

MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 7 FEBRUARY 2023 AT 18.30 BOTH IN THE BOARDROOM, PORTADOWN CAMPUS AND ONLINE VIA TEAMS.

MEMBERS PRESENT:

Mrs Hilary Singleton (Chair)
 Mr Aidan McCormick
 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
 Ms Laura Murphy, NI Audit Office
 Mr Barney Doyle, RSM UK
 Miss Clodagh Palmer, Boardroom Apprentice
 Mrs Andrée Ardis, Acting Secretary to the Governing Body

The meeting commenced at 18.35.

A01. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mrs Carla Shields and Prof. Gregory O'Hare.

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.

A03. MINUTES OF THE MEETING 15 NOVEMBER 2022

The minutes of the meeting of the Audit and Risk Committee held on the 15 November 2022 were verified for accuracy. The minutes were approved as an accurate record on proposal of Mr Turner and seconded by Mr McCormick subject to a small amendment under A05.

A04. MATTERS ARISING

• **Audit & Risk Committee Action Sheet**

Mrs Singleton encouraged Members to highlight any additional horizon scanning risks to the Committee on an ongoing basis.

Mrs Campbell committed to engaging with the Department and NIFON Group to clarify references to roles, appendices and narratives contained within the Anti-Fraud and Fraud Response Plan.

Mrs Campbell advised that she will liaise with the Internal Auditors regarding the presentation of the heat map and risk appetite as an inclusion to the Corporate Risk Register.

A05. CHAIR'S BUSINESS

Members were referred to the NI Audit Office correspondence dated 5 December 2022 advising on changes to the audit approach for 2022-2023. Mr O'Neill advised on significant

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Mrs Campbell

Mrs Campbell

changes to the international standards on auditing, and commented on how this will impact how auditors undertake risk assessments and require further collaboration with finance teams.

Members welcomed Ms Laura Murphy in her role as NIAO Engagement Officer for SRC.

Mrs Singleton advised on meetings that had taken place with the Internal Auditors and the Director of Finance and Planning.

The Committee were informed of a hard audit taking place in March 2023 to consolidate the FE sector accounts and the ask of the finance team to prepare two sets of accounts reflecting both the financial and academic year end. Members noted that property, plant, equipment, pension, income and expenditure and salaries will be audited.

Mrs Campbell queried the requirement to compare the accounts with March 2021 and March 2022. Mr O'Neill advised that the opening figures need to be reviewed to ensure that the opening balance is correct. Members were advised that materiality has not yet been determined and the level of sample testing should decrease.

In response to a query from Mr Doran, Mr O'Neill advised that the actuarial position on pensions requires reviewing across the six colleges as well as requests of LPS on building values.

In response to a query from Mrs Singleton, Mr O'Neill advised on the DoF ask on the consolidation of accounts in the requested format. Mr O'Neill committed to providing a timeline on the audit strategy, work of the VPN and detailing materiality.

Mr O'Neill

A06. DfE CORPORATE RISK APPETITE STATEMENT

Mrs Campbell referred Members to the DfE Corporate Risk Appetite Statement and advised that risk appetite levels will vary depending on the nature of the risks being managed. She informed that risk appetites deemed to be averse or cautious will seek to avoid unnecessary risk whilst open or hungry appetites will take managed risks in the pursuit of objectives.

Members were advised that where a risk appetite is high, managers should be encouraged to be innovative and exploit opportunities despite the higher inherent risk. Whilst with a low risk appetite, a more cautious approach should be employed with thorough risk mitigation measures taken, though this may limit the opportunity for reward.

Members were advised that without sufficient strategic direction on risk appetite, it is common for organisations to adopt a culture of risk aversion and miss opportunities.

The Committee noted the report.

A07. POLICY APPROVAL

- **Risk Management policy**

Members reviewed amendments to the Risk Management policy updated to reflect the HMT Orange Book, address risk appetite and roles and responsibilities.

In response to a query from Mrs Singleton regarding processes for bringing significant issues to attention, Mr Doran advised that the Risk Register is updated monthly and informed that concerns discussed at the Principals' Group may be referred to the Department. He informed on the Accountability meeting of 6 February where key matters were discussed with Department Deputy Secretary and other officials.

Mr Doran clarified that College policies are assessed in line with the cyclical review and presented to the appropriate Committee for approval.

Discussion took place regarding governance succession planning.

Secretary to table the Risk Management policy at the next Governing Body meeting.

- **Gifts & Hospitality policy**

Members noted minor recommended amendments to the Gifts & Hospitality policy.

The two policies were approved without dissent.

A09. INTERNAL AUDIT STRATEGY

- **2022-2023 Internal Audit Plan**

Mr Doyle referred Members to a correction to fees in relation to the student engagement, appeals and complaints and human resources audits.

The Plan was approved on proposal from Mr Turner and seconded by Dr Stewart.

A10. INTERNAL AUDIT PROGRESS REPORT

Mr Doyle advised that the audit for the Framework for Compliance with Legal and Regulatory Requirements; Fraud, Whistleblowing and Bribery had received a satisfactory assurance.

He informed that fieldwork for the student engagement audit is to commence 20 February and paperwork has been approved for the lost learning audit.

Mr Doyle reported on other assurance activity including the cyber security posture survey results and digital skills divided; technical provision for 16 to 19 year olds.

Mr Doran advised that completion of mandatory training is reviewed at the senior management team meetings and will now be tabled as a standing agenda item to retain focus on completion.

Members noted the report.

A11. INTERNAL AUDIT REPORTS

- **Framework for Compliance with Legal and Regulatory Requirements; Fraud, Whistleblowing and Bribery**

Members noted a Satisfactory assurance rating and two low priority recommendations.

- **Emerging Risk Radar**

Mr Doyle referred to the Emerging Risk Radar report detailing 138 separate responses from board members across all sectors over the last three months.

Mr Doran commented on a helpful report.

A08. FINAL REPORT TO THOSE CHARGED WITH GOVERNANCE

Mr Doran referred Members to the final Report to Those Charged With Governance advising on no changes to the previously issued draft.

Mr O'Neill left the meeting at 18.55.

Miss Armstrong

Mr Doran advised on a material adjustment required to reverse impairments at the Lurgan and Portadown campuses as a result of the Court of Appeal ruling in October 2022. He informed on the impact of the adjustment in the Statement of Comprehensive Income and Expenditure and Statement of Financial Position.

Members noted the report.

A12. UPDATE ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS

Mrs Singleton informed Members that she had requested management to present an update on the implementation of audit recommendations as a standing agenda item going forward.

Miss Armstrong

Mrs Campbell provided an update on the status of outstanding recommendations using a report reviewed by the senior management team.

A13. CORPORATE RISK REGISTER

Mr Doran presented the Corporate Risk Register, including the heat map and risk movement report.

Members were informed that Mrs Campbell has worked with the Internal Auditors to track the residual risk rating.

The Committee noted that the College is engaging in cost saving discussions with DfE and the residual risk has been lowered in relation to Risk 1 Financial uncertainty inhibits long term planning and delivery of College strategic goals. Mr Doran informed Members that the position was reflective of the current financial year and that the College had not yet received its indicative budget for 2023-24.

Members were advised that the residual risk has been lowered in relation to Risk 3 Security breach of College IT systems in response to achieving cyber security accreditation.

Mr Doran advised that the residual risk remains unchanged in regard to Risk 4 Inability to recruit a skilled workforce and advised on the introduction of a hybrid working policy.

In regard to Risk 5 Failure to deliver the new Craigavon campus, Mr Doran informed that the option appraisal should be complete by 31 March and will be used to inform future decisions.

Members noted no change to Risk 6 Continued reduction in FT HE MaSN recruitment and Risk 9 Failure to provide a safe working environment.

Mr Doran advised on a new control relating to Risk 10 Failure of the learner management system and informed on disaster recovery testing. He informed Members of the DR test of the 'ebs' system in SRC and reported that the test had confirmed that restore was possible however three issues had been highlighted and were still to be addressed. Mr Doran informed Members that the Change Management Board had proposed that DR testing of College information systems should be carried out on a planned cyclical basis.

Mr Doran advised on significant concerns regarding Risk 17 and the inability to make TfS/Apps NI claims through the new TAMS system. He informed Members of existing engagement with DfE through a strategic planning group and highlighted the ongoing issues and pressures on the College Skills Training team.

Mr Doran advised on the potential increase in industrial action.

The Committee noted the report.

A14. DIRECT AWARD CONTRACTS

Members noted the sector direct award contract for the renewal of access guides.

A15. DfE TfS / Apps COMPLIANCE AUDITS

Members noted a 0.3% administrative error rate identified in the apprenticeship compliance audit.

A16. DAO CORRESPONDENCE

Members noted the Accounts Direction for 2022-2023.

A17. ANY OTHER BUSINESS

None to report.

A18. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled to take place on Tuesday 16 May 2023 at 17.30 via TEAMS.

The meeting concluded at 20.40.



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CHAIR

20 June 2023
DATE

Certified as a true copy of minutes approved by Members of the Audit & Risk Committee at their meeting of 16 May 2023 by the Secretary, Miss Lindsay Armstrong.

signature redacted

22 May 2023
DATE