

MINUTES OF A MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 14 SEPTEMBER 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 Brian Doran, Chief Executive & Accounting Officer
Mrs Lee Campbell, incoming 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 17.32.

A01. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Andrew Saunders, Governing Body Chair.

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 11 MAY 2021

The minutes of the meeting of the Audit Committee held on the 11 May 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

Members noted that all actions arising from the previous meeting are complete.

A05. CHAIRMAN’S BUSINESS

On behalf of Members, the Chair welcomed Mrs Shields as a new Member of the Committee and Mrs Mahon, PWC to her first meeting of SRC’s Audit Committee.

Mr Nugent proposed an amendment to the running order in order to allow the Internal Auditors to present their papers first.

A08. ANNUAL INTERNAL AUDIT REPORT

Mr McCartney presented the Annual Internal Audit report and advised of an overall satisfactory assurance rating on the systems of internal control based on the five reviews conducted for the twelve month period ended 31 July 2021.

Mr McCartney informed on the scope and limitations of the Internal Auditors’ work and reported on the key findings and governance considerations in the five areas audited throughout the period – Risk Management Framework, Covid-19 compliance, Contracted Out Services, Key Financial Controls and Cyber Security.

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Mr McCartney advised on the progress of agreed management actions and areas of work providing wider value added delivery. He advised that RSM has not undertaken any work of activity which would lead them to declare a conflict of interest, and affirmed that the internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS) having last been evaluated by external quality assessors in 2016.

Mr Nugent remarked on a good year's work.

Members noted the report and were advised that the new Director of Finance and Planning will continue to monitor progress against the recommendations and actions when in post.

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

The Committee noted the report.

A09. INTERNAL AUDIT FOLLOW UP REPORT

Mr McCartney advised on good progress with the recommendations provided, informing that out of the 14 agreed actions, 9 have been fully implemented and 5 are not yet due.

Mr Doran offered Members his assurance that development on IA recommendations are monitored as a standard agenda item at senior management team meetings.

Mr McCormick requested that his thanks are relayed to the appropriate staff, stating his appreciation that recommendations arising out of internal audits are being addressed appropriately.

Members noted the report.

A10. INTERNAL AUDIT STRATEGY 2021-2023

Mr McCartney presented the Internal Audit Strategy, and referred Members to the executive summary setting out the key objectives, namely; the 2021-22 Internal Audit priorities based on an analysis of the College's strategic direction, level of resource, core assurance and the need to adopt an agile approach.

Mrs Campbell arrived at the meeting at 17.45. Mr Nugent welcomed the incoming Director of Finance and Planning to her first meeting of SRC's Audit Committee.

Mr McCartney informed Members of the various risk management processes and the audit approach. He referred the Committee to the draft audit plan for 2021-22 and confirmed, that following discussions with management, that the first area of work for the new academic year has combined a review of curriculum management and staff restructuring. He advised that a review of the new traineeship system has also been scheduled for December 2021.

Mr Doran informed that the audit of curriculum management and staff restructuring has been prioritised to appraise working practices reflective of the internal restructuring that resulted in Heads of Faculty being incorporated into the senior management team.

Mr Doran advised that senior staff have deemed it prudent to conduct a review at year end to ensure the new traineeship model is operating within the agreed guidelines.

Mr McCartney advised on other planned areas of review throughout the year; the learner management system, payroll, business continuity planning and disaster recovery and Covid-19 student funding initiatives. He informed of other areas of planned activity relating to the production of progress reports, contingency reviews and liaison with management.

Mr McCartney

Mr Doran

Mr Doran advised on the many strands of risk connected to the area of disaster recovery and business continuity in light of the evolving solution for information management, and advised that he will work with Mrs Campbell to develop appropriate Terms of Reference for the internal audit.

Mr McCartney informed the Committee that external quality assessment takes place every five years and RSM are subject to a further review in November 2021.

He confirmed that the three year strategy will be kept under review and the internal audit service will respond proactively to any emerging risks.

The internal audit plan for 2021-22 was unanimously approved under proposal from Mr Turner and seconded by Mr Nugent.

A06. AUDIT COMMITTEE ANNUAL REPORT

Mr Nugent presented the Annual Report of the Audit Committee of Southern Regional College for the 2020-2021 academic year and referred Members to committee membership, meetings held and the summary of Internal Audit evaluations resulting in a 'Satisfactory' assurance rating across all areas reviewed throughout the year.

Mr Nugent stated that he welcomed the reports on thought leadership prepared by the IA team and referred Members to the areas of work undertaken by PWC on behalf of the NI Audit Office. He reminded the Committee of a number of areas of work outstanding when the draft Report to Those Charged with Governance was presented at the November 2020 meeting and advised that all issues were subsequently resolved.

In areas of other work undertaken by Committee Members, Mr Nugent noted that no instances of whistleblowing or attempted fraud or theft were reported throughout the year and Members have concluded that the Committee continues to operate effectively and efficiently.

The Chair referred Members to the opinion statements and remarked on another good year of work. He thanked Miss Armstrong for her support throughout the period and extended his appreciation to Members, the Internal and External Audit Service and the Executive Team.

The Annual Committee report was approved as an accurate document on proposal from Dr Stewart and seconded by Mr Turner.

A07. REVIEW TERMS OF REFERENCE

Members reviewed their Terms of Reference and agreed that they remain appropriate. These were approved without amendment for the 2021-2022 academic year on proposal from Mrs Shields and seconded by Mr Turner.

A11. CORPORATE RISK REGISTER

Mr Doran referred Members to the Corporate Risk Register further reviewed 7 September and reflective of Internal Audit findings. He informed that the Risk Register had been reviewed as part of a training exercise with the senior management team who in turn were asked to review and update their functional risk registers. Mr Doran advised that following a further review in early September of the inclusion of Risk 10 reflecting the current position on the use of the EBS student information system. He further informed on new entries recorded under horizon scanning to assess grading and assessment in 2021-22 and the potential for continued grade inflation, and the outworking of the HE in FE review.

Mr Doran advised the Committee on two high risk areas. He informed that Risk 5 relates to the judicial review ruling which could lead to a collapse of the planned Craigavon project. Mr Doran reminded Members that the review concluded in January 2020, however the ruling is yet to be issued.

In response to a query from Prof O'Hare, Mr Doran informed on the significant impact the delay has had on the pre-tender estimates for building costs for the Project and advised that the College continues to work with the Department on the management of funding.

Mr Nugent relayed the observations of the Estates Project Board, that the College cannot progress matters until the outcome of the judicial review is known. Mr Doran assured the Committee that the EPB will continue to assess risk and determine next steps following publication of the ruling.

Mr Doran referred Members to Risk 10: failure to successfully deploy the new learner management system and the impact on critical business operations. He advised that system performance issues had emerged in mid-August during peak admissions and are clearly affecting student admissions and enrolments. He advised that the project team were liaising with the suppliers to determine the source of the problem and that this included further optimisation of the database and installation of additional RAM on servers. He advised that the RAM would not be installed until the weekend of 19 September.

Mr Doran advised that contingency plans are in place and alternative arrangements have been developed to assist in enrolment procedures. In response to a query from Mrs Shields, Mr Doran confirmed that additional processes have been implemented to ensure GDPR compliance. Detailed discussion followed on the impact on applicants and the reputational damage to the College. Mr Doran stated that he also had concerns that should the problem be identified there was a need to carry out further testing to ensure that these problems did not arise again during peak admissions periods.

Discussion took place on steps the colleges could take to challenge the supplier. Mr Doran advised that there was limited steps that they could take within the contract and any quality of service agreements. He stressed that there needed to be lessons learned from the procurement process guided by CDP. He advised that staff have been working diligently, diverting resources in order to address problems and ensure student enrolment processes were as effective as possible.

Mr Doran informed on Risk 3; continued provision of a secure College IT systems infrastructure to support business objectives, and advised on actions allocated to work towards achievement of cyber security accreditation and embed MFA remote access for all staff.

Mr Doran referred Members to Risk 6; continued reduction in FT HE MaSN recruitment and advised that the Marketing Team continue to promote the College offering through the communication plan.

Members noted the report.

A12. RISK MANAGEMENT ANNUAL REPORT

Mr Doran presented the Risk Management Annual Report and advised the Committee on the overarching governance structures and the function of the risk management group. He offered his assurance that a rigorous approach has been adopted and well established procedures are in place to ensure risk management is operating satisfactorily throughout the organisation.

- **Risk Management Policy**

Mr Doran advised Members of minor recommended updates to the policy to definitions of inherent and residual risk. The policy was unanimously approved on proposal from Mr McCormick and seconded by Mr Turner.

A13. DIRECT AWARD CONTRACTS

None.

A14. DfE COMPLIANCE AUDITS

Mr Doran referred the Committee to three DfE Compliance Audits. He clarified that the 6% administrative error identified in the employer incentive audit at the Portadown campus was due to delays in payment, and impacted by C-19 and staff shortages within the finance team at the time.

Members noted the report.

A15. POLICY APPROVAL

- **Anti-Fraud policy**
- **Fraud Response Plan**

Mr Doran referred Members to recommended updates to the Anti-Fraud policy and Fraud Response Plan to formalise the reporting of all suspected or actual fraud to the Chief Executive in the absence of the Director of Finance and Planning.

He informed that the Fraud Response Plan has been further updated to reflect reporting procedures to the Chair of the Audit Committee, if a concern is raised relating to the Chief Executive.

The policies were approved on proposal from Dr Stewart and seconded by Mrs Shields.

A16. ANY OTHER BUSINESS

None.

A17. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to take place on Tuesday 9 November 2021 at 17.30 via TEAMS.

The meeting concluded at 18.55.

CHAIR

DATE