

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 14 MAY 2024 AT 18.30 BOTH IN THE BOARDROOM, PORTADOWN CAMPUS AND ONLINE VIA TEAMS.

MEMBERS PRESENT:

Mrs Hilary Singleton, Chair
Mrs Geraldine Campbell
Mrs Patricia McCaffrey (via TEAMS)
Mrs Sharon O'Hare (via TEAMS)
Dr Eileen Stewart (via TEAMS)

IN ATTENDANCE:

Dr Thomas Moore, Governing Body Chair (via TEAMS)
Mr Andrew Sloan, Observer
Mrs Lee Campbell, Interim Chief Executive & Accounting Officer
Miss Joanne McGuigan, Interim Director of Finance & Planning
Mrs Heather Sampson, Dept. for the Economy (via TEAMS)
Mr Brian O'Neill, NI Audit Office
Ms Laura Murphy, NI Audit Office (via TEAMS)
Mr Ryan Lunney, NI Audit Office (via TEAMS)
Mrs Catherine Keenan, RSM UK (via TEAMS)
Mrs Sinead Lavery, Boardroom Apprentice (via TEAMS)
Miss Lindsay Armstrong, Secretary to the Governing Body (via TEAMS)

The meeting commenced at 18.32.

Mrs Singleton welcomed Mr Sloan to the meeting and advised that SRC's Audit and Risk Committee subscribes to the ethos of continued improvement, robust performance and adopts a culture of transparency and no surprises.

She informed that the Committee is attended by Departmental observers, Internal Audit and External Audit partners and remarked on good relations.

All parties made their introductions advising on their professional backgrounds.

Mrs Singleton informed on key items of business to be reviewed during the meeting and considerations to be given to potentially adding additional risks to the Corporate Risk Register.

A01. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Ian McCartney.

A02. DECLARATION OF CONFLICT OF INTERESTS

The Chair reminded Members to declare at the commencement of the meeting any conflict of interests held regarding any matters to be discussed.

Mrs O'Hare declared an interest as Governing Staff Member employed within the Estates Team.

A03. MINUTES OF THE MEETING 6 FEBRUARY 2024

The minutes of the meeting of the Audit and Risk Committee (ARC) held on 6 February 2024 were verified for accuracy and unanimously approved as an accurate record on proposal from Mrs McCaffrey and seconded by Mrs O'Hare.

**ACTION
by whom**

A04. MATTERS ARISING

• Actions Log

Members reviewed outstanding items on the action sheet. Miss McGuigan advised that the College is relying upon Departmental guidance as to which sustainability framework is to be adopted. Mrs Singleton remarked that as regulations have come into force, steerage from the Department for the Economy and Department of Finance would be welcomed.

The Chair urged that considerations from the Principals Group on artificial intelligence be communicated to SRC's ARC. Mrs L Campbell advised that AI is regarded as a horizon scanning risk within the forum and the forefront of concern relates to students using AI to complete assignments. Mrs Singleton commented on the need for a sectoral response.

Mrs L Campbell

Members noted that all other actions are closed out or deferred for progression.

A05. CHAIRPERSON'S BUSINESS

Mrs Singleton confirmed that she and others attended the ESG seminar facilitated by RSM in conjunction with NWRC on 14 February 2024 and advised that the slides are available within the Governance Common Materials site.

She informed that she attended the Committee Chairs meeting on 29 February 2024, the Accountability meeting on 1 March 2024 and was a panel member for the co-optee interviews on 5 March 2024 which recommended Mr Andrew Sloan for appointment.

Mrs Singleton advised that she attended the Government Internal Audit Agency seminar for ARC Members on 7 March 2024 which addressed a wide range of issues.

She advised that she met with Miss McGuigan on 7 May 2024 to review papers and informed that the timeline for Members receipt of papers is seven calendar days in advance of meetings, however stated that as ARC Chair she requires receipt of documents prior to review ahead of the pre-meeting.

Mrs Singleton advised that she has met with the Governing Body Chair on several occasions since last reported to advance several governance matters.

She remarked on an enjoyable event on 10 May 2024, the Celebration of Success Awards in the Canal Court Hotel recognising learners' achievements.

A06. CORPORATE RISK REGISTER

Mrs Singleton reminded Members that corporate risks have recently been updated and amalgamated into nine key risks. She referred to recent developments regarding the proposed Craigavon estates project and potential governance risks that should be considered for inclusion on the Corporate Risk Register (CRR).

Mrs L Campbell informed that version 2 of the 4Risk software is active and advised that Risk 1 Failure to ensure the financial sustainability of the College sits within risk appetite and the residual risk has been reduced as a result of the College Development Plan being updated.

In response to a query from Mrs Singleton, Mrs L Campbell advised that functionality of the TAMS system is being kept under review by the NIFON Group and concerns have been raised that not all actions have been fully closed out. Miss McGuigan advised that

agreement has been reached to continue Departmental engagement with skills training managers.

Mrs L Campbell advised that there has been no change to Risk 2 Inability to evolve and prevent and respond effectively to cyber security / ICT failure. In response to an observation from Mrs Singleton regarding incomplete statements in respect of controls, Mrs L Campbell advised that she will engage with the 4Risk software team, as population of the report appears to have restricted wordcount.

Mrs L Campbell advised that the cause and effect in relation to Risk 3 Inability of the College to recruit an appropriately skilled workforce has been updated and confirmed that the lecturer pay uplift has been agreed.

Members noted that Risk 4, Inability to deliver on the College's Estates Strategy sits within appetite and two controls have been removed. For the benefit of new Members, Mrs L Campbell informed that the College successfully delivered in completing the ABC Strategy in delivering the new Armagh and Banbridge estate. She advised that the challenge from Save Craigavon Lakes on the College owned Craigavon site was successful upon appeal and an options appraisal on Marlborough House deemed it to be suitable, viable and available.

Mrs L Campbell cited concerns on the listing status of Marlborough House and advised that an independent architect has been commissioned to provide a neutral opinion. Members recommended that a comprehensive update on the current position be provided to the full Governing Body in June 2024.

Mr R Sloan

Members noted three actions ongoing regarding Risk 5 Inability of the College to maintain student numbers. Mrs L Campbell advised that the Director of Curriculum will present a report on tertiary education to the full Governing Body next month.

Members noted no change to Risk 8 Inability of the College to maintain the required regulatory and Health and Safety Standard to provide a safe working environment.

Mrs L Campbell informed that Risk 9 Inability of the College to effectively ensure the safeguarding of students sits outside risk appetite and advised that an early reply to the draft internal audit indicates a Satisfactory rating. Mrs Singleton clarified that impact of such an occurrence rather than likelihood keeps the risk appetite high.

Mrs L Campbell informed that the residual risk has been reduced in relation to Risk 13 Inability to respond to Trade Union industrial action. Dr Moore commented that whilst the lecturer pay uplift is expected in June salaries, future engagement regarding the academic contract and industrial relations framework is required.

Members were advised on one action ongoing in relation to Risk 14 Failure to successfully administer and deliver externally funded programmes. Members were informed on actions completed to strengthen procedures and were advised that the responsible officer has moved under the Finance Directorate.

Mrs Singleton offered her thanks to those involved, acknowledging the vast amount of work undertaken to reinforce processes.

Mrs L Campbell referred Members to the horizon scanning risk field and various potential emerging concerns listed under the cause-and-effect tile.

Mrs Singleton advised on discussions with the Interim Principal regarding the correlation of governance risks and stated that she was seeking ARC Members views on escalating

to the Corporate Risk Register. She referred to potential governance risks in respect of which the Committee needs to be vigilant, including the requirements of the new Partnership Agreement, with its new accountability processes which will take time to embed, the Reform to Save Scheme and succession planning for Governing Body members and management.

Mrs Singleton informed that Governors must be cognisant of recent significant changes in the Senior Management Team structure and advised that temporary measures can have an unsettling impact in terms of organisational stability, accountability and long-term decision making. She added that the Interim Principal has been mitigating risks to date.

Mrs L Campbell reminded Members that governance was identified by Internal Auditors as worth watching in the Emerging Risk Radar analysis and proposed to consolidate the CRR.

Mrs Singleton advised that the Governance Risk Register provided addresses historical risks. Mrs G Campbell commented that as the governance structure in SRC is relatively new it would be sensible to escalate governance risks. Mr O'Neill concurred.

Mrs L Campbell

Members gave due consideration to the fact that half of the four members of the Directorate are on interim contracts. All Members agreed to progress the amalgamation of governance risks to the CRR.

In response to a query from Mrs Singleton, Mrs L Campbell advised that any significant risks emerging from operational risk registers will be notified to the Governing Body and escalated to the CRR if appropriate.

A07. POLICY APPROVAL

- **Anti-fraud policy**

Miss McGuigan advised on minor recommended changes to the Anti-fraud policy to reference the new Partnership Agreement and update links to related documents.

- **Fraud Response plan**

Miss McGuigan referenced recommended amendments to the Fraud Response plan to change terminology to differentiate and avoid confusion with vocabulary referenced within disciplinary procedures.

Mr O'Neill spoke to the requirement to contact the sponsor Department and NIAO regarding any suspected fraud.

The two policies were approved by Committee Members on proposal from Mrs G Campbell and seconded by Mrs O'Hare.

In response to a query from Mrs Singleton, Miss McGuigan advised that she has requested that review of fraud risk assessments is brought forward from the cyclical two-year review.

A08. INTERNAL AUDIT PROGRESS REPORT

Mrs Keenan presented the Internal Audit Progress Report, reporting that the Human Resources, Absence Management and Estates, Responsive Repairs and Maintenance reviews are complete.

She advised that the Safeguarding review is concluding, and one minor query has arisen. Mrs Keenan confirmed that the GDPR advisory review is progressing well.

- **Quality Assurance & Improvement Plan**

Mrs Keenan advised that RSM have reviewed their Quality Assurance and Improvement Programme considering new global standards. She informed on a Quality Assurance Department sitting outside RSM risk assurance services which ensures compliance across all teams.

Mrs Keenan confirmed that RSM are inspected by an external consultant every five years to ensure they are conforming with PSIAS and IIP Standards.

Mrs Singleton spoke to a level of comfort and assurance provided to the ARC given the independent scrutiny of functionality of audit partners.

A09. INTERNAL AUDIT REPORTS

- **Human Resources – Absence Management**

Mrs Keenan presented the Human Resources Internal Audit report and advised on three low recommendations having identified areas of weakness in relation to sickness absence and return to work procedures.

- **Estates – Responsive Repairs & Maintenance**

Mrs Keenan advised on a clean audit of Estates, Responsive Repairs and Maintenance, advising on no recommendations to improve practice and good areas of practice identified.

Dr Stewart remarked on good report and commented that estates practices within the College have moved forward considerably during her eight years of tenure. Mrs O'Hare advised that the whole estates team had been eager and willing to embark upon the audit process.

The Committee noted the reports.

A10. RECOMMENDATIONS UPDATE

Miss McGuigan referred Members to the recommendations update report and items complete and ongoing.

She informed on actions to review depreciated assets and advised that she is confident that the register will be updated to reflect assets in use and those replaced or removed.

A11. EXTERNAL AUDIT STRATEGY 2023-2024

Mr O'Neill presented the External Audit Strategy and advised on materiality, significant audit risks and the estimated external audit fee. He informed on an increase in workload under the new Auditing Standards and advised that the estimated external audit fee represented the maximum figure that would be charged by NIAO.

Mr O'Neill informed on the audit approach and timetable. Members noted the good practice guides.

A12. DIRECT AWARD CONTRACTS (DAC)

Members noted the previously reported procurement of WKI licences contained within the DAC register.

A13. DfE COMPLIANCE AUDITS

Nothing to report.

A14. DAO CORRESPONDENCE

Mrs L Campbell informed on a letter from Department dated 3 May 2024 advising on the outcome of an internal audit and recommendations arising from it. She informed that DfE are requesting the inclusion of an audit in the 2024-2025 College internal audit plan for internal auditors to regularly examine the system for reporting performance and include sample testing on the accuracy of the data reported.

Mrs L Campbell advised on a Departmental letter dated 7 May 2024 requesting a College risk assessment refresh and engagement plan by 21 May 2024.

A15. ANY OTHER BUSINESS

Miss McGuigan was thanked for her guidance and attending her first Audit and Risk Committee.

Mrs Singleton noted that it is Dr Stewart's last attendance at the Audit and Risk Committee having completed her second term of office and eight years as a Member of SRC's Governing Body. Mrs Singleton commented on Dr Stewart's valuable contribution and constructive challenge to the ARC.

Members noted that it is Mrs Lavery's last attendance at the Audit and Risk Committee as she completes her year as Boardroom Apprentice. On behalf of Members, the Chair wished Mrs Lavery well for future endeavours and commented that she hopes she has enjoyed and learned from her experience.

Mrs Singleton noted that it is the Secretary's last meeting of SRC's Audit and Risk Committee. She commented that Miss Armstrong has been invaluable in assisting Members individually and collectively over the last eight years, completing her work with quiet efficiency.

Dr Moore thanked Dr Stewart and Mrs Lavery for their service. He commented that Miss Armstrong has proved an asset to the Governing Body and thanked her for her counsel and discretion over the years.

A16. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled to take place on Tuesday 10 September 2024 at 18.30 in the Boardroom, Portadown campus or via TEAMS.

The meeting concluded at 20.12.

CHAIR

DATE

22/10/24