

**MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 12 MAY 2020 AT 17.30 VIA TELECONFERENCE.**

**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 Andrew Saunders, Governing Body Chair  
Mr Terry McGonigal, Director of Finance and Planning  
Mrs Heather Sampson, Dept. for the Economy  
Mr Brian O’Neill, NI Audit Office  
Mr Neal Taylor, Grant Thornton  
Mrs Lindsey Paterson, Price Waterhouse Cooper  
Mr Ahsan Sarwar, Price Waterhouse Cooper  
Miss Lindsay Armstrong, Secretary to the Governing Body

The scheduled meeting commenced at 17.35.

**A01. APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**A02. 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.

**A03. MINUTES OF THE MEETING 9 MARCH 2020**

The minutes of the meeting of the Audit Committee held on the 9 March were verified for accuracy and subsequently approved on the proposal of Mr McCormick and seconded by Mr Turner, subject to the amendment of a grammatical error on the bottom of page 1.

**A04. MATTERS ARISING**

Mr Taylor confirmed that the Internal Audit of Fraud, Whistleblowing and Bribery sampled the two cases of potential fraud reported to the Audit Committee in the last twelve months and an allegation of whistleblowing received in May 2018.

Mrs Sampson confirmed the Department’s position on the funding of HLAs and advised that the exemption of two modules would render the funding ineligible. Mr Doran advised that this interpretation of the funding means that the College being unfairly penalised and confirmed that he will address the discontent through other channels.

**A05. CHAIRMAN’S BUSINESS**

Mr Nugent welcomed new attendees Mr Sarwar and Mr O’Neill to the meeting.

Mr O’Neill advised that he or Mr Patrick Barr will be attending future meetings of SRC’s Audit Committee as representatives from the NI Audit Office.

<b>ACTION BY WHOM</b>

## **A06. AUDIT RECOMMENDATIONS FOLLOW-UP**

Mr Taylor presented the Internal Audit Follow Up report and referred Members to the summary of progress detailing a total of 10 recommendations brought forward. He advised that 9 have been fully implemented and 1 is no longer applicable as it related to a no deal Brexit scenario.

Mr Taylor advised that the majority of recommendations related to GDPR data protection, remarked on very good performance and commended the College.

Members commented on the positive outcome, commending management on a tremendous achievement and thanking Grant Thornton for all their assistance.

## **A07. INTERNAL AUDIT ANNUAL ASSURANCE REPORT**

Mr Taylor presented the Annual Assurance Report and informed that planned audits for the year have been completed with the exception of the sector wide review that was deemed unnecessary. He advised that all conducted audits were awarded the highest Satisfactory assurance rating.

Mr Taylor referred Members to the overall Internal Audit opinion, days utilised and progress against KPIs.

Mr Taylor thanked Mr McGonigal and his team for all their hard work.

## **A08. INTERNAL AUDIT STRATEGY 2020-2021**

Mr McGonigal informed that the Internal Audit Strategy is normally presented to the Committee at its summer meeting. He advised that Grant Thornton will not be extending their contract for another year and that the appointment for new internal auditors has gone out to tender.

Mr McGonigal informed that when the new auditors have been appointed he will revert to the Committee to set out the College's objectives.

The Committee noted the report.

## **A09. EXTERNAL AUDIT STRATEGY 2019-2020**

Mrs Paterson presented the External Audit Strategy and advised on the purpose of the document and materiality which would reasonably influence the decisions of the users of the financial statement. She informed that absolute accuracy in financial statements is rarely possible and the audit is therefore designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity.

Mrs Paterson informed on the risk based audit approach and remarked on the positive outcomes of the internal audit process. She advised on identified risks with regard to campus developments, potential implications arising from Covid-19, regularity around Properties Division contract management and the NILGOSC pension scheme.

Mrs Paterson advised Members of the audit timetabling, fees and responsibilities of staffing. She referred the Committee to the appendices detailing good practice guides and relevant value for money exercises.

Discussion took place regarding arrangements that will be made should the auditors be required to come onsite.

## **A10. CORPORATE RISK REGISTER**

Mr Doran presented the Corporate Risk Register which was last reviewed on 27 April and advised that a number of risks have been increased due to Covid-19 implications.

He advised that the risk remains unchanged in relation to Risk 1; the College does not receive sufficient funding to successfully deliver CDP targets and outcomes. Mr Doran advised that indicative budget allocation for 2020-21 has been received, informed that remote working appears to be working well for the majority of staff, considerations being given to offers of refunds or transfers, and uncertainty on the decision of the qualification award.

Mr Doran informed that the residual risk has increased in regard to Risk 2; College fails to deliver its College Estates Strategy as a result of the impact of Covid-19 on the schedule of work. Mr Doran advised on arrangements in place for the Banbridge and Armagh new builds. Mr McGonigal confirmed that the College's warranty on goods takes effect on installation.

Mr Doran informed that the risk remains high and unchanged in regard to Risk 3; absence of a joint 14-19 strategy and policy from DE and DfE, and advised Members that the DE DfE 14-19 team has been stood down during the Covid-19 crisis. He confirmed that the piece of work will remain on the FE agenda as a critical issue.

Mr Doran advised that Risk 4; failure to deploy the new learner management system remains unchanged at medium/high rating. He informed that the STS project implementation of the new LMS was proceeding on a limited basis.

Mr Doran advised that the residual risk remains high in regard to Risk 5; ineffective service provided by Property Services Division and informed on diminished engagement since colleges progressed an alternative procurement solution.

Mr Doran advised that the residual risk has increased on Risk 6; failure to maintain a positive reputation and provided detail of the Covid-19 impact on students and business. He cautioned that the College is facing significant responsibility in some areas of curriculum and advised that there is no clarity, as yet, on the award decision from regulators. Mr Doran stated that the matters will be reported on in further detail at the Education Committee meeting on 19 May.

Mr Doran advised that the risk rating has been increased in regard to Risk 7; failure to provide a safe working environment and referred Members to the comprehensive range of Covid-19 impact actions completed and progressing.

Mr Doran referred Members to Risk 8; an inability to recruit lecturing staff. He informed that Trade Unions have agreed to enter into a conciliation process through the Labour Relations Agency.

Mr Doran referred the Committee to Risk 9; failure to implement the new traineeship system and advised that the Department have decided to delay introducing the new traineeships by one year to September 2021.

Members were advised that the residual risk remains unchanged with regard to Risk 10; potential data breach and were informed of measures taken in regard to remote working.

Mr Doran advised that the risk remains unchanged in relation to Risk 11 and 12; leadership capacity and poor performance of essential skills curriculum and training provision in the School of Construction and Engineering. He advised that due to isolation guidance, the College is unable to progress the work as planned.

Members noted that Risk 13 is to be removed following the restoration of a functioning Executive and associated Minister for the Economy.

Mr Doran advised that Risk 14 remains unchanged; uncertainty of EU exit arrangements. He reminded Members that the risk was reduced at the January review.

Discussion took place regarding the new Risk 15; impact on continued college services resulting from Coronavirus pandemic. Members were referred to the comprehensive range of actions recorded in relation to contingency planning, communication to the student body, admissions and enrolment contingency, curriculum considerations and IT support.

Mr Doran provided an update on the impact on apprenticeships.

Mr McCormick stated he has been highly impressed by reports on staff members' significant contribution to the community during the current crisis.

Mr Doran referred Members to new Risk 16; potential industrial action taken by lecturer trade unions.

The Committee noted the report.

#### **A11. DIRECT AWARD CONTRACTS**

Mr McGonigal referred Members to the two direct award contracts, the provision of able access guides and Jane payroll module. He advised that the College will be using BMC to process their payroll service in future as part of the shared services plans.

#### **A12. DfE COMPLIANCE AUDITS**

Mr Doran referred Members to the Newry TfS compliance audit conducted in January which evidenced no administrative or financial errors. He advised that the report was reissued in April and that it is presumed that the reissue related to a compliance audit conducted in Portadown where issues on the application of Bank Holidays had arisen. Mr Doran informed that he had written to the Department to request a meeting following the Portadown report and that no response had been received. He stated that following the reissue of the Newry report he had written again seeking clarification on why the report had been reissued and requesting a meeting prior to progressing any actions.

Members asked Mrs Sampson to relay their concerns to the FE Director.

Mrs Sampson

#### **A13. POLICY REVIEW**

- **Anti-Fraud**
- **Fraud Response Plan**

Mr McGonigal presented the previously distributed policies revised to address the Internal Auditors' recommendations on training and roles and responsibilities.

The policies were approved subject to a recommendation to temper the statement to reflect a zero tolerance to fraud. Members recommended that the Anti-fraud policy be reissued to Members before publishing.

Miss  
Armstrong

Mr McGonigal advised on the distribution of the policy and informed that HR are currently monitoring online refresher training.

Mr Taylor stated that he has reviewed changes to the documents and is satisfied that it addresses the recommendations raised.

**A14. ANY OTHER BUSINESS**

None.

**A15. DATE AND TIME OF NEXT MEETING**

The next Audit Committee meeting will take place on Tuesday 15 September 2020 at 18.30 in the Portadown Campus.

The meeting concluded at 19.05.

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**CHAIR**

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**DATE**

