

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 19 NOVEMBER 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)
Mr Andrew Sloan
Mrs Sharon O'Hare (via TEAMS)

IN ATTENDANCE:

Mrs Lee Campbell, Principal / Chief Executive & Accounting Officer
Dr Thomas Moore, Governing Body Chair (via TEAMS)
Miss Joanne McGuigan, Interim Director of Finance & Planning
Mr Brian Patterson, DfE Governance (via TEAMS)
Mr Brian O'Neill, NI Audit Office
Mr Ryan Lunney, NI Audit Office (via TEAMS)
Ms Laura Murphy, NI Audit Office (via TEAMS)
Mr Ian McCartney, RSM UK (via TEAMS)
Ms Sandra Barry, Acting Secretary to the Governing Body (via TEAMS)

The meeting commenced at 18.48.

A01. APOLOGIES FOR ABSENCE

There were no apologies for absence.

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. There were no declarations of conflict of interest.

A03. MINUTES OF THE MEETING 6 FEBRUARY 2024

The minutes of the meeting of the Audit and Risk Committee (ARC) held on 17 September 2024 were verified for accuracy and unanimously approved as an accurate record on proposal from Mrs G Campbell and seconded by Mr Sloan.

A04. MATTERS ARISING

Actions Log

Members reviewed outstanding items on the action sheet.

Artificial Intelligence (AI)

Mr McCartney suggested that Sarah Belsham could give a ten-minute presentation on the work she is doing on AI with other colleges. Mrs L Campbell will discuss this further with Mr McCartney.

LC/JMG

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

A05. CHAIRPERSON'S BUSINESS

Mrs Singleton informed Members that she met with Ms McGuigan on two occasions to discuss the progress of the external audit. This will be considered in more detail in this meeting.

Dr Moore advised that he attended the Audit Training Event on 08 November and found it excellent, Mr Brian Whalley who delivered the training was a very experienced facilitator. The Audit Training will be held again in March and Ms Barry was asked to confirm the date with Members as soon as it becomes available so they can avail of this training.

Mrs Singleton met with Mrs L Campbell on 14 November to discuss governance issues and to keep herself abreast of emerging issues.

Mrs Singleton advised that the Audit and Risk Committee meeting scheduled for 26 November will be rescheduled when the audit is complete, and the annual report and financial statements are ready for signoff.

A06. CORPORATE RISK REGISTER 2024-25

Members noted that a further review of the Business Support and External Engagement structure was currently due to be completed by 31 October 2024.

Ms McGuigan presented the Corporate Risk Register.

Risk 1 Failure to ensure the financial sustainability of the College.

Mrs L Campbell confirmed the CDP was submitted on the 15 November (Strategy Day) and now awaiting a response from DfE.

Risk 2 – Inability to evolve, to prevent and respond effectively to Cyber Security/ICT failure.

Members were reminded that Mr Todd presented on this at last meeting and assurance was given that SRC is proactive and effective in managing this risk.

Risk 3 – Inability of the College to recruit an appropriately skilled workforce.

Lecturers' Pay Award

The discussion on the lecturers' pay award for 2024 has not yet taken place.

Risk 4 – Inability to deliver College Estate Strategy.

Mrs L Campbell reminded Members of the options appraisal outcome in relation to Marlborough House. Mrs L Campbell advised all options will need to be reviewed again to include Marlborough House as a listed building

Mrs Singleton noted that, to date, essential works on the older campuses have been kept to a minimum. Mrs L Campbell discussed the risks associated with owning a listed building including maintenance. A meeting with the Estates Project Board will be arranged.

Risk 5 Inability of the College to maintain sustainable student numbers.

Risk 5 remains within risk appetite and all actions are progressing.

Risk 6 - Safeguarding

Safeguarding remains within appetite.

Risk 14 - The failure to successfully administer and deliver externally funded programmes/projects.

Ms Barry

Ms Barry

Risk 14 is not fully closed out by DfE. All actions previously identified are closed out and governing arrangements around projects in general will be applied there.

Horizon Scanning

Mrs L Campbell advised that an Artificial Intelligence (AI) is an emerging risk.

A07. DRAFT ANNUAL REPORT AND FINANCIAL ACCOUNTS

Mrs L Campbell advised Members that the Annual Report and Financial Accounts were presented to the Finance and General Purposes Committee. The Audit Office made some recommendations and Ms McGuigan and Mrs L Campbell are working through those. The Annual report will be presented at the Governing Body meeting.

A08. DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE (RTTCWG)

Ms McGuigan reported that in terms of financial impact, the Audit Office has asked the actuary to redo work, and she is hopeful that this will be completed by Friday 22 November to allow her to adjust the pension evaluation.

There is also an adjustment relating to the support staff pay award. The National Joint Council (NJC) has agreed a settlement which is lower than that estimated and funded for. Ms McGuigan advised that these are the two material changes.

Mr O'Neill apologised for the report only being issued this afternoon and he briefly discussed the report with Members. The significant risks of 'Management Override of Controls' and 'Risk of Fraud in Revenue Recognition' were tested and did not find any indication of fraud. The findings from the audit indicate there are no issues of concern. Number of assets increased.

Mrs L Campbell advised that this has been discussed throughout the process.

Mr O'Neill referred to pensions and advised that there are two main issues outstanding and the pension assets will change once the Actuary's revised report is received.

Statements on regular expenditure are going to be collected and subject to satisfactory resolution, committee notes that certified financial statements, audit opinion concludes that preparation of the financial statements is appropriate.

The Audit and Risk Committee will reconvene when the pension issue has been dealt with, in the interim Ms McGuigan will liaise. The agreed deadline of 30 November is not doable.

A09. GATEWAY REVIEW – INTERNAL PEER REVIEW

Ms McGuigan took Members through the Gateway Review process including internal peer reviews where risks are deemed low. RSM can conduct an Internal Peer Review covering Newry Innovation Centre, Armagh and Banbridge campuses. Mr McCartney advised that the prepared paper explains the context.

Mrs Singleton enquired if there is a formal process for stepping out of the Gateway review and Mrs L Campbell confirmed DfE approval has been received and a report will be produced.

Ms McGuigan advised that she has revised the annual internal audit plan to determine what internal audit reviews be deferred to 2025. Ms McGuigan was satisfied that as this was being robustly checked she was content to propose deferring payroll. Ms McGuigan engaged with the contract manager at sector level for contingency days to allow work to be completed in 2024-25. RSM will take up to 9 days to conduct a peer review, 5 days initially assigned to payroll together with an additional 4 days required to the internal audit plan agreed in September 2024.

Mrs McCaffrey queried the document and what it specifies that RSM are going to do. Mrs L Campbell advised that there are 2 peer reviews, 1 on Newry in place of Gateway 3 and, 1 on Armagh / Banbridge in place of Gateway 5. Mrs L Campbell referred Members to the report which highlights what the Gateway process would be and the risk assessment that is done in advance of every Gateway review. If a high risk is identified, an assessment meeting will be held with the SRO and the Programme / Project Team to coordinate the Gateway review.

Members noted the report.

A10. INTERNAL AUDIT REPORTS

Mr McCartney presented the Internal Audit Reports as follows:

- **Progress Report**

The Internal Audit Plan for 2024-25 was approved at the Audit and Risk Committee meeting on 17 September 2024, no final reports have been issued since that meeting. The key message is that the progress report is to be delivered to the next couple of Audit Committee meetings.

Ms McGuigan advised that Gateway 3 can only happen when we have awarded the contract for procurement and hope to be in this position in March 2025. Ms McGuigan will need confirmation of when the contract is awarded and will notify Mr McCartney accordingly.

- **Internal Audit Code of Practice**

The Chartered Institute of Internal Auditors (CIIA) has introduced a revised Internal Audit Code of Practice. The new Code includes key principles to strengthen internal audit and maximise its effectiveness and value, in an increasingly uncertain and changing world. The Code is now unified and applies to internal audit functions across the financial services, private and third sectors. Effective from January 2025, the Code aligns with the new Global Internal Audit Standards and the revised UK Corporate Governance Code. The internal audit services are all aligned from a quality perspective and the Internal Audit Code of Practice.

- **Follow up Report.**

Committee Members noted the reports.

A11. AUDIT RECOMMENDATION MONITOR

Ms McGuigan reported on the new build project governance and that in response to the last Internal Peer Review for Newry East, we were unable to work on the recommendations until this was progressed to implementation.

The Trainee and Apprenticeship Management System (TAMS) is now complete.

The Human Resources new digitised Return to Work form project has a revised date to December 2024, it is expected to have this completed and launched by December.

Governance Data Protection (GDPR) had an audit during the Summer and recommended that privacy statements are standardised, this work is ongoing to deliver by 31 December.

The recommendation on depreciation included the Report To Those Charged With Governance (RTTCWG) continues to be raised at NIFON.

A12. DIRECT AWARD CONTRACTS

Miss McGuigan advised that since the last Audit and Risk Committee meeting, there had been no new Direct Award Contract.

A13. DFE TFE/APPS COMPLIANCE AUDITS

• Update Report

Ms McGuigan reported that the DfE Administrative Compliance Test identified a number of incidents where 7 students were not enrolled with the appropriate Awarding Body within 12 weeks and resulted in a clawback of £9,271. The College was required to check if there were any other incidents of non-compliance. A further £32,638 was identified, totalling £41,909.

There has been engagement with DfE and Department Managers which identified that Action Short of Strike had impacted on this. DfE confirmed they are content with the rationale and will only seek to clawback the £9,271, not the larger £41,909. The College has been asked to ensure it is complying, and this is being looked at again with the Director of Curriculum.

Mrs McCaffrey queried why DfE have this 12-week rule and Ms McGuigan informed her that this is a compliance issue, there is no detriment to the students, they are in class learning but DfE do not allow us to draw funding until they are registered with an Awarding Organisation, and this must be done in 12 weeks. This issue related to 1 Faculty. The finance team has worked with the Head of the relevant Faculty and the budget for that Faculty has been adjusted accordingly. Ms Shackels advised that she has put an additional tracker in place to ensure her team have complied with this requirement.

Discussion took place and Mrs L Campbell informed Members that a Task and Finish Group has been set up and advised that the issue was only identified during the 2023-24 year of strike/industrial action.

A14. CYBER REPORT – SEPTEMBER 2024

Miss McGuigan presented the Cyber Report and advised that this is the update at end of September with no new issues raised in terms of risk or challenges. Ms McGuigan advised that she has seen the October report and there are no issues to flag. In terms of robustness, the College is in a good position.

The results of September internal phishing exercises with staff were significantly improved.

A15. NI AUDIT OFFICE REPORT – THE NATIONAL FRAUD INITIATIVE IN NI 2024

Miss McGuigan presented the report for noting the findings of the last review undertaken. The College partakes in all National Fraud Initiative exercises. Feedback should be received late this year or early next year.

A16. DAO LETTERS

- DAO 03-24 Guidance on responding to NI Audit Office Public Reports
Ms McGuigan advised that this has not been an issue for us but is presented for noting.
- DAO 04-24 Annual Theft and Fraud report 21-22
Ms McGuigan advised that this is presented for information.

Members noted the letters.

A17. ANY OTHER BUSINESS

Mrs L Campbell advised Members that a PAC meeting will take place on 21 November at 2pm, this is as a result of the Northern Ireland Audit Office (NIAO) report. This will impact on the College and be of interest.

A18. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled to take place on Tuesday 28 January 2025 at 18.30 in the Boardroom, Portadown campus or via TEAMS.

A19. REVIEW OF MEETING

Members were asked for feedback on the meeting and sound issues were identified. Members who were online had, at times, difficulty hearing the conversation.

The meeting concluded at 20.20.

Mrs O'Hare left the meeting.

CHAIR

4/2/2025
DATE