

MINUTES OF A MEETING OF THE AUDIT COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 9 FEBRUARY 2021 AT 19.00 VIA TEAMS.

MEMBERS PRESENT:

Mr John Nugent (Chair)
Mr Aidan McCormick
Prof. Gregory O’Hare
Mr Matthew Turner

IN ATTENDANCE:

Mr Terry McGonigal, Director of Finance and Planning
Mrs Heather Sampson, Dept. for the Economy
Mr Brian O’Neill, NI Audit Office
Mr Ian McCartney, RSM UK
Mr Ahsan Anwar, Price Waterhouse Cooper
Mr Brendan McGuigan, Boardroom Apprentice
Miss Lindsay Armstrong, Secretary to the Governing Body

The meeting commenced at 19.02.

With the agreement of Members, Mr Nugent proposed a modification to the running order of items.

A01. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr Doran, Mr Saunders, Dr Eileen Stewart and Mrs Brenda Heenan.

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 10 NOVEMBER 2020

The minutes of the meeting of the Audit Committee held on the 10 November were verified for accuracy and approved on the proposal of Mr McCormick and seconded by Prof O’Hare.

A04. MATTERS ARISING

None.

A05. CHAIRMAN’S BUSINESS

None.

A08. INTERNAL AUDIT REPORTS

- **Contracted Out Services**

Mr McCartney presented the Internal Audit report on Contracted Out Services and advised that a Satisfactory rating has been awarded as an adequate system of controls has been evidenced throughout the course of the audit.

He informed on two low priority recommendations that the Contract Management Guidance is updated to include routine monitoring and to ensure consistency with other College policy and procedure documents; and to report value for money on major Contracts to the Senior Management Team on a periodic basis.

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Mr McGonigal confirmed that management have agreed to implement the recommendations and in response to a query from the Chair, advised that significant contracts such as procurement with Mount Charles, will be referred to the Governing Body.

- **Covid-19 compliance**

Mr McCartney presented the Internal Audit report on Covid-19 compliance and advised on one priority 3 recommendation to develop a lessons learned plan to include planned actions, owners assigned, and expected implementation date. Mr McCartney informed that management have accepted the recommendation and agreed to develop the plan by the end of March 2021.

Mr Nugent remarked that the College has worked well in response to the global pandemic and noted a number of areas of good practice.

Members concurred with the Chair's comments. Prof O'Hare cautioned that protocols may need to be transitive as a result of mutations of Covid-19 and the irregularity of the virus.

Mr McCartney committed to providing year end sector benchmarking comparison examining the staff and student perspective.

Mr McCartney

Mr McGonigal confirmed that Finance Directors and the Principals Group meet regularly to discuss best practice.

Mr Nugent stated that he has been encouraged to note that the Senior Management Team and Governing Body have been working closely to monitor the situation, resulting in an increase in meeting attendance.

- **Internal Audit Progress Report**

Mr McCartney referred the Committee to the Internal Audit Progress Report detailing planned activity, opinions issued and progress against the internal audit plan 2020-2021.

- **FE Benchmarking Report**

Mr McCartney presented the FE Benchmarking report and informed on comparison assurance ratings across sixth form colleges, land based colleges, Arts and technology colleges and Colleges in Wales.

Mr McCartney committed to providing year-end sector benchmarking comparison data for the NI FE sector.

Mr McCartney

Members remarked on an encouraging report from Mr McCartney

A09. CORPORATE RISK REGISTER

Mr McGonigal advised that the SRC Risk Management Committee had met the previous day and confirmed that the updated report has been circulated to all parties and is referred to within the meeting. He confirmed that College's Risk Management Committee recommended amending the risk level on five of the corporate risk areas.

Mr McGonigal referred Members to a revision of the document to link the individual risks to corporate and strategic objectives.

Mr McGonigal informed that the residual risk has been lowered in respect to Risk 1; the College does not received sufficient funding to successfully deliver its CDP targets and outcomes. He advised that DfE had provided sufficient resources in-year including budget cover associated with Covid-19 measures.

He informed that Risk 2 has also been lowered; College fails to deliver its College Estates Strategy. Mr McGonigal advised that this is due to the Newry business case being approved and funding secured. Prof. O'Hare remarked on the excellent news and stated that he would welcome purchase of the adjacent health centre site to consolidate the Newry estate should the option become available.

Mr McGonigal referred to Risk 3; the absence of a joint 14-19 strategy and advised that the rating remains high as no agreement has been made between DfE and DE on the approach.

He informed that there has been no change to the residual rating for Risk 4; failure to deploy the new learner management system.

Members noted good progress in relation to Risk 5; ineffective service provided by Property Services Division, and were informed that no amendment has been recommended to Risks 6, 7 and 8.

Mr McGonigal referred to Risk 9; failure to implement the new traineeship system and advised that this had now received Ministerial approval and on good progress had been made on the sector implementation plan.

In discussion regarding Risk 10; potential data breach and in response to a query from Prof O'Hare, Mr McGonigal informed that there has been no evidence that indicate an increase in potential data breaches as a result of remote working. He informed that controls in place appear to be working. He advised that IT have conducted a phishing exercise to gauge staffs' vigilance and identify any training requirements.

He advised that the increased use of SharePoint and deployment of dedicated sites has helped tighten controls and minimise risk.

Mr McGonigal informed that Risk 11; leadership capacity and poor performance of essential skills curriculum has been reduced to reflect good overall year end performance and informed that there has been no change to the remaining risks 12, 13, 14, 15 and 16.

Mr Nugent reiterated the Audit Committee view that management were highly responsive to risks emerging in regard to the global health pandemic and thanked Mr McGonigal for the comprehensive report.

A12. POLICY REVIEW

- **Risk Management Policy**

Mr McGonigal referred Members to substantive changes to the Risk Management policy as result of the Internal Auditor's recommendations. He informed of a formalising of process within the policy to address risk tolerance and horizon scanning, and clarify the role of the Risk Management Committee.

Mr McGonigal referred the Committee to the SRC Risk Appetite Statement within the policy and corresponding risk heat map, which indicated that the College had a low / moderate risk appetite.

Mr McCartney confirmed that he is happy with the improvements incorporated into the new document.

The policy was approved on proposal of Mr Turner and seconded by Mr McCormick.

A10. DIRECT AWARD CONTRACTS

None to report.

A11. DfE COMPLIANCE REPORT

Mr McGonigal referred Members to the Apprenticeship NI 2017 programme compliance report for the Newry and Killeel campus and advised that the findings evidenced 0% error rate and yielded no financial recovery

The Committee noted an excellent report.

On suggestion of the Chair and with the agreement of the Members and attendees, a ten minute comfort break was invoked at 20.01.

The meeting convened at 20.13.

A06. DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE

Mr O'Neill presented the draft Report to Those Charged With Governance and advised that the three outstanding issues have been addressed. He informed that it is anticipated that the Comptroller and Auditor General will certify the 2019-20 financial statements with an unqualified audit opinion, without modification.

Mr O'Neill informed that an adjustment has been included in relation to the Court of Appeal decision on the PSNI backdated holiday pay ruling. He advised that a prudent assumption has been made in relation to the discount rate and an appropriate disclosure recorded in relation to the fair value of fixed assets.

Mr McGonigal commented that the assembly of the RTTCWG has taken a frustratingly long time to complete, however advised that the key message is that the Accounts are likely to be signed off with an unqualified audit opinion. On this basis, he suggested that the Audit Committee should recommend that the Annual Report and Accounts be approved and signed off by the Governing Body.

Mr Nugent recommended that the report be amended to reflect Mr McGonigal's correct title prior to final publication.

Mr McCormick offered his congratulations to Mr McGonigal and members of his team for their tireless work in ensuring the College's accounts are reflective of an accurate position.

The sentiment was echoed by Prof O'Hare and the Members of the Audit Committee.

A07. ANNUAL REPORT AND STATUTORY ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2020

Members recommended that the Annual Report and Statutory Accounts are presented to the full Governing Body for approval.

A13. ANY OTHER BUSINESS

None.

A14. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee is scheduled to take place on Tuesday 11 May 2021 at 17.30 via TEAMS.

The meeting concluded at 20.27.

Mr O'Neill

CHAIR

DATE

