

MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 14 MAY 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 Leor Ovadia, 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

In line with recommended practice a pre meeting with Audit Committee Members and the Internal Auditors was convened.

The scheduled meeting began at 18.35.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Andrew Saunders. The Secretary stated that representatives from PWC will set out the NIAO Audit Strategy 2018-2019.

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. No interests were declared.

3. MINUTES OF THE MEETING 12 FEBRUARY 2019

The minutes of the meeting of the Audit Committee held on the 12 February 2019 were verified for accuracy and approved on the proposal of Dr Stewart and seconded by Mr Turner.

4. MATTERS ARISING

Mr McKibben relayed the opinion of the IT audit team, that the Internal Audit Report on IT Security should retain the risk and recommendation in relation to information security incident management.

5. CHAIRMAN'S BUSINESS

Mr Nugent advised that the Secretary will be shortly be issuing the Audit Committee Self-Assessment Questionnaire for informing the Annual Report. He asked that Members complete the form and return to the Secretary at their earliest convenience.

Prof O'Hare arrived at the meeting at 18.41.

ACTION BY WHOM
Committee Members

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; Uncertainty of EU exit arrangements in the event of a 'No Deal'.

The Committee noted an increase of the residual risk rating in relation to Risk 1; College does not receive sufficient funding to successfully deliver CDP targets and outcomes. Attendees were informed of an extraordinary Governing Body meeting assembled on 7 May wherein Members discussed the implications on future curriculum delivery in light of the indicative budget position. Members acknowledged the devastating impact on the College's activity for the new year should the College be asked to operate within the indicative budget position.

Members noted the corresponding consequence to Risk 2; College fails to deliver its College Estates Strategy as a result of planning and funding restrictions leading to continued poor service to students. Mr Doran informed the Committee of the Estates Steering Group meeting scheduled for 16 May and a reduction in the residual risk as a result of funding confirmation from DfE.

Mr Doran advised on further actions relating 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 an action to appoint a Project Director and Implementation Manager relating to Risk 4; The failure to deploy the new learner management system could impact on our ability to operate an effective admissions and enrolment process, and the implementation of the new learner management system.

A detailed discussion took place in regard to Risk 5; The ineffective service provided by Properties Services Division to deliver responsive and planned preventative maintenance contracts, statutory health and safety compliance checks and other College Projects resulting in breaches of statutory compliance and deterioration of building fabric. Mr Doran explained that DfE had written to colleges on the matter and the proposals to halt the business case was disappointing news for Colleges.

Mrs Paterson advised it was area of interest within the NIAO External Audit Strategy.

Members expressed profound concern with the departmental directive to commit to working with PSD stating that there is appearance of unwillingness from stakeholders to address the significance of this high risk situation. Mr Ovadia agreed to relay the seriousness of Committee Members' concerns to the Department.

Members were advised of a reduction to the residual risk rating for Risk 6; Failure to maintain a positive reputation.

Members noted the risk rating remains unchanged under Risk 7; Failure to provide a safe working environment.

Mr Doran advised Members of ongoing work relating to Risk 8; An inability to recruit lecturing staff leading to a failure to deliver our strategic aims and objectives.

Mr Ovadia

Members were advised that the risk rating to Risk 9; Failure to implement a new Traineeship System leading to continued underfunding of training, will change following recent confirmation of funding.

Mr Nugent recommended referencing the Internal Audit report as a control for Risk 11; GDPR Compliance.

Mr Doran

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. He informed that these will be reviewed by Education Committee Members on 21 May.

Members acknowledged that the College has little control over Risk 14; The absence of a functioning Executive and associated Minister for the Economy resulting in a lack of decision making.

Members were notified of a new risk; Uncertainty of EU exit arrangements in the event of a 'No Deal' impacting on the College's ability to provide continued service. Mr Doran informed of a sector project supported by DfE to better inform college responsiveness to skills needs post BREXIT and SRC's role in a work strand.

The Committee noted the report.

7. INTERNAL AUDIT REPORTS

•Data Protection

Mr McKibben presented the Internal Audit report reviewing Data Protection (GDPR) and advised of an overall 'Satisfactory' assurance rating. He informed of no priority 1 recommendations, five priority 2 recommendations, six priority 3 recommendations and 4 advice to management recommendations raised.

Mr McKibben informed that as part of the FE College sector, SRC has worked with other FE colleges to form a sector working group in order to develop a suitable strategy toward achieving GDPR compliance. He informed that the College has developed a GDPR action plan detailing key requirements to be completed along with expected delivery dates. Mr McKibben stated that the College are ensuring that policies and procedures are assessed in order to reflect GDPR compliance and advised that the Internal Audit recommendations are essentially to ensure the rights of individuals are safeguarded.

Mr McGonigal stated that the College are currently reviewing the wording and placement of CCTV signage. Some discussion took place regarding the complexity of passwords and frequency of the requirement to change.

Members acknowledged the hard work College staff are undertaking in order to meet GDPR compliance.

•Sector Wide Review 2018-2019 Hardship, Care to Learn and ASF Fund

Mr McKibben referred Members to the Sector Wide Review of the Hardship fund, Additional Support Fund and Care to Learn and advised that the Department have requested assigning an assurance score.

Mr McKibben stated that the Internal Auditors have established that the associated procedures within the College are being closely managed and monitored, with clear processes in place and informed that no discrepancies were identified across the sample funding applications tested.

Mr McKibben agreed to distribute the collated sectoral report.

The Committee noted the report.

8. PROGRESS AGAINST AUDIT PLAN

Mr McKibben presented the Progress against Audit Plan report and advised of an assurance rating of 'Satisfactory' across all audit areas.

Members noted the report and were assured that all audits are on programme.

9. INTERNAL AUDIT STRATEGY 2019-2020

Mr McKibben presented the three year Internal Audit Strategy. Members were advised that it would be suitable to examine the terms of reference for the review of the funding model and strategic planning audit.

Members noted the plan and enquired if it is appropriate to commission a review of the Banbridge new build.

10. EXTERNAL AUDIT STRATEGY 2018-2019

Mrs Paterson presented the External Audit Strategy and advised on materiality and areas of interest to focus on. She described the audit approach and informed that significant attention will be applied to the campus developments.

Mrs Paterson listed various risk factors that PWC will be focusing on including funding pressures, pay awards, regularity of expenditure, pension pressures and estates.

Mrs Paterson stated that she is aware of colleges' various concerns over the directive to use Property Services Division and informed that a strategic review of procurement is planned as part of the NIAO's public reporting programme.

Members discussed the various pressures put on staff to manage two sets of books relating to the different reporting periods.

Members suggested minor amendments to the report and thanked Mrs Paterson for the helpful and clear presentation.

11. DfE COMPLIANCE AUDITS

Audit types	Campus	Date	Nature of Audit	Admin errors	Financial errors
TfS 2017	Portadown	28 Feb – 5 Mar	Finance & Compliance	0.6%	0.1%
Apprenticeships 2017	Newry	23 – 31 Jan	Finance & Compliance	0.00%	0%
Apprenticeships 2013	Newry	16 Nov	Finance & Compliance	0.00%	0%

Mr McGonigal presented the three compliance audits and advised Members that review of a sample size of 932 resulted in the 0.01% of financial errors identified and a financial recovery of £32.

The Committee welcomed the positive results of the reports, however queried if it was the best use of staffs' time and resources. Mr Doran informed Members that the Department have committed to reviewing the frequency of audits and treatment of sites under individual audits as part of a wider programme of work agreed with Colleges.

12. DIRECT AWARD CONTRACTS

Members were advised of no new direct award contracts.

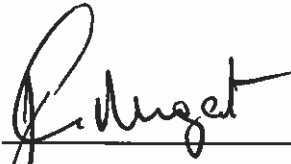
13. ANY OTHER BUSINESS

On behalf of the Governing Body, Mr Nugent presented a gift and relayed Members' messages of congratulations to Mrs Shields on the safe delivery of her daughter.

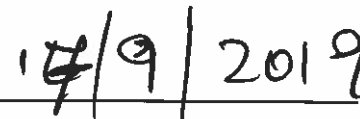
14. DATE AND TIME OF NEXT MEETING

The next Audit Committee meeting will take place on Tuesday 17 September 2019 at 18.30 in the Portadown Campus.

The meeting concluded at 19.45.



CHAIR



DATE

