

**MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 10 MAY 2022 AT 17.30 VIA TEAMS.**

**MEMBERS PRESENT:**

Mr John Nugent (Chair)  
Mr Aidan McCormick  
Prof. Gregory O'Hare  
Mrs Carla Shields  
Mrs Hilary Singleton  
Dr Eileen Stewart  
Mr Matthew Turner

**IN ATTENDANCE:**

Mr Andrew Saunders, Governing Body Chair  
Mr Brian Doran, Chief Executive & Accounting Officer  
Mrs Lee Campbell, Director of Finance and Planning  
Mrs Heather Sampson, Dept. for the Economy  
Mrs Suzanne Murphy, NI Audit Office  
Mr Ian McCartney, RSM UK  
Miss Lindsay Armstrong, Secretary to the Governing Body

The 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 matters to be discussed. No interests were declared.

**A03. MINUTES OF THE MEETING 8 FEBRUARY 2022**

The minutes of the meeting of the Audit Committee held on the 8 February 2022 were verified for accuracy. The minutes were approved as an accurate record on proposal of Mr Turner and seconded by Mr McCormick.

Prof O'Hare arrived at the meeting at 17.37.

**A04. MATTERS ARISING**

Members noted that all matters arising from the previous meeting have been addressed.

Mr Doran advised that management have retrospectively reviewed correspondence and guidance regarding mitigation measures adopted throughout the pandemic and are satisfied that there is a clear audit trail to timeline decision making. He informed that he will liaise with the Data Protection Officer to assess the retention and disposal of paperwork connected with the pandemic.

**A05. CHAIRMAN'S BUSINESS**

Mr Nugent welcomed Mrs Murphy to her first meeting of SRC's Audit and Risk Committee.

Mr Nugent informed that Members conducted their annual independent consultation with the Internal Auditors prior to the meeting and are encouraged that the Committee is conducting its business appropriately and staff response and management actions in relation to internal audits are acceptable.

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## **A06. INTERNAL AUDIT PROGRESS REPORT**

Mr McCartney referred parties to the Internal Audit Progress Report summarising a satisfactory rating of the auditors work to date and 12 low priority recommendations. He advised that fieldwork for review of the Learner Management System (LMS) is ongoing and a copy of the report providing comparison and contrast information across the sector will be provided at the September meeting.

In addition, Mr McCartney provided access to the publication 'Going Further and Higher; How collaboration between colleges and universities can transform lives and places.'

Mr Doran stated that the audit titled New Build Project Governance – HE and Innovation Centre at the Newry campus has received a satisfactory rating. He clarified that as the audit was commissioned through the Estates Project Board, the report will be presented to the EPB before being forwarded for Committee review.

Mr Saunders reminded Members that as his tenure is ending, it is his last attendance at the Audit and Risk Committee. He thanked Mr McCartney for his assistance over the years.

- **Sector Benchmarking report**

Mr McCartney presented the sector benchmarking report and advised that SRC sits well amongst its peers as only low priority management actions have been recommended throughout the year. He advised that a paper on FE benchmarking was brought to a previous meeting of SRC's Audit Committee and will be revisited at future meetings.

In response to a query from Members regarding sector affairs and the communication of early warning signs, Mr Doran advised that emerging concerns would be considered at the Change Management Board.

- **PSIAS assurance**

Mr McCartney referred Members to the external quality assessment report of RSM providing the highest rating of 'generally conforms' to the requirements of the IIA standard.

Members noted the reports.

## **A07. INTERNAL AUDIT REPORTS**

- **New Traineeship System**

Mr McCartney presented the Internal Audit report and advised on an overall satisfactory system of governance, risk management and control. He informed of three low priority recommendations and confirmed that the sample size represents an appropriate comparator as set out in the IA manual.

Members noted areas of good practice.

- **Business Continuity and Disaster Recovery**

Members reviewed the Internal Audit report on Business Continuity and Disaster Recovery and discussed the key findings. Mr Doran advised on the challenges and constraints of obtaining assurance on disaster recovery contingencies from third parties systems provided by the sponsor department.

Mrs Campbell clarified that further work is required to document failures in order to identify any emerging trends.

Mrs Shields commented that disaster recovery is a key component of vendor evaluation.

Members recommended that management provide to the next meeting of the full Governing Body a summary of IT specific systems in place setting out current disaster recovery arrangements.

Mr Doran

- **Curriculum Management and Staff Restructuring**

Mr McCartney referred the Committee to the Curriculum Management and Staff Restructuring Internal Audit report and informed that no management actions have been raised in relation to procedures and controls in place as the testing did not identify any instances of non-compliance.

Members noted the reports.

#### **A08. EXTERNAL AUDIT STRATEGY 2021 - 2022**

Mrs Murphy presented the External Audit Strategy and informed on the key messages. She advised that the overall account materiality is £954,000 and referred Members to the Audit Committee actions.

Mrs Murphy confirmed that NIAO will work closely with internal audit throughout the audit process and advised that the most significant risks identified are management override of controls and fraud in revenue recognition.

She informed of other risks identified such as funding pressures, coronavirus, the economic impact of the war in Ukraine and cyber security, NILGOSC pension and the Craigavon project. Mrs Murphy advised that the other risks are not considered significant but will be monitored. The Committee was referred to the audit timetable.

Members noted the report.

#### **A09. CORPORATE RISK REGISTER**

Mr Doran presented the Corporate Risk Register and advised that the CRR has been reviewed twice since last presented to the Committee. He informed that there has been no overall change to the individual residual risks and advised that Risk 7 is to be removed following an encouraging report from the ETI and confidence that previous issues have been closed off.

Mr Doran referred to Risk 10; failure to successfully deploy the new learner management system and advised that the risk remains high and concerns have been relayed to the STS Board. He informed on management's desire that the system be fully stress tested following the significant difficulties that arose at the start of the last academic year. Mr Doran relayed his disappointment that external advice had been received indicating that load testing was deemed to be too complex and that additional mitigations should be introduced including the College monitoring and addressing concerns as they arise. He informed Members that he has written to the Project SRO to escalate matters and confirmed that the issue will be discussed further at the Principals Group.

The Committee was informed that contractors are not able to pinpoint the issue that occurred last year, that there is no clarity on how or why it was resolved and little confidence that the fault will not occur again. Prof O'Hare voiced frustration at the apparent unwillingness to load test and spoke to the necessity of standard good practice to conduct a detailed forensic audit in order to rectify foreseeable challenges.

Mrs Shields left the meeting at 19.00.

Mr Doran referred to Risk 1; existing one year planning process inhibits long term planning and delivery of College strategic objectives and advised that the current position of having a non-functioning Executive exacerbates issues.

He informed that he continues to work with the Department, that the College Development Plan will be presented to the next meeting of the full Governing Body and he is hopeful that an indicative budget will be in place at that point also.

Members were informed that the lack of an Executive will be listed as a risk factor under the appropriate Risks.

Mr Doran advised that there has been no change to the residual risk rating associated with Risk 2; financial loss resulting from fraud and informed of planned training. Members were referred to the NIAO Risk Guide.

He informed of new actions listed under Risk 3; security breach of College IT systems and advised that in relation to Risk 4; challenges in recruiting a skilled workforce, the LNC has reengaged with Trade Unions and work is ongoing to increase the promotion of the rewards package available in SRC.

Members noted the change of wording of Risk 5; meeting conditions of planning for Craigavon campus within designated timeline. Mr Doran advised that the Estates Project Board have taken the decision to initiate procurement for pre commencement works to secure planning approval. He informed that the Judicial Review appeal is set for 21 and 22 June. Members recommended that management give further thought to the wording of Risk 5.

Mr Doran

Mr Doran referred Members to Risk 6; continued reduction in fulltime HE MaSN recruitment and advised on updated actions.

Members noted that Risk 7 is to removed following positive engagement with the ETI.

Mr Doran referred the Committee to Risk 8; impact on College services resulting from the Coronavirus pandemic. He advised on a relaxation of mitigation measures, confirmed that the number of positive staff and students Covid cases are in decline and informed that the College are largely preparing for resumption of normal service in the new academic year.

Mr Doran advised that there has been no change to Risk 9; failure to provide a safe working environment and advised that relevant staff continue to work towards the HASMAP standard.

Mr Saunders commented that the four emphasised threats at present are cyber attack, finance, risks to the supply chain and talent, and noted that these are all reflected within SRC's Corporate Risk Register.

Mr Doran advised Members of three additional new horizon warnings detailed within the CRR; reputational damage should DfE not support sector proposals on T skills, initial budget position for 2022-2023 and the replacement TMS system.

Mr Nugent welcomed this and urged Members to highlight any additional horizon scanning risks to the Committee on an ongoing basis

Mrs Campbell advised that implementation of the 4Risk system is ongoing, and the College is currently refining reporting requirements. She informed that agreement needs to be reached on risk appetite and scoring procedures with a programme to be agreed.

Mrs Campbell

The Committee noted the report.

#### **A10. DfE TFS/Apps COMPLIANCE AUDITS**

Members noted the clean audit and made comment on the continued commitment of time and resources given the particularly low level of non-compliance.

