

MINUTES OF A MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 11 MAY 2021 AT 17.30 VIA TEAMS.

MEMBERS PRESENT:

Mr John Nugent (Chair)
Mr Aidan McCormick
Dr Eileen Stewart
Mr Matthew Turner

IN ATTENDANCE:

Mr Andrew Saunders, Governing Body Chair
Mr Brian Doran, CEO & Accounting Officer
Mr Terry McGonigal, Director of Finance and Planning
Mrs Heather Sampson, Dept. for the Economy
Mrs Karen Beattie, NI Audit Office
Mr Ian McCartney, RSM UK
Mr Donal Dorrian, Price Waterhouse Cooper
Mr Brendan McGuigan, Boardroom Apprentice
Miss Lindsay Armstrong, Secretary to the Governing Body

The meeting commenced at 17.33.

A01. APOLOGIES FOR ABSENCE

Apologies for absence were received from Prof. Gregory O’Hare

A02. DECLARATION OF CONFLICT OF INTERESTS

The Chair reminded Members to declare at the commencement of the meeting any conflict of interests held in regard to any matter to be discussed. No interests were declared.

A03. MINUTES OF THE MEETING 9 FEBRUARY 2021

The minutes of the meeting of the Audit Committee held on the 9 February were verified for accuracy. Mr Nugent advised Members on a slight amendment to the draft minutes under apologies for absence. The minutes were approved as an accurate record on the proposal of Mr Turner and seconded by Mr McCormick.

A04. MATTERS ARISING

Members noted all actions are complete or being progressed.

A05. CHAIRMAN’S BUSINESS

On behalf of Members, the Chair welcomed Mrs Beattie and Mr Dorrian to their first meeting of SRC’s Audit Committee.

A06. INTERNAL AUDIT REPORTS

- **Cyber Security**

Mr McCartney presented the Internal Audit report on Cyber Security and advised on an overall Satisfactory assurance rating, noting areas of good practice. He informed on two low priority recommendations in relation to restricting, recording and monitoring access to physical server rooms and updating the Mobile and Remote Working policy. Mr McCartney advised that although the policies are reviewed on a cyclical basis, in light of the increase in remote working due to Covid-19, it is Internal Audit’s recommendation that Management implement a more frequent review of this and related policies.

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Mr McGonigal advised that Management have agreed with both recommendations are progressing with the implementation of such.

Discussion took place with Members commenting that cyber security remains a critical area of work.

- **Key Financial Controls**

Mr McCartney presented the Internal Audit report on Key Financial Controls advising on key findings. He informed on four low priority recommendations relating to debt management, month-end processes, bank reconciliation; and petty cash.

Mr McGonigal advised that Management have accepted the recommendations and informed on processes that have had to be adapted due to off-site working. He informed on the requirement to keep some petty cash on site for areas such as hair and beauty, and for catering provisions. Mr McGonigal advised that cash balances will be reviewed to ensure appropriate monies are secured on campus or deposited.

Mr Doran confirmed that the College has been informed that they are now permitted to open the hair and beauty salons to members of the public.

Members recommended that the report be forwarded to the Finance and General Purposes Committee for noting.

Miss Armstrong

- **Internal Audit Progress Report**

Mr McCartney referred the Committee to the Internal Audit Progress Report detailing a summary of final reports presented to the Committee, and agreed recommendations.

Mr Saunders requested that his thanks be relayed to the Finance team for their support in maintaining a strong control framework.

Mr Nugent advised that Members had met independently with Mr McCartney and were provided with assurance that risks are being appropriately addressed and performance is driven well. He thanked McCartney for his assistance throughout the year.

Mr McGonigal echoed the Chair's comments and thanked the Internal Auditors for completing their work in a timely basis.

A07. ENHANCING THE CONTROL FRAMEWORK IN EDUCATION

Mr McCartney presented for information the report entitled Enhancing the Control Framework in Education and advised that the Internal Auditors have undertaken an analysis of all high priority management actions agreed with their academy, further education and higher education clients in 2019-2020.

Mr McCartney referred Members to the areas of concern detailed in the report and advised that the document will assist in horizon planning.

Mr Nugent and Mr Doran spoke to a helpful report.

A08. INTERNAL AUDIT STRATEGY 2021-2022

- **Letter from the Department**

Mr McGonigal advised that work is ongoing to complete the Audit Strategy 2021-2022 and referred the Committee to the Departmental letter requesting that the FE sector complete audits in the next academic year in areas connected with Covid-19 initiatives.

Mr McGonigal advised that the College are fully supportive of the request and noted that he expected that this audit will form part of the 2021-2022 Internal Audit Plan, to ensure proper compliance with DfE letter and provide assurance to the Committee.

Mr McCartney confirmed that Terms of Reference have been shared with the Department.

Mr Doran commented on a logical approach.

A09. EXTERNAL AUDIT STRATEGY 2020-2021

Mrs Beattie referred the Committee to the External Audit Strategy and the timetable for submission. She advised on the significant risks and other areas to monitor impacted by the ongoing pandemic.

Mrs Beattie stated that it is important that NIAO provide an external assurance to ensure that Departmental funding is used for the purpose intended. She also spoke to a technical accounting issue in respect of student support payments, and advised that the College is viewed as an agent rather than principal.

Mr Dorrian informed on materiality, confirming that all misstatements above £47k will be reported. He advised on the significant risks and outlined as management override of controls, risk of fraud in revenue recognition and campus expenditure and development.

In response to a query from the Chair, Mrs Beattie confirmed the audit fee is the same as the previous year and informed that risks 1 and 2 are mandated by auditing standards. She confirmed that auditing around campus expenditure will consider regularity and value for money and advised that reviews on the impact of Covid-19 is inclusive in a lot of organisations' audit strategies, and for SRC this will incorporate a review of contract management.

Mrs Beattie informed that the External Auditors will look at pension liability in depth and referred Members to actions the Committee should consider and discuss.

Mr Saunders remarked on the need for clear communication, highlighting the delays that arose in the previous year. Mr McGonigal advised that he is happy with the approach and stressed the importance of sticking to the mandated timetable.

Mr Saunders advised that he is appreciative of the external scrutiny and annual audit.

A10 FRAUD SELF-ASSESSMENT CHECKLIST

Mr McGonigal presented the Fraud Self-Assessment Checklist and advised that the document has been produced to align with the proposed Partnership Agreement and assist as a good practice guide as part of the counter fraud strategy, which also includes a regular review of policies.

Mrs Sampson remarked that it is encouraging to evidence risk assurance at corporate level.

The Committee noted the report.

A11. CORPORATE RISK REGISTER

Mr Doran advised that the SRC Risk Management Committee had met and reviewed the Corporate Risk Register on two occasions since the last meeting of the Audit Committee.

He referred Members to two additional risk horizon matters to record, potential capacity and capability issues relating to ICT to be considered for 2021-2022 CDP planning and the

2021-2022 Risk Register, and considerations for a reduction in MASN funding in setting the budget for the 2021-2022 academic year.

Mr Doran informed that the residual risk remains unchanged in respect to Risk 1; the College does not received sufficient funding to successfully deliver its CDP targets and outcomes.

He advised that there has been no change to Risk 2; College fails to deliver its College Estates Strategy and informed that good progress has been made on the Newry Estate's delivery plan. Mr Doran advised that there has been no further information regarding the judicial review on the planned Craigavon new build project and confirmed that the matter is being kept under review.

Mr Doran referred to Risk 3; the absence of a joint 14-19 strategy and commented on an important piece of work. He confirmed that further updates will be provided to the Governing Body as they arise.

He informed that there has been no change to the residual rating for Risk 4; failure to deploy the new learner management system and advised that a significant amount of work needs to take place, including the procurement of external support.

Members noted there has been a slight delay in the procurement of a sector solution impacting Risk 5; ineffective service provided by Property Services Division.

Mr Doran referred Members to Risk 6; failure to maintain a positive reputation which could potentially impact on future enrolment and continued business support services. He informed that good progress has been made in relation to centre assessed grades, however he relayed staff frustrations regarding the delay in receiving information on requirements.

Mr Turner concurred, commenting on an unacceptable level of guidance provided which has in turn lead to feelings of isolation within the lecturing staff cohort.

Mr Doran advised that good development has been made in relation to Risk 7; failure to provide a safe working environment, and relayed that implementation of the HASMAP Action Plan has progressed.

Mr Doran referred Members to Risk 8; an inability to recruit lecturing staff and informed that two Trade Unions have triggered industrial action. He advised that negotiations are ongoing.

Mr Doran referred to Risk 9; failure to implement the new traineeship system and advised on good progress. He informed on a planned marketing and promotion campaign and advised that the DfE apprenticeship initiative schemes appear to be well received.

Mr Doran confirmed that there is no further update to be provided regarding Risk 10; potential data breach and informed that the residual rating on Risk 11; leadership capacity and poor performance of essential skills curriculum was previously reduced.

Mr Doran advised that the residual risk has been raised in relation to Risk 12; leadership capacity and poor performance of training provision in the faculty of Building, Technology and Engineering and informed that a management review exercise is underway.

Mr Doran referred to Risk 13; continued decline in higher education uptake and informed that applications are down on new entry, further advising on the impact that early awarding may have on colleges.

Mr Doran referred to complex and wide ranging issues affecting the decline in HE update and confirmed that there is currently an increase in enrolments in HLAs.

Members reviewed Risk 15; impact on continued College services resulting from Coronavirus pandemic. Mr Doran advised that the College were expecting stage 2 of the roadmap to recovery to be triggered after the Easter break. He informed that there had been some additional relaxation on phased delivery and advised on the successful rollout of lateral flow testing to identify asymptomatic carriers of the virus.

Members were informed that the College is currently working to the delivery model operating before Christmas and were advised on the mandatory wearing of face masks and social distancing. The Committee were informed that the College cannot request information on individuals' vaccination.

Mr Doran referred to Risk 17; teaching and learning impacted as a result of the failure to replace existing information learning platforms and informed Members that Mr Kilpatrick is leading the process. He informed on the plan to pilot Canvas from September 2021.

Mr McCormick acknowledged the tremendous amount of work that has taken place and is recognised within the Corporate Risk Register. Mr Doran stated that it should be acknowledged that generally staff are continuing to perform well and commented that he is hopeful that the good progress will continue.

Members noted the report.

A12. DIRECT AWARD CONTRACTS

Mr Doran referred Members to the Direct Award Contracts and provided detail on two new projects relating to PBL kit cars and the extension of the seasonal commissioning contract.

Referring to seasonal commissioning, Mr Nugent relayed the Estates Project Board's view that this was a pragmatic approach.

The Committee noted the report.

A13. DfE COMPLIANCE AUDITS

Mr McGonigal referred Members to the three DfE Compliance audits and advised that minor administrative errors were identified, however confirmed that no financial errors were reported. Mr McGonigal spoke to an overall good performance and clarified that the errors related to holidays and the impact of Covid-19.

Members noted the report.

A14. ANY OTHER BUSINESS

Mr Doran referred Members to the final Report to Those Charged with Governance and confirmed that there has been no amendment to the previously shared draft document.

A15. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to take place on Tuesday 14 September 2021 at 17.30 via TEAMS.

The meeting concluded at 19.09.

CHAIR

DATE

