

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 15 NOVEMBER 2022 AT 18.30 BOTH IN THE BOARDROOM, PORTADOWN CAMPUS AND ONLINE VIA TEAMS.

MEMBERS PRESENT:

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

IN ATTENDANCE:

Mr Brian Doran, Chief Executive & Accounting Officer
Dr Thomas Moore, Governing Body Chair
Mrs Lee Campbell, Director of Finance and Planning
Mrs Heather Sampson, Dept. for the Economy
Mr Brian O'Neill, NI Audit Office
Mrs Alison Stafford, NI Audit Office
Mr Ian McCartney, RSM UK
Miss Clodagh Palmer, Boardroom Apprentice
Miss Lindsay Armstrong, Secretary to the Governing Body

The meeting commenced at 18.36, having been preceded by a meeting between Audit and Risk Committee Members and Internal and External Auditors, without management present.

Members made their introductions.

Mrs Singleton proposed an amendment to the running order of agenda items to facilitate Mr Brian O'Neill from NIAO who had to leave the meeting early.

A01. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mrs Carla Shields.

A02. DECLARATION OF CONFLICT OF INTERESTS

The Chair reminded Members to declare at the commencement of the meeting any conflict of interests held regarding any matters to be discussed. No interests were declared.

A07. ISA RESPONSE TO NI AUDITOR

Mrs Singleton referred Members to the completed ISA response to the NI auditors following detailed discussion with senior SRC staff and the NI Audit Office.

Members noted the response.

A10. DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE

Mr O'Neill referred Members to the draft Report To Those Charged With Governance (RTTCWG) and advised on the proposed audit opinion that the Comptroller and Auditor General (C&AG) will certify the 2021-2022 financial statements with an unqualified audit opinion, without modification.

Mr O'Neill referred Members to the misstatements and irregular expenditure findings on pages 1 and 13 of the report, advising that two material adjustments were required. He informed that the first adjustment relates to the review of impairments at both Lurgan and Portadown sites as a result of the Court of Appeal Judicial Review ruling on 25 October and the second relates to a finding associated with the release of deferred capital grant and associated depreciation. He informed that no report on the account was required.

ACTION BY WHOM

Mr O'Neill advised on the status of the audit, informed that the audit is near completion subject to completion of the NIAO's assessment of the actuarial assumptions and reporting concerning the NILGOSC pension scheme and completion of NIAO's final review and clarification from the Department regarding the treatment of irrecoverable VAT in the revaluation of tangible fixed assets.

Members were reminded that this is the first year that NIAO have directly audited the Annual Accounts as in previous years this was outsourced to PWC for many colleges.

Mr O'Neill referred Members to the priority 2 finding and recommendation at page 11 of the report.

Mrs Campbell referred Members to the detail of the audit recommendation at page 11 and advised that management have accepted this. Mrs Campbell advised Members of the management response to the NIAO recommendation.

Mr O'Neill left the meeting at 18.54 and returned at 18.58.

Prof O'Hare advised that he is not clear on the change of process and expressed concern that some of the recommendations had not been identified during previous years audits. He advised that he is troubled at the differing opinions on the value of buildings.

Mrs Campbell confirmed that the different approach to sample selection in prior year audits did not identify the discrepancy and, as such, did not identify the control weakness in terms of the knowledge of the fixed assets accounting, procedures and processes resting with one member of the finance team. Members reviewed and noted the draft letter of representation and draft audit certificate at appendices one and two of the RTTCWG. Members further noted that the RTTCWG identified no uncorrected misstatements. Management responses to the RTTCWG were also reviewed and noted by Members.

Mrs Stafford advised that the differing parameters based on valuation may relate to the nature of buildings and whether they are in the public domain. She advised on differing VAT status, the opinion on fair value for in use and out of use premises and the variation of open market value.

Mrs Stafford advised that the NIAO is directed by the Accounts Direction and seek clarity from the Department on the auditing of accounts.

Mrs Singleton reiterated Members' concerns on consistency about pension assumptions and questioned why segregation of staffing controls had not been raised before. She referred the Members to the actions for the Audit and Risk Committee.

Members noted the report and were informed that the agreed date of 30 November to provide the Accounts to the Department may require extension.

A11. DRAFT ANNUAL REPORT AND FINANCIAL ACCOUNTS FOR THE PERIOD ENDED 31 JULY 2022

Mr Doran presented the draft Annual Report and Financial Accounts and informed that the financial statements have been adjusted as a result of testing. He advised that in line with the Accounts Direction, the report was laid with the Finance and General Purposes Committee on 18 October and the full Governing Body on 25 October, prior to being tabled for further scrutiny at this evening's meeting by the Audit and Risk Committee Members.

Mr Doran referred Members to the Statement of Corporate Governance and Internal Control advising on the how the College has complied with the requirements of the Department for the Economy.

Members were referred to the financial position, informing that the College end year position at 31 July 2022 shows an operating deficit for the year of £6.6m compared to the deficit for 2020-21 of £7.14m.

Members were content to table the Annual Report and Financial Accounts before the Governing Body for approval provided NIAO confirms that no further amendments are required. In the event of any additional amendments from NIAO, these would be referred, in the first instance, to the Audit and Risk Committee.

A03. MINUTES OF THE MEETING 13 SEPTEMBER 2022

The minutes of the meeting of the Audit and Risk Committee held on the 13 September 2022 were verified for accuracy. The minutes were approved as an accurate record on proposal of Mr Turner and seconded by Mr McCormick.

A04. MATTERS ARISING

Mrs Singleton recommended that the Audit Committee action sheet be presented as a standing agenda item. Members agreed that all action sheets should be distributed as part of the papers for Governing Body and Committee meetings.

Mr Doran provided an update to all items contained within the Audit and Risk Committee action sheet.

A05. CHAIR'S BUSINESS

Mrs Singleton advised that she attended meetings with the NI Audit Office on 27 September and 4 November, reviewed the Accounts with Ms McGuigan on 26 October and held further discussion with Mrs Campbell on 3 and 14 November.

Mr O'Neill left the meeting at 19.32.

Members noted the Risk Appetite session convened on 29 September.

Mrs Singleton informed on a meeting with the Department and the Chairs of Audit Committees of Arm's Length Bodies on 4 October. She reiterated that the Department of Finance are reporting inescapable pressures of £1b as an impact of rising energy prices and pay pressures and which it is anticipated this overspend will be covered by the block grant this year.

Mrs Singleton advised that the Partnership Agreements are expected to be in place in December and advised that the new National Audit Office's Audit and Risk Committee Effectiveness Good Practice Guide will be considered as part of the self-assessment process toward the end of the academic year.

- **Audit & Risk Committee Terms of Reference**

Members approved recommended updates to their Terms of Reference.

A06. POLICY APPROVAL

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

Mrs Singleton advised that she has raised some points of clarification in the Anti-Fraud policy and Fraud Response Plan presented for approval.

Mrs Campbell stated that to ensure consistency across the sector she has requested copies of the policies from NI colleges and should any changes be required these will be

discussed with NIFON which is attended by Departmental representatives. Members were asked to relay any additional comments to the Secretary by the end of the week.

Committee
Members

A08. MAXIMISING YOUR IMPACT REPORT

Mrs Singleton recommended that the tabled report is shared with Governing Body Members.

Miss Armstrong

Mr McCartney referred Members to the document detailing an analysis of 70 individual educational risk registers. He advised on significant risks relating to IT and cyber-crime.

Mr McCartney advised that environmental, social and governance risks continue to evolve and recommended consideration of such as part of the new internal audit strategy plan. He informed that the FE colleges are well aligned to the residual risks identified by education providers.

Members spoke to a useful report, with a focus on learners' well-being, mental health and physical safety.

A09. INTERNAL AUDIT REPORTS

- **Internal Audit Progress Report**

Members noted the progress against the internal audit plan 2022-2023.

- **Appeals and Complaints**

Mr McCartney advised Members on the key findings of the appeals and complaints audit and informed on a 'satisfactory' risk rating. Members were advised on areas of good practice and informed of one low priority action for management to develop and record evidence of formal training for any staff involved in complaints management and investigations.

Members noted the reports.

A12. CORPORATE RISK REGISTER

Mr Doran presented the Corporate Risk Register, informing that the Risk Management Committee meet monthly to review. He advised that the residual risk rating has changed in relation to Risk 5, failure to meet conditions of planning for the Craigavon campus.

Members noted the many actions and progress notes in relation to Risk 3. Mr Doran advised that the College continues to work towards cyber security accreditation. Mrs Campbell informed that the listed actions would progress to controls once implemented.

Mr Doran referred Members to Risk 4, inability to recruit a skilled workforce and advised on the launch of the hybrid working framework.

Regarding Risk 5, Mr Doran advised that the wording needs to be reframed. He confirmed that the Estates Project Board met on 7 November and advised that recommendations will be brought to the next full Governing Body meeting to discuss options.

Mr Doran referred Members to Risk 10, failure of the learner management system to support critical business processes. He confirmed that he has raised concerns with the Change Management Board (CMB) and advised that the CMB continue to engage with IT Assist and Tribal to address matters.

Mr Doran advised the Committee on an early warning signal regarding the roll out of the new TAMS system for apprenticeships. He informed on significant concerns which may

prevent the College from submitting funding claims to DfE. Members were advised that the Principals Group are recommending disclosing the risk on all Corporate Risk Registers as reports are being received that the system is not operating effectively as significant errors are being produced whilst inputting data.

Mr Doran

Mrs Singleton recommended providing the heatmap as part of the papers. Mrs Campbell advised that she is meeting with RSM next week regarding the presentation of the CRR report.

Mrs Campbell

Mrs Singleton reminded Members to highlight any horizon scanning risks to the Committee as they arise.

Mr Doran left the meeting at 20.07.

A13. DIRECT AWARD CONTRACTS

None to report.

A14. DfE TfS / Apps COMPLIANCE AUDITS

Mrs Campbell advised on the 0% error rate on the ApprenticeshipsNI employer incentive (EI) audit. She clarified that the only identified error was one on the Department's part, namely identification of an unpaid EI claim.

A15. ANY OTHER BUSINESS

Members discussed the merits of holding meetings online in person, taking cognisance of the time commitment for those travelling long distance and connectivity problems. Members agreed that the November meeting where the Accounts and RTTCWG are being discussed should be held face to face going forward.

A16. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled to take place on Tuesday 7 February 2023 at 17.30 via TEAMS.

The meeting concluded at 20.13.

CHAIR

DATE

Certified as a true copy of minutes approved by Members of the Committee at their meeting of 7 February 2023.

signature redacted _____

27 February 2023
DATE