staff for their understanding during discussion at meetings.

The Director of Governance recorded thanks to Mr Browne for the support and guidance that he had given her in her role and that she would miss working with him.

Mr Browne recorded thanks to the Director of Governance. He commented on her development in the role and her approach to good governance. He commented that during his time on the Board he had realised the importance of good governance and how governors contribute to this. He wished everyone at the College well for the future.

The Committee noted that a retirement dinner was currently being arranged and further details would be confirmed in due course.

12. Date of Next Meeting

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