

**MINUTES OF A MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF SOUTHERN REGIONAL COLLEGE HELD ON TUESDAY 16 MAY 2023 AT 18.30 BOTH IN THE BOARDROOM, PORTADOWN CAMPUS AND ONLINE VIA TEAMS.**

**MEMBERS PRESENT:**

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

**IN ATTENDANCE:**

Mr Brian Doran, Chief Executive & Accounting Officer  
Dr Thomas Moore, Governing Body Chair (via TEAMS)  
Mrs Lee Campbell, Director of Finance and Planning  
Mrs Heather Sampson, Dept. for the Economy (via TEAMS)  
Mr Brian O'Neill, NI Audit Office  
Ms Laura Murphy, NI Audit Office (via TEAMS)  
Mr Ian McCartney, RSM UK (via TEAMS)  
Miss Lindsay Armstrong, Secretary to the Governing Body (via TEAMS)

The meeting commenced at 18.33.

**A01. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mrs Carla Shields and the Boardroom Apprentice, Miss Clodagh Palmer.

**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 7 FEBRUARY 2023**

The minutes of the meeting of the Audit and Risk Committee held on the 7 February 2023 were verified for accuracy and approved as an accurate record on proposal of Mr Turner and seconded by Dr Stewart.

**A04. MATTERS ARISING**

• **Actions Log**

Mrs Singleton commented that any horizon scanning for potential risks should be reported to the Committee as and when they occur.

Members noted that many items on the action sheet will be addressed through the course of the meeting.

**A05. CHAIR'S BUSINESS**

Mrs Singleton confirmed that she has met with the Director of Finance & Planning to address and submit the IAS inquiry to Those Charged With Governance and informed that she attended the sector FE in HE panel discussion on 30 March in which employers urged learners to think differently about study options. Mr McCormick spoke to an excellent event hosted by SRC in the Banbridge campus with open conversation about the benefits of studying through Higher Level Apprenticeships.

<b>ACTION BY WHOM</b>

Mrs Campbell left the meeting at 18.40 and returned at 18.42.

Mr Doran advised that the event is one in a series planned as part of the sector's communication and engagement plan supported by Brown O'Connor with further events planned.

Mrs Singleton advised that the Committee Chairs convened a meeting on 27 April.

#### **A06. POLICY APPROVAL**

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

Mrs Singleton reminded Members of the two low priority recommendations arising from the Framework for Compliance audit addressing mandatory training and updates to the Anti-Fraud policy.

Mrs Campbell advised on a complete rewrite of the two policies and further necessary amendments. She informed that the approved policies will be circulated to the other five colleges for information and clarified the point at which the sponsor Department will be notified about any alleged fraud.

Mr O'Neill added that the Comptroller and Auditor General should be informed about any suspected fraud. Mrs Campbell advised that she will clarify whether the College or Department notifies the C&AG regarding suspected fraud.

Mr McCartney advised that he will review actioning on the internal auditor's recommendations as part of the workplan.

The two policies were approved without dissent.

#### **A07. CORPORATE RISK REGISTER**

- **Heatmap**
- **Risk Appetite**

Mr Doran advised that the Risk Management Committee met on 9 May and informed that Risk 1 Financial uncertainty, continues to cause delay in effective planning due to no formal notification of the indicative budget for 2023-24. Mrs Singleton commented on additional pressures in terms of inflationary increases and rising energy costs.

Mrs Campbell advised that the College has submitted a cost savings plan to the sponsor Department originally considering financing some areas of curriculum out of funding pots rather than the core grant. She advised that this scenario planning was dismissed due to uncertainty and restrictions within funding criteria.

Mrs Campbell advised on other considerations given to remote working and reducing evening classes to two evenings per campus.

In response to a query from Mrs Singleton, Mr Doran advised that building disposals are being progressed and it is hoped that DfE will approve the capital funding to support other SRC capital projects.

In response to a query from Prof O'Hare, Mr Doran advised that investing in heated zoning areas in the older buildings would represent false economy given the longer-term estates strategy in campuses such as Portadown and Lurgan. He committed to confirming which campuses could accommodate zoning.

Mrs Campbell

Mr Doran

Mr Doran cautioned that many of the cost savings proposals are one-off and cannot be repeated in future years.

He referred to Risk 5 Failure to deliver the new Craigavon campus and advised that the options appraisal is ongoing and will be reported at the June meeting of the full Governing Body. He informed on a complex piece of work and advised that legal advice is being taken.

Mr Doran referred to Risk 6, Continued reduction in FT HE MaSN recruitment and advised that the Executive Team have committed to reviewing the risk appetite assigned to all risks.

Members noted no change to the residual risk rating of Risk 9, Failure to provide a safe working environment, and noted good progress on the implementation of HASMAP.

Mr Doran advised that Risk 10 Failure of the learner management system remains unchanged. He spoke to a more stable platform and advised on work to be progressed by the sector change management group and a Gateway review to be undertaken.

Mr Doran informed on significant concerns relating to Risk 17 and the new TAMS system. He advised that colleges continue to work with the Department and informed on the establishment of a sector super user group.

Mr Doran referred to Risk 18 Lecturer Trade Unions industrial action could lead to significant reputational damage and legal challenge by learners. He informed Members that UCU have stood down escalation of action short of strike and have agreed not to withhold grading from management and Awarding Organisations subject to progressing a one off non-consolidated payment.

Members discussed procurement risks and controls used by Internal and External Audit when planning and conducting audits. Mr McCartney confirmed that contract management was looked at as part of the Year 1 plan and procurement reviews should be repeated every three years.

Mrs Singleton confirmed that the loss of five experienced Governors in Summer 2023 is reflected in the Governance Risk Register. Dr Moore informed that the Department have provided detail on the new Members to himself and the Secretary and advised that the information is embargoed until the formal press release. He confirmed that induction procedures will be initiated shortly thereafter.

Dr Moore advised that he, the Vice Chair, the Secretary and the Assistant Director of Human Resources and Development had met on 15 May to progress the interim CEO appointment process and it is anticipated that the advertisement will be released by the end of the week.

Members noted the report.

#### **A08. INTERNAL AUDIT PROGRESS REPORT**

Mr McCartney presented the Internal Audit Progress report and advised that the final reports for the two reviews Focused Review of Part Time Lecturer Payments and Student Engagement have been issued and both received a Satisfactory assurance. He confirmed that fieldwork for the sectoral advisory review of Lost Learnings commenced on 9 May 2023.

Mr McCartney informed of two low priority recommendations on the review of Part Time Lecturer Payment and advised that no recommendations were provided as part of the audit of Student Engagement. He referred Members to the progress against the internal audit plan.

Mr McCartney advised Members on RSM's Quality Assurance Team and the post assignment survey process to assist with continual improvement.

#### **A09. INTERNAL AUDIT REPORTS**

- **Part Time Lecturer Payments**

Mr McCartney referred Members to the two low priority recommendations relating to the maintenance of the Part Time Lecturer register and timeline for submitting, verifying and approving claims.

- **Student Engagement**

Mr McCartney presented the Student Engagement audit report and advised on many areas of good practice.

Mrs Singleton commented on an encouraging report advising that the student voice is being heard and thanked all staff involved.

Dr Stewart advised on areas of good practice evidenced from the SRCzine and Twitter. Mr Doran commented that the high level of pastoral support within FE is often underestimated.

Members noted the reports.

#### **A10. PUBLICATIONS**

- **RSM Using Your Strategic Risk Appetite**
- **RSM Risk Deep Dive Guide**

Mr McCartney referred Members to the two publications. Mrs Singleton spoke to valuable reports reinforcing the work of the Committee.

#### **A11. UPDATE ON THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS**

Mrs Campbell provided detail on the implementation of audit recommendations.

Members noted the report.

#### **A12. ISA INQUIRIES OF THOSE CHARGED WITH GOVERNANCE**

Mrs Singleton referred Members to the ISA Inquiry of Management, Principal's response and ISA Inquiry of Those Charged with Governance, Audit and Risk Chair's response.

#### **A13. NIAO AUDIT STRATEGY 2022-2023**

Mr O'Neill advised on meetings with the SRC finance team and referred Members to the External Audit Strategy. He advised on key messages and materiality set at £939,000.

Members were advised that the significant risks identified are management override of controls and fraud in revenue recognition. Mr O'Neill informed that the estimated audit fee for the year had increased to £34,000 and referred Members to the actions for the Audit and Risk Committee.

He advised on the audit approach and confirmed that officers will look in detail at IT controls and expects the College to operate within the resource position.

Mr O'Neill informed on the independence of the process, advised on changes to financial reporting guidance and agreed timetable. Miss Armstrong to check Committee and Governing Body schedule and advise on any amendments required.

Miss Armstrong

Mrs Singleton expressed concern over the significant rise in the audit fee. Mr O'Neill advised that it is in relation to the extra work required due to changes to the international auditing standards. He undertook to have a further conversation regarding NIAO fees with the Director of Finance and Planning.

Mr O'Neill /  
Mrs Campbell

The Committee noted the report.

#### **A14. DIRECT AWARD CONTRACTS**

Members noted the two Direct Award Contracts.

#### **A15. DfE TfS / Apps COMPLIANCE AUDITS**

None to report.

#### **A16. DAO CORRESPONDENCE**

None to report.

#### **A17. ARC SELF-ASSESSMENT**

- **NAO ARC Effectiveness Tool**

Mrs Singleton referred Members to the National Audit Office good practice guide ARC effectiveness tool which was recommended by the Department Chair of the sectoral ARAC forum. She advised that she and the Secretary independently and collectively utilised the effectiveness tool to assess SRC's Audit and Risk Committee's compliance to good practice.

Mrs Singleton referred to the notes at the end of each section setting out the rationale for scoring and commented that the notional tool does not account for the fact that SRC has an independent Finance and General Purposes committee with dedicated Terms of Reference.

Members agreed that it would be helpful to have a Member of the Audit Committee with finance qualifications and experience. Members further recommended inviting the Director of Client Services to an annual meeting of the Audit and Risk Committee to report on the College's commitment to climate change and environmental and social governance.

Miss Armstrong

Members discussed the increased threat of cyber security and ransomware attacks and agreed that an annual pre meeting with Members and auditors is deemed to be sufficient as the Committee can be reactive to any emerging issues.

Mrs Singleton advised that there is a great deal of guidance material provided for in the Governance Common Materials site and confirmed that she will work with the Secretary to formalise the appointment and induction process for Members of the Audit and Risk Committee.

#### **A18. ANY OTHER BUSINESS**

Mrs Singleton noted that it is her sad duty to say farewell to Members Mr McCormick and Prof O'Hare noting it is their last attendance at SRC's Audit and Risk Committee. She thanked both for their assistance and scrutiny over the years and advised that they will be missed.

Members noted that it is Mr Doran's last meeting of the Audit and Risk Committee. Dr Moore paid tribute to Mr Doran for his stewardship of the College for the past 15 years and commented that the success of the College is in no small way attributed to its strong leadership.



**A19. DATE AND TIME OF NEXT MEETING**

The next meeting of the Audit and Risk Committee is scheduled to take place on Tuesday 12 September 2023 at 17.30 in the Boardroom, Portadown campus or via TEAMS.

The meeting concluded at 20.28.

signature redacted

CHAIR



24 October 2023 .  
**DATE**