

MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 12 FEBRUARY 2019 AT 18.30 IN THE ORACLE BISTRO, PORTADOWN.

PRESENT:

Mr John Nugent (Chair)
Mr Aidan McCormick
Prof. Gregory O'Hare
Dr Eileen Stewart
Mr Matthew Turner

IN ATTENDANCE:

Mr Brian Doran, Chief Executive
Mr Terry McGonigal, Director of Finance and Planning
Mr David Conliffe, Dept. for the Economy
Mr Anthony McKibben, Grant Thornton
Mrs Lindsey Paterson, Price Waterhouse Cooper
Mr Jason McCallion, Price Waterhouse Cooper
Mrs Carla Shields, Boardroom Apprentice
Miss Lindsay Armstrong, Secretary to the Governing Body

The meeting convened at 18.31.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Andrew Saunders and Mr Tomas Wilkinson.

2. 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. Mr McCormick declared an interest as Education Authority employee.

Prof. O'Hare and Dr Stewart arrived at the meeting at 18.33.

3. MINUTES OF THE MEETING 13 NOVEMBER 2018

The minutes of the meeting of the Audit Committee held on the 13 November 2018 were verified for accuracy, approved on the proposal of Mr Turner and seconded by Mr McCormick.

4. MATTERS ARISING

Members were informed that all recommendations arising from the previous committee meeting have been actioned.

5. CHAIRMAN'S BUSINESS

Mr Nugent welcomed Mrs Paterson to her first meeting of SRC's Audit Committee.

6. CORPORATE RISK REGISTER

Mr Doran presented the Corporate Risk Register and advised Members that the Register has been reviewed by senior management twice since the last meeting of the Audit Committee.

Mr Doran referred Members to the summary of current corporate risks and movement of the residual risk ratings. Mr Doran advised of a new risk; Leadership capacity and poor performance of training provision in the School of Construction and Engineering.

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Members noted a new potential warning risk; lack of flexibility in developing new higher education provision in light of current DfE Policy of HE in FE.

The Committee noted a reduction of the residual risk relating to Risk 1; College does not received sufficient funding to successfully deliver CDP targets and outcomes, and the addition of an action to Risk 2; College fails to deliver its College Estates Strategy as a result of planning and funding restrictions.

Members noted the high inherent and residual risk rating in relation to Risk 3; The absence of a joint 14-19 strategy and policy from DE and DfE leading to continued duplication of provision by schools and reducing college enrolment at Level 3. Mr Doran informed of good engagement with the Permanent Secretary at the recent Accountability meeting.

Mr Doran informed that in relation to Risk 5; The ineffective service provided by Properties Division, that a business case has been developed and approved by Sector Principals and submitted to the Department.

Members noted an action under Risk 7; Failure to provide a safe working environment, to update the Safeguarding policy and provide additional training as recommended following the ETI inspection and recent legislation changes.

A detailed discussion took place regarding Risk 8; An inability to recruit lecturing staff leading to a failure to deliver our strategic aims and objectives. Members discussed the conditions within the Departmental circular to recruit, a relaxation to selection processes for difficult to recruit to post and the need for flexibility in essential criteria and qualifications. Members were advised that development of lecturers' contracts would require Ministerial backing.

Members discussed Risk 9; Failure to implement a new Traineeship System leading to continued underfunding of training, and noted the detrimental effect of the current political situation on the progression of the reform programme.

Mr Doran advised that in relation to Risk 11; GDPR Compliance, the sector collaborative working group continues to assess and update policies and procedure in line with legislation and informed of an internal audit to assess controls.

Mr Doran advised of comprehensive recovery plans developed to manage Risk 12; Leadership capacity and poor performance of essential skills curriculum and Risk 13; Leadership capacity and poor performance of training provision in the School of Construction and Engineering.

Members discussed how the impact of the absence of local government is having on the progression of projects due to lack of funding and approval requirements. The Committee noted the systematic effect across the risk factors and lack of College control to manage. Members discussed the preferred approach to presenting the risk.

7. INTERNAL AUDIT REPORTS

•Internal Audit Progress Report

Mr McKibben presented the Internal Audit Progress Report detailing accompanying audit reports and assurance ratings and planned audits for the next quarter.

•Travel and Subsistence

Mr McKibben referred Members to the Travel and Subsistence audit report providing the highest assurance rating of 'Satisfactory'. He stated that as part of the audit, Grant Thornton had reviewed current manual processes and the planned portal and provided four recommendations to management to strengthen practices.

- **Budgetary Control and Financial Planning**

Mr McKibben informed of good processes in place regarding budgetary control and financial planning and remarked on well managed procedures. He advised Members of two priority three recommendations.

- **eFELS Data Entry and System**

Mr McKibben advised the Committee of an internal audit to review new processes and controls in relation to eFELS data entry. He informed on a positive report demonstrating significant improvement with minimal errors or variances detected.

Mr Nugent expressed his thanks to the Internal Auditors for all the work undertaken and gratitude for the assurance that practices are working well.

- **Review of the Armagh New Build**

Mr McKibben presented the report on the Armagh campus new build and advised on an assurance rating of 'Satisfactory' and two priority three recommendations to strengthen administrative audit procedures.

- **IT Security**

Members reviewed the IT Security Internal Audit noting a 'Satisfactory' assurance rating, one priority two and four priority three recommendations. The Committee noted that the College currently has a range of tools, services, processes and procedures in place to manage vulnerabilities and recognised the difficulty in applying and developing specialist forensic software in-house.

Members noted the reports and recommended that guidance in relation to Information Security Incident Management be recorded as advice to management.

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8. DfE COMPLIANCE AUDITS

- **TfS Newry July 2018**
- **Apprenticeship Armagh October 2018**
- **TfS Armagh October 2018**

Audit types	Campus	Date	Nature of Audit	Admin errors	Financial errors
TfS 2017	Newry & Kilkeel	26-31 July 2018	Finance & Compliance	1.34 %	0.3%
Apprenticeships	Armagh	19-26 Oct 2018	Compliance	0.00%	N/A
TfS 2017	Armagh	24-26 Oct 2018	Finance & Compliance	1.47%	0%

Mr McGonigal presented the three compliance audits and advised Members of a minimal or zero error rate identified.

The Committee welcomed the positive results of the reports, however expressed concern over the frequency of the compliance audits voicing unease at the disproportion of time and resources spent given the minimal errors acknowledged.

9. POLICY REVIEW

Mr McGonigal presented the Risk Management policy revised in line with its annual review. Members noted minimal updates and the policy was unanimously approved on the proposal of Mr Turner and seconded by Dr Stewart.

10. REPORT TO THOSE CHARGED WITH GOVERNANCE - FINAL

Mrs Paterson referred Members to the Report to Those Charged With Governance formally approved and certified by the C&AG with an unqualified audit opinion, without modification.

The Committee noted the report.

11. DIRECT AWARD CONTRACTS

Mr Doran confirmed that there have been no new direct award contracts made since the last Audit Committee.

12. DoF GUIDANCE

Mr McGonigal referred the Committee to the Department of Finance's Fraud Proofing Guidance.

13. AUDIT OF SOUTHERN REGIONAL COLLEGE – LETTER OF UNDERSTANDING

Members noted the signed Letter of Understanding between SRC and the NIAO detailing the responsibility of auditors and the audit process.

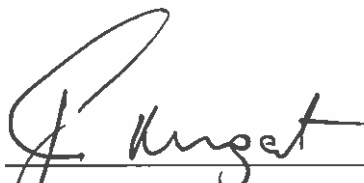
14. ANY OTHER BUSINESS

Mr Nugent advised that he attended an Audit and Risk Assurance Committee Chairs Forum and enquired about the precedence of Whistleblowing policies.

15. DATE AND TIME OF NEXT MEETING

The next Audit Committee meeting will take place on Tuesday 14 May 2019 at 18.30 in the Portadown Campus.

The meeting concluded at 19.53.



CHAIR

DATE