

MINUTES OF A MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 9 NOVEMBER 2021 AT 17.30 VIA TEAMS.

MEMBERS PRESENT:

Mr John Nugent (Chair)
Mr Aidan McCormick
Prof. Gregory O’Hare
Mrs Carla Shields
Dr Eileen Stewart
Mr Matthew Turner

IN ATTENDANCE:

Mr Andrew Saunders, Governing Body Chair
Mr Brian Doran, Chief Executive & Accounting Officer
Mrs Lee Campbell, Director of Finance and Planning
Mrs Heather Sampson, Dept. for the Economy
Mrs Karen Beattie, NI Audit Office
Mr Ian McCartney, RSM UK
Mrs Emily Mahon, Price Waterhouse Cooper
Miss Lindsay Armstrong, Secretary to the Governing Body

The meeting commenced at 17.33.

A01. APOLOGIES FOR ABSENCE

No apologies for absence were received.

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 14 SEPTEMBER 2021

The minutes of the meeting of the Audit Committee held on the 14 September 2021 were verified for accuracy. The minutes were approved as an accurate record on the proposal of Mr Turner and seconded by Mr McCormick.

A04. MATTERS ARISING

Mr McCartney stated that benchmarking statistics will be provided to a future meeting of the SRC Audit Committee.

A05. CHAIRMAN’S BUSINESS

Mr Nugent advised that Mrs Campbell has officially taken up post as Director of Finance and Planning from 1 November.

A06. DRAFT ANNUAL REPORT AND FINANCIAL ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2021

Mr Doran referred Members to the draft Annual Report and Financial Accounts for the period ended 31 July and confirmed that any amendments made to the document since the previous review by full Governing Members on 2 November, are minor in nature. Mr Doran advised Members that the Accounts had been prepared in accordance with the DfE Accounts Direction and provide a true and fair view of the state of affairs, the year-end financial position and an account of activities in support of the college strategic aims.

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He confirmed that Members of the Finance and General Purposes Committee were provided with a succinct report on the financial statements at their meeting of 19 October.

Mrs Beattie arrived at the meeting at 17.38.

Committee Members provided their authorisation for the report to be presented to the full Governing Body for final approval on 18 November, subject to any issues reported to the Report to Those Charged With Governance.

A07. DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE

Mrs Mahon referred Members to the draft Report to Those Charged with Governance and advised that it is proposed that the Comptroller and Auditor General will certify the 2020-2021 financial statements with an unqualified audit opinion, without modification.

She informed that one uncorrected misstatement was identified during the audit however clarified that this would be corrected in the final RTTCWG.

Mrs Mahon confirmed that the audit identified no control weaknesses and there are no areas of work outstanding. She advised that the audit clearance was conducted the prior day and a legal case was noted for which an appropriate contingency had been made.

Mrs Mahon clarified that no disagreement was expressed by the external auditors on the circumstances of legal case, that merely more documentation will be required for file. She also advised that additional documentation is required from Dankse Bank in order to complete records and provide third party assurance.

Mr Doran informed that the misstatement relates to debtors for whom the College had not received an invoice from prior to 31 July. He informed that the Finance team will make an adjustment on the balance and cash flow statement within the Accounts prior to final approval.

Mrs Mahon advised on the significant risks identified. She informed Members of the audit response in relation to management override of controls and confirmed that no instances of fraud were detected.

In relation to risk of fraud in revenue recognition, Mrs Mahon advised on the audit response and confirmed that as a result of substantive testing, no misstatements were found in this respect.

Mrs Mahon further advised that testing has been conducted with regard to campus expenditure and development and informed on the key findings of the external audit.

Members thanked Ms McGuigan, members of the finance team and PWC for their assistance and having reviewed the letter of representation and audit certificate were content that the Accounts be presented for approval to the Governing Body on 18 November, subject to correction of the misstatement.

A08. INTERNAL AUDIT REPORTS

- **Covid-19 Student Funding Initiatives**

Mr McCartney referred Members to the Internal Audit report on the findings of the Covid-19 student funding initiatives review. He advised that as a result of testing, an overall 'Satisfactory' rating has been awarded that there is an appropriate level of internal controls in operation.

Mr McCartney informed on two low level management recommendations and key findings.

- **Progress Report**

Mr McCartney presented the first Progress Report of the academic year confirming the completion of the Covid-19 student funding initiative, advising that the review of payroll is ongoing and other assurance activity detailing technology linked challenges facing the FE sector.

Mr Doran clarified that the internal audit of payroll provisions has been delayed on the request of management. Members were advised that work is largely complete and will be presented at the next meeting.

Members noted the reports.

A09. CORPORATE RISK REGISTER

Mr Doran presented the Corporate Risk Register last reviewed on 1 November and advised that Risks 8 and 9 have been lowered following discussion at the Risk Management Committee from medium to low/medium.

Mr Doran advised that Risk 8 Impact on continued College services resulting from Coronavirus pandemic has been lowered as a result of measures put in place that has enabled full delivery of provision from September including continuing track and trace, Covid hygiene, social distancing, promotion of the vaccination programme and lateral flow testing. He informed that the Southern Trust's Vaccination Team recently returned to the College to administer single dose jabs for 16-17 year olds who missed out previously, second dose jabs for those aged 18+ and single dose jabs for 12-15 year olds.

Mr Doran advised that the College continues to review mitigations and is adopting a cautious approach around easements.

In regard to Risk 9 Failure to provide a safe working environment, Mr Doran advised that a detailed report on good practice within the field of health and safety was reported to the Finance and General Purposes Committee and having noted the good progress against the HASMAP standard, management felt it appropriate to lower the residual risk.

Mr Doran informed that close contact in the student body appears to be happening outside the classroom and also attributed to shared travel. Prof. O'Hare stated that whilst he appreciated the efforts of College staff, he remained personally uneasy and recommended a cautious approach when considering the lowering of Risk 8. Mr Doran concurred with Prof O'Hare's sentiments as challenges of the pandemic continue, however explained that the risk reduction was taken on the basis of the College's capacity to provide learning and wider services. He advised that the Executive Team are adopting a watchful stance in regard to infection rates, confirming that careful deliberation is taking place should any further restrictions become necessary.

Mr Doran referred to Risk 1 and advised Members on the desire to move to a three year development plan and budget allocation in order to enhance long term planning and delivery of the College's strategic objectives. He informed on a good level of controls in place in relation to Risk 2 financial loss resulting from fraud.

Mr Doran advised on the various controls in place to mitigate against Risk 3, and informed that the College remains vigilant in regard to cyber security and has taken steps to increase capacity within the IT team to proactively manage cybersecurity threats. In response to a query from Mrs Shields, Mr Doran informed of perennial weaknesses identified and connected to disaster recovery with the old learner management system.

Mr Doran referred Members to Risk 4 and advised that challenges remain across the sector in recruiting a skilled workforce. He advised on several hard to recruit to areas, methods taken to upskill staff and internal progression planning measures. Members were

advised that failure to reach agreement with Trade Unions to enhance the lecturer pay award is exacerbating concerns. Following a wide ranging discussion on a range of potential additional measures, including engaging senior students and more formal engagement with the alumni, it was agreed that this issue should be placed on the agenda for the Strategic Planning Day.

Miss Armstrong

Dr Stewart left the meeting at 18.46.

Mr Doran advised that Risk 5 remains high, and the outcome of the judicial review could lead to a collapse of the Craigavon project. A detailed discussion took place with Members expressing frustration that a decision on the ruling is now in its 23rd month and has resulted in escalating costs associated with the project. Prof O'Hare suggested developing a graph to clearly demonstrate the fiscal penalties linked to the delay in decision making. Mr Doran advised that the team work closely with DfE officials to monitor project costs and there is a recognition that current increases in construction material costs will lead to further increases in projected build costs should the project progress.

Mr McCormick stated that he is saddened that the educational progression of young people in the Craigavon region is being hampered by a small minority of objectors to the establishment of a new campus in the area.

Mr Doran referred Members to Risk 6, continued reduction in FT HE MaSN recruitment which will lead to the collapse of core provision and the College's ability to address local skills needs. He advised that the College management remains troubled over the current trajectory. Mr Saunders informed that their concerns were articulated to the Permanent Secretary at their meeting of 4 November.

Mrs Beattie left the meeting at 18.55.

Members conducted a review of Risk 7 and Risk 10 and were informed on controls in place and actions assigned.

The Committee noted the report.

A10. DfE COMPLIANCE AUDITS

None to report.

A11. DIRECT AWARD CONTRACTS

None to report.

A12. ANY OTHER BUSINESS

None.

A13. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to take place on Tuesday 8 February 2021 at 17.30 via TEAMS.

The meeting concluded at 19.03.

CHAIR

DATE