

## Priestley College

Minutes of the Audit Committee meeting  
held at 4.30 pm on Monday, 16 March 2015  
in the Conference Room (P1.16)

<b>PRESENT:</b>	Mr J A Farquharson	(Chair)
	Mr P Dyke	
	Mrs K Hope	
	Mr A Osborne	
	Ms K Simcock	
	Mr P McMellon	Clerk
<b>BY INVITATION:</b>	Mr M W Grant	Principal
	Mrs J McCann	Vice Principal (Resources)
	Mr D McGuire	Director of Finance
	Ms L Tweedie	Baker Tilly
	Mrs J Bickerton	Baker Tilly

### 1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr J Monaghan.

Mr M Benson (Murray Smith) had reported that his review of the agenda papers indicated that attendance of External Audit was not called for.

### 2. DECLARATION OF INTERESTS

No member declared any personal interest in any item on the agenda.

### 3. MINUTES OF PREVIOUS MEETING

The Minutes of the meeting held on 1 December 2014 were accepted as an accurate record and signed by the Chair.

### 4. MATTERS ARISING

There were no matters arising.

### 5. RISK MANAGEMENT ACTION PLAN 2014/15 – MID-YEAR REVIEW

The Principal presented the full report which had been distributed with the agenda. He confirmed that he had continued with the format of reporting as used by his predecessor, and that the report now presented had followed a full mid-year formal review by the Senior Management Team.

The Principal then took the Committee through each section of the report, outlining the rationales behind the selection of the particular risks now reported, and explaining the Senior Management Team responses.

#### **Safeguarding including Health and Safety :**

(i) The special arrangements which the College has had to make to provide the safest environment for expected student enrolments in September 2015 were discussed in details. The College's ability to anticipate and to respond in good time to such needs was noted.

(ii) The important assessment of external doors on campus (mobility access issues) would be completed before the end of the current academic year.

**Funding Contract :**

Uncertainty about the levels and conditions of future funding was not a new risk, but it continues more than ever before to exercise College Management. The possibility of funding protection removal (in 2016/17) would have a major impact upon the financial stability of all colleges in the sector. In this context, the recruitment and retention of students is of paramount importance.

**Curriculum & Quality :**

(i) The Principal provided an update on developments relating to the Skills, Adult and Community Learning provision in Warrington (following the Ofsted 'Inadequate' rating in December 2014 of WBC's provision). Discussions as to how the provision might be managed in future continued, with the awaited messages from the FE Commissioner clearly a key factor. The Principal outlined the financial and reputational considerations which had to be taken into account as discussions with Warrington Collegiate and the Borough Council continued.

(ii) The new QSR rates (as already reported in detail to the Governing Body and the Curriculum & Standards Committee) had provided a very welcome boost as these confirmed clear improvement and above/positive average 'value added' across the College's curriculum.

**Local Risks :**

As already indicated, student recruitment continues to be an issue of critical importance. Thus, developments relating to other local providers of post-16 education are closely monitored. The Principal provided the latest information on the proposed UTC (including withdrawal by the University of Chester and possible interest from MMU).

**Financial and Audit :**

Attention to (and appreciation for) staff efforts for realising cost reductions commanded full attention. The College's relatively secure financial position was attributable to a significant degree to the all-round acceptance of the need to trim costs and to seek out income generation opportunities.

Ms K Simcock commented that the full attention of College Management was clearly required as the College continued to operate in an environment where the pace and frequency of change was unprecedented, not least with the next general election in the offing.

**RESOLVED: That the Mid-Year Update of the 2014/15 Risk Management Action Plan is noted.**

**6. INTERNAL AUDIT SERVICE REPORTS (2014/15)**

**(i) Learner Number Systems – Student Destinations and In-Year Leavers**

Mrs J Bickerton (Baker Tilly) presented the report of the review of the College's student destinations/in-year leavers procedure. She was pleased to confirm that the report indicated that the College's systems continued to work effectively. There were no recommendations for change or improvement in the report. She drew attention to the good practice 'suggestion' which had emerged from the audit and which College Management had embraced.

**RESOLVED: That the report of the Learner Number Systems (Student Destinations/In-Year Leavers) is accepted.**

**(ii) English Colleges' Foundation Code of Governance**

Mrs Bickerton presented the report on the College's compliance with the Foundation Code. The College has not actually adopted the Foundation Code, but nonetheless aims to ensure that standards of governance are at least as good as those which the Code postulates.

Mrs Bickerton was pleased to confirm that, from the review of evidence and documentation, the College continues to operate governance arrangements which comply with the requirements of the Code.

**RESOLVED: That the report on the English Colleges' Foundation Code of Governance is accepted.**

**(iii) Payroll – Key Control Framework**

Mrs Bickerton presented the report of the review of the College's payroll control framework. She was pleased to confirm that the report indicated that the College's controls continued to operate effectively. There was, however, a single recommendation for change/improvement which College Management had already accepted and implemented. She then drew attention to the good practice 'suggestion' which had emerged from the audit and which College Management had also embraced.

Mr P Dyke advised that, since journal postings would tend only to be used in exceptional circumstances, it seemed entirely appropriate that these would routinely receive the personal attention of the Director of Finance.

Mr Dyke also sought more detail on the College's wages/pay expenditure which did not go through payroll (and thus was not covered by this review). Mrs J McCann advised on the agency expenditure (including use of Capita) which also occurred on a regular basis.

Finally, Mr D McGuire explained the variance in actual c/w budget payroll expenditure for the month of the review.

**RESOLVED: That the report on the Payroll – Key Control Framework is accepted.**

**7. AUDIT SERVICE REPORTS : RECOMMENDATIONS TRACKING**

The Committee examined the updated Recommendations Tracking report which had been distributed with the agenda papers. The single recommendation (Item 6(iii) above) was now included in the tracking report.

**RESOLVED: That the Recommendations Tracking report provides adequate evidence of progress on agreed action points.**

**8. INTERNAL AUDIT CHARTER - CONFIRMATION OF CHAIR'S ACTION**

The Committee examined the Internal Audit Charter as presented for acceptance/signature by Baker Tilly

**RESOLVED : That the Chair's Action in signing the Internal Audit Charter is endorsed.**

**9. INTERNAL AUDIT BENCHMARKING REPORT**

The Committee examined the annual report on the sector's performance (in internal audit terms) produced by the Internal Auditor.

Ms L Tweedie (Baker Tilly) confirmed that, for the second successive year, Priestley College had performed extremely well in comparison to other colleges. She emphasised that the reviews undertaken at Priestley College had been to typical areas/subjects and to the same standards/expectations applied across the sector.

**10. INTERNAL AUDIT – PROGRESS REPORT**

The Committee received the latest Progress Report provided by Baker Tilly.

The Chair asked for an update on the ‘Hop, Skip, Jump’ approach used by Baker Tilly. Mr D McGuire commented on how he expected the College to manage the move to the new F&HE SORP and implications therein for banking covenants.

**11. DATE OF NEXT MEETING**

The next meeting of the Committee will be at 4.30pm on Monday, 15 June 2015.

PMcMellon  
17 March 2015

*Accepted as a true record and signed by the Chair*

*Signature* .....

*Date* .....