

**MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON WEDNESDAY 6 JUNE 2018 AT 18.30 IN THE ORACLE BISTRO, PORTADOWN.**

**PRESENT:**

Mr John Nugent (Chair)  
Mr Aidan McCormick  
Prof. Gregory O'Hare (via Lync)  
Mr Matthew Turner  
Mrs Nicola Wilson

**IN ATTENDANCE:**

Mr Brian Doran, CEO  
Mr Andrew Saunders, Governing Body Chair  
Mr Terry McGonigal, Director of Finance and Planning  
Mr Mark Cardwell, Dept. for the Economy  
Mr Craig Morrow, NI Audit Office  
Mr Anthony McKibben, Grant Thornton  
Mrs Cara McCrory, PWC  
Mr Jason McCallion, PWC  
Miss Lindsay Armstrong, Secretary to the Governing Body

The meeting convened at 18.27.

**1. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**2. DECLARATION OF CONFLICT OF INTERESTS**

The Chair thanked everyone for attending and 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.

**3. MINUTES OF THE MEETING 7 FEBRUARY 2018**

The minutes of the meeting of the Audit Committee held on the 7 February 2018 were verified for accuracy and approved on the proposal of Mr Turner and seconded by Mr McCormick.

**4. MATTERS ARISING**

None.

**5. CHAIRMAN'S BUSINESS**

None.

**7. PROGRESS AGAINST AUDIT PLAN**

Mr McKibben presented the Progress against Audit Plan and provided a summary of findings on the five audit areas finalised in 2017-18. He reported a top assurance rating of satisfactory in all areas and detailed priority rating recommendations.

Mrs Wilson arrived at the meeting at 18.32 and retrospectively declared an interest as employee of Armagh City, Banbridge and Craigavon Borough Council.

<b>ACTION BY WHOM</b>

## **6. INTERNAL AUDIT REPORTS**

### **Estates Management**

Mr McKibben presented the internal audit review of Estates Management at SRC. He stated that Grant Thornton have provided a 'Satisfactory' assurance in relation to appropriateness and effectiveness of the processes and controls in place relating to Estates Management and explained that the report has been updated and agreed following feedback from Committee Members.

#### **Health and Safety**

Mr McKibben presented the Health and Safety audit report and informed Members of a 'Satisfactory' assurance rating. He explained that he was reissuing a revised version of the report having considered an overlap into the Estates Management audit relating to the delay of maintenance completion certificates from Properties Division.

- **Key Finance Controls**

Mr McKibben referred Members to the audit review of Key Financial Controls and advised Members of a 'Satisfactory' assurance provision. He advised of three Priority 3 recommendations. Mr McGonigal referred Members to the management response.

- **Employer Engagement**

Mr McKibben presented the internal audit review of Employer Engagement and advised of a 'Satisfactory' assurance rating. He informed the Committee of the scope of the audit including the review of InnovateUs, Skills Focus, Innovation Vouchers and Fusion funding strands.

Discussion took place regarding the Priority 2 recommendation considering the adequacy of the Customer Relationship Management (CRM) system. Mr Doran advised Members of work undertaken by the STS Project Board and informed that Colleges supported by DfE are currently engaged in a scoping study to assess need and to explore potential options for a future CRM system. Mr Doran advised Members of interim steps being taken by the College to manually record employer activities until such time as a new CRM system was in place. Mr McKibben advised of two Priority 3 recommendations.

Members requested that management response to acceptance or rejection of internal audit recommendations across reports be more prevalent within the management response.

- **Business Continuity Planning and Disaster Recovery**

Mr McKibben presented the internal audit review report on Business Continuity Planning and Disaster Recovery, advised of a 'Satisfactory' assurance rating and two Priority 3 recommendations. Mr McKibben stated that the internal auditors had taken cognisance of benchmarking guidance when reviewing the College's alignment to best practice.

Mr McKibben advised that a recommendation to review terminology and job titles was impacted by the timing of the review and a change in Directorate roles and responsibilities.

Mr Doran informed of an ongoing review on business continuity and advised of focused areas of review carried out in year such as cyber security and contact procedures for student overseas projects.

Mr McGonigal

- **Data Protection**

Mr McKibben presented the internal audit review of Data Protection measures in place at Southern Regional College. Mr McKibben referred to the structure of the advisory report presented to compare against GDPR compliance measures.

Mr McGonigal presented a report on the recommendations identified, actions required and completed and required implementation date on outstanding actions. Mr McGonigal advised Members on restrictions in place due to the use of legacy systems and measures being taken to address these issues.

The Committee welcomed the progress to date on GDPR compliance and noted the reports.

## **8. INTERNAL AUDIT PLAN 2018-19**

Mr McKibben referred Members to the three year Internal Audit Strategy 2017-20. Mr Doran informed Members of a scheduled meeting with the internal auditors to agree the proposed plan in advance of the start of the new academic year.

Mr McKibben advised that a sector wide review of the hardship fund, ASF and Care to Learn was being considered by the sector as part of the internal plan for 2018-19.

## **9. EXTERNAL AUDIT STRATEGY**

Mr Morrow advised that the Northern Ireland Audit Office has engaged Price Waterhouse Cooper to carry out the External Audit Strategy.

Mrs McCrory presented the report and provided an executive summary on the key messages identifying audit risks and setting out materiality.

Mrs McCrory set out the external auditors approach referring Members to possible risks that may arise if incorrect accounting in classification between revenue and capital should occur within the Estates Project.

Mrs McCrory set out the timetable for the submission of the annual accounts and financial statement and Report to Those Charged with Governance. Mr Doran confirmed that the Audit Committee meetings have been scheduled to align with the timetable for review and submission of documents.

Mr Cardwell advised of a sector wide Value for Money exercise currently underway and informed Members that this would be shared with Governors before the new academic year.

The Committee noted the report.

## **10. AUDIT AND RISK ASSURANCE COMMITTEE HANDBOOK**

Mr McGonigal referred Members to the Audit Code and Cyber Information Security Guide circulated to the Committee in April 2018. He stated that the handbook principles remain unchanged and advised Members of additions in relation to whistleblowing and cyber security.

Mrs Wilson left the meeting at 19.27 and returned at 19.30.

## **11. CORPORATE RISK REGISTER**

Mr Doran presented the Corporate Risk Register and informed that the register was last reviewed on 4 June.

Members noted the addition of a new risk factor relating to pay pressures in Corporate Risk 1; Financial Viability and Optimisation of College Recourses. Mr Doran confirmed that further discussion will take place with Finance Committee Members, the full Governing Body and advised that matters are to be discussed at the College Employers Forum to agree pay proposals.

Mr Doran informed Members of a new action on Corporate Risk 2; Positive Reputation of the College and advised Members of sector engagement with the Equality Commission to clarify the position on questions used on college monitoring forms.

Mr Doran advised on ongoing problems with Properties Division's performance and the College's ability to ensure statutory health and safety compliance checks are being met. Mr Doran informed Members of the recent DfE correspondence requesting colleges to progress a business case setting out future options. A detailed discussion took place with Members considering the potential of presenting as a separate risk within the register.

Mr Doran referred to Risk 8; Effectiveness of Quality Assurance and Improvement and informed Members of the QAA review process completed 26 April. He advised that the College is awaiting the formal report.

Mr Doran referred to Risk 10; Delivery of the new build Estates Project and advised that the residual risk has been reduced following approval of funding for the Banbridge project.

Mr Doran referred Members to Risk 11: Unsupported Management Information Systems and advised Members that due to the closure Colleges NI, a decision needs to be taken to novate contracts. He explained that this issue presented a potential stumbling block to achieving closures by the end of June.

Mr Doran advised on the appointment of a GDPR Compliance Manager.

Members noted the report and requested that previous in year rankings be incorporated into the new Risk Register to identify the movement of inherent and residual risks.

**Mr Doran**

## **12. NATIONAL FRAUD INITIATIVE**

Mr McGonigal advised that he is the new reporting officer on the National Fraud Initiative and informed of a data lift due to commence in October 2018.

## **13. POLICIES**

None.

## **14. DIRECT AWARDS CONTRACTS**

Mr Doran informed of two new Direct Awards Contracts to Presidion for statistical analysis software and Causeway Technologies for CATO Essential software.

**15. DfE TfS AUDIT REPORT**

Mr McGonigal presented the compliance monitoring investigation report into TfS at the Armagh campus. He informed on a good result which identified one potential area of non-compliance in a total of 668 tests performed. The Committee noted this satisfactory result.

**16. COMMITTEE SELF-ASSESSMENT QUESTIONNAIRE**

Committee Members were presented with the self-assessment questionnaire and were requested to complete and return to the Secretary to inform the annual report.

**17. ANY OTHER BUSINESS**

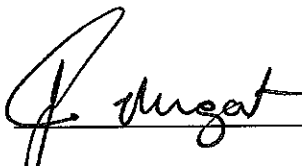
None.


**18. DATE AND TIME OF NEXT MEETING**

The next Audit Committee meeting will take place on Tuesday 11 September 2018 at 18.30 in the Portadown Campus.

The meeting concluded at 19.56.

Governors

  
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CHAIR

  
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DATE

