Redacted[1] Minutes of the Audit and Risk Meeting held on 4 March 2026 at 5.30pm
Preston College

Present

Mrs Sally Little	Chair
Mrs Isara Cotton	Co-opted Member
Mr Neil Fletcher	
Mr Malcolm Goulding	
Miss Hajara Ugradar	

In attendance:

Mr Mark Airey	Executive Director of Finance (from Minute 4)
Mr Colin McNeil	Senior Internal Auditor, Wbg (from Minute 4 to Minute 7)
Mr Simon Nixon	Principal and Chief Executive (from Minute 4)
Mrs Clare Rayner	Director of Governance
Mr Iain Stott	Vice Principal – Corporate Services (from Minute 4).

1. Welcome and apologies

The Chair welcomed everyone to the meeting.

2. Declarations of Interest

No declarations of interest were made.

3. Closed Session

Redacted

Mr Airey, Mr McNeil, Mr Nixon and Mr Stott joined the meeting.

4. Minutes of the Previous Meeting and Matters Arising

The Chair welcomed Mr Mark Airey, Mr Nixon and Mr Stott to the meeting.

The Chair welcomed Mr Colin McNeil, Senior Internal Auditor - Wbg, to the meeting. The Committee noted apologies from Mr Connor McGinley, Wbg.

No further declarations of interest were declared.

The Committee noted that minor amends to the draft minutes were shown in track changes. The Committee approved the minutes of the meeting held on 26 November 2025 (Part 1 and Part 2 and Closed Session) as a correct record.

The Committee noted the matters arising report. The Director of Governance reported that Mr McGinley had confirmed he would deliver a session on risk

[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.

management in person at the Board Deep Dive on 23 April 2025 and would also deliver a CPD session before the Committee's next meeting in June meeting.

The Committee noted the matters arising report.

Resolved: The Committee:

- **approved the minutes of the meeting held on 26 November 2026 as a correct record. (Part 1, Part 2 and Closed Session)**
- **noted the matters arising report.**

5. Internal Audit Reports

Mr McNeil presented the internal audit reports.

a) Funding – English and Maths

Mr McNeil presented the Funding – English and Maths Internal Audit report at Appendix 1. Mr McNeil outlined the scope of the audit and reported:

- that the overall conclusion was a 'substantial' level of assurance could be given;

- that one medium level and three low level management recommendations had been made;

- that the first recommendation was a medium level recommendation concerning concurrent maths aims as four students had been enrolled on concurrent maths aims incorrectly. He reported that the error was identified and would be corrected in the next Individualised Leaning Record (ILR) submission. Mr McNeil explained that the recommendation was to ensure checks were carried out to prevent students from being enrolled on concurrent maths or English learning aims. He reported that College management had responded that the error would have been picked up on scheduled internal reports had these reports been produced prior to the internal audit;

- on a low level recommendation regarding prior learning records: as four students had incorrect grades recorded on the ILR for English and maths compared to the Personal Learning Record (PLR). It was noted that the College had already detected this issue and updated the GCSE results field. Mr McNeil explained that the recommendation was to ensure PLRs were run within an appropriate timeframe after GCSE results were released to check that GCSE grade recording in the ILR is accurate;

- on a low level recommendation related to initial assessment documentation which had been not been stored correctly for one student. Mr McNeil explained that the recommendation was to ensure documentation for each student was stored appropriately and ready for audit;

- on a low level recommendation related to GCSE status as one student's status was incorrectly recorded due to an exemption. Mr McNeil explained that the recommendation was to ensure GCSE status fields were accurate and supported by documentation.

The Committee discussed the internal audit report with Mr McNeil and management. In response to queries from members, the Committee noted:

- that in relation to the recommendation related to the recording of concurrent maths aims, the risk was related to over claiming or underclaiming funding and therefore presented a risk of clawback;

- the audit had been conducted early in the academic year rather than at the end of the academic year and at that point the Department for Education (DfE) tools which the College required were not in place;

- the timing of recording of progression had been identified as an issue and a process was being put in place to address this;

- the sample sizes and the threshold for management recommendations;

- that the grading was based on the underlying risk and circumstances rather than a fixed threshold and recommendations would be graded as a higher risk if there was a financial consequence;

- that no benchmarking data had been provided for this report as it was a new audit on new funding rules.

- whether IT software could be used to replace the need for manual checking for some tasks. It was noted that DfE funding rules were complex, it was not always easy to identify errors and automated systems could give false positives.

The Committee noted the report.

b) Estates Management

Mr McNeil presented the Estates Management Internal Audit Report at Appendix 2, which had a ‘strong’ assurance rating with no management recommendations.

Mr McNeil reported on benchmarking with other colleges and that the report included two observations:

- that the Control of Substances Hazardous to Health (COSHH) procedure was in draft format and had not yet been formally reviewed or approved. It was noted that all other estates related policies had been updated appropriately;

- that the College had implemented the Smartlog system to support the management of the estates function. At present, the system was primarily used to monitor, allocate, and track staff training with a plan to use it to integrate additional key operational areas in the coming months. These included: statutory compliance, planned and reactive maintenance and the storage of key documentation. Currently, these processes were managed through a combination of Excel spreadsheets and the Ask Facilities system, both of which required a higher level of manual input.

The Committee discussed the internal audit report with Mr McNeil and management. Members:

- queried whether learnings from the estates management internal audit could be applicable to other areas of the College, particularly the structures and systems that were in place. The Committee noted that the two new members of the estates team had reviewed the policy and procedure processes and streamlined the process by assessing which documents did and did not need to be policies;

- highlighted potential key person dependency risks across the College. It was noted that the College's Health and Safety Officer was currently absent and other staff had been trained to cover various aspects of the role. However, for some roles within the College, such as the College's electrician, the College would have to source externally if the staff member was absent;

Management reported that since the internal audit, use of the Smartlog system had increased and it was now also used for oversight of risk assessments.

The Committee noted the report.

c) Staff Recruitment

Mr McNeil presented the Staff Recruitment Internal Audit report at Appendix 3. Mr McNeil outlined the scope of the audit and reported:

- that the overall conclusion was a 'strong' level of assurance could be given;

- that two low level management recommendations had been made;

- on benchmarking with other colleges;

- that the first recommendation was that the College should review and update its Recruitment Policy, ensuring incorporation of legislative changes and best practice guidance. The Committee noted that this review had been delayed due to staffing shortages;

- the second recommendation was that the College should implement a standardised recruitment and record retention process and provide refresher training to relevant staff.

The Committee discussed the internal report with Mr McNeil and management. In response to queries from members, the Committee noted:

- that in response to a query on whether information such as expectations for how staff should conduct themselves on social media were included as part of the induction plan, management reported that a new Staff Behaviour Code had been launched in December 2025 which had been followed up by mandatory staff training. Mr Stott reported that the Staff Behaviour Code included guidance on use of social media. In response to a query, Mr Stott confirmed that staff had a set time period to complete the training;

- guidance provided to staff on use of technology and particularly Artificial Intelligence;

- that currently staff were not periodically observed during interviews but this could be explored. It was noted that training was in place for chairs of recruitment panels;

- that before policies were reviewed by committees and the Board, the College's policy review process involved: review by HR and the Executive Leadership Team and consultation with the unions and there was no further external element.

The Chair thanked Mr McNeil for his report and asked him to pass on the College's thanks to all internal auditors involved.

The Committee noted the report.

Resolved: The Committee noted the internal audit reports.

6. Risk Management Register

Mr Stott presented the Risk Management Register report. He reported:

- that individual risks were being reviewed by separate committees;

- on a proposal for a new risk related to not appointing a new Principal and Chief Executive in a timely fashion;

- on a proposal to remove the risk associated with 16 to 19 numbers as the College was significantly over its allocation for 2025/27;

- that other risks included income targets, local government pension changes and cyber attacks. He reported that the highest risk related to cyber attacks, with additional measures being taken following recent external guidance;

- that Wbg had recently published a report on FE sector risk which would be shared with the Committee, which focused on cyber risk;

- on the movement of other risks on the register;

- that the risk of meeting the Adult Skills contract had decreased;

- that proposals would be considered by Resources Committee and the Board in relation to contingency and surplus;

- that when the Risk Management Report was issued the conflict in the Middle East had not started. He reported that, following a volatile week in the energy markets, the College was working with its energy broker to understand potential impacts on the College. It was noted that increased utility bills and supply chain issues were potential related risks. However, as the College's energy was purchased 12 -18 months in advance there was short term stability.

The Director of Governance reported that the Committee had agreed during the Closed Session to recommend to the Board that the risk that *"Changes in Board membership have adverse impact on College strategic direction and/or oversight".* should be removed from the risk register.

The Committee discussed the plans for the Board Deep Dive on 23 April 2026 and noted that the Committee would have the opportunity to review the feedback from committees before the feedback was considered by the Board. A member suggested that committees could have a standing item on risks so that any risks which were identified at committee meetings could be highlighted to the Board.

The Committee discussed the risk register with management. In response to queries, the Committee noted that, due to the surplus Local Government Pension Scheme, there would be in-year savings in 2025/26 and further savings over the next two years. The Committee noted that the Board would consider different options for utilising these funds.

A member suggested that it would be helpful to see an overall overview of funding risks. Management discussed with members the challenges as external funding was out of the College's control.

A member highlighted that it was apparent at the recent Board staff engagement session that many of the College's directors had worked at the College for many years. Members discussed risks related to staff succession planning and possible key person dependencies. Members raised concerns about the risk of losing key personnel, and the importance of having a robust succession plan in place. In discussion with management the Committee noted that:

- the draft strategic plan, which would be considered by the Board in July 2026, included provisions for managing staff transitions effectively. The Committee noted examples of recent high calibre external appointments to key roles. Members highlighted the importance of having a pipeline of trained individuals ready to step into roles;

- the College was investing more in internal training to prepare staff for progression, ensuring they have the necessary qualifications and experience to apply when positions became available;

- the College was committed to CPD for both teaching and support staff, aiming to equip staff for career advancement, whether within the organisation or elsewhere. Members and management also discussed the importance of balancing the retention of experienced staff with the appointment of external staff to ensure the infusion of new ideas and approaches;

- that a number of new directors had been recruited at the College and recruiting for director roles was considered manageable as there was a broad pool of candidates available. However, the challenge was in recruiting for specific roles, such as electrical lecturers, due to the specialised skills required.

Members discussed with management the potential risks following the move from central government to Lancashire Combined County Authority (CCA), particularly funding concerns for the Adult Skills Fund. Management reported that whilst uncertainties remained, management had met with Lancashire CCA and had been given an indicative allocation which had allowed detailed curriculum planning to proceed.

Management reported that DfE's guidance, anticipated at the end of April, would also influence how enrolments and funding allocations were managed.

The Committee noted that the establishment of the Lancashire CCA presented opportunities as well as risks.

The Committee noted the report and agreed the proposed changes to the risk register.

Resolved: The Committee noted the Risk Management Register at Appendix 1; and agreed to recommend to the Board:

- **the addition of a new risk related to the Principal and Chief Executive appointment;**
- **the removal of the risk that *"Changes in Board membership have adverse impact on College strategic direction and/or oversight"* from the risk register.**

7. Audit Register

Mr Stott presented the Audit Register report. He reported that:

- there were still some outstanding items from 2023/24 on the register which would be reviewed as part of the internal audit follow up work;
- the items from 2024/25 were in train and some had now been completed;
- items from 2025/26 internal audits had been added to the report;
- the draft IT strategy would be considered by the Resources Committee at its next meeting and would address the items on cyber security;
- the Resources Committee would review progress of the environmental and sustainability strategy at its June meeting;
- the items related to the Home Office platform were partially out of the College's control as the government's E visas platform was not fully operation;
- in relation to the General Data Protection Regulation audit, a College Register of Processing Activity had been created and was in the process of being populated;
- reviewing and updating of the HR policies and procedures was ongoing.

The Committee discussed the report with management and Mr McNeil. In response to queries, the Committee noted:

- some of the actions would be reviewed as part of the internal auditors' follow up audit;

- items from 2022/23 had been reviewed as part of the last follow up audit;

- that all internal audit management recommendations were added to the register;

- that management usually implemented internal audit recommendations, unless it was cost prohibitive and in that case the Committee would be involved in the decision to remove the recommendation;

- acknowledgement that some of the items should have already been completed and some were partially completed;

- that consideration would be given to setting realistic and challenging implementation dates when items were added to the audit register, considering factors such as procurement processes, budget constraints and stakeholder consultation processes;

- that it was important that the Committee had oversight of progress of all management recommendations;

- the challenges of managing low-priority recommendations and the need for a balanced approach to implementation.

The Committee noted the audit register, acknowledging the ongoing efforts to address outstanding items.

Resolved: The Committee noted the audit register, acknowledging the ongoing efforts to address outstanding items.

The Chair thanked Mr McNeil for this contribution to the meeting.

Mr McNeil left the meeting.

8. Assurance Audit

Mr Stott presented the Assurance Audit report. He reported that

- the DfE Assurance Audit report had not been issued to date;

- that the College anticipated that any required adjustments would be below tolerance levels;

- that a number of other colleges were in the same position.

The Committee noted the report, including the completion of the main and ring fenced sample testing and the outstanding work in relation to apprenticeship changes.

In response to a query, the Committee noted that the delay in signing the financial statements had no financial impact on the College. However, as the Principal and Chief Executive recruitment was ongoing, it was beneficial to publish the accounts as soon as possible. It was noted that the College's recruitment agency had been briefed on the reasons why the accounts had not been published to date so they could advise candidates and a note would also be added to the College's website before the vacancy went live.

The Committee noted the report and that the final DfE Assurance Audit report would be presented to the Committee at its next meeting.

Resolved: The Committee noted:

- **the current position of the DfE Assurance Audit, including the completion of the main and ring fenced sample testing and the outstanding work relating to Apprenticeship TNP2 changes;**
- **that the final DfE Assurance Audit report was awaited and would be presented to the Committee at the next meeting.**

9. Items to be drawn to the attention of the Board

The Committee agreed to draw to the attention of the Board:

- that the Committee had reviewed three internal audit reports: – Estates Management, Staff Recruitment and Funding (English and Maths) and had been pleased to note that two had been graded Strong and one Substantial;

- that the Committee had discussed the risk register and plans for the deep dive session on risk management on 23 April 2026 and proposed that the initial focus was governor CPD.

10. Date of next meeting - 17 June 2026

The Committee noted that the next meeting would be held on 17 June 2026.