

SOUTH EASTERN REGIONAL COLLEGE

**Minutes of a Meeting of the Audit Committee of the Governing Body (the “Committee”)
held on Wednesday 9TH November 2022 at 17:30, in Meeting Room D Floor, Lisburn Campus and via
Microsoft Teams Videoconference**

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| 1. | <p>Confidential</p> <p>A separate note was taken for this item.</p> |
| 2. | <p>Chair’s Business:</p> <p>a) Attendance and Apologies:</p> <p>Present: Mr John Mackell, Mr Gareth Hetherington, Mr Mark Huddleston Items 1-5 only, Mr Darren Stewart, Mrs Deborah O’Hare, Mr Steve Pollard, and Ms Sophie Leigh-Francis</p> <p>In Attendance: Mr John Nugent (Chair of the Governing Body) Mr Tommy Martin (Chief Finance Officer) (the “CFO”) Mr Ken Webb (Principal) Via Teams, Mrs Claire Williamson (Secretary to the Governing Body) , Mr Ian McCartney (RSM) Via Teams, Ms Heather Sampson (DfE) Via Teams , Mr Andrew Emmett (Chief Technology Officer), Dr Michael Malone (Director of Curriculum & Information Services) Via Teams, Mr Adam Jarman (NIAO)Via Teams</p> <p>Apologies: Mr Samuel Hagen, Mrs Carolyn King and Mrs Karen Fraser</p> <p>In the Chair: Mr Mackell</p> <p>Mr Mackell advised that although Mr Hagen had been elected at the previous meeting as the new Committee Chair, he had asked Mr Mackell to deputise for him at this meeting as he was unable to attend due to an existing commitment.</p> <p>b) Declarations of Conflicts of Interest:</p> <p>The Chair asked if any member had an actual, potential, or perceived conflict of interest with any item on the agenda. Mr Pollard’s standing item regarding his wife’s employment in the SERC payroll department was noted.</p> |

c) Minutes of the meeting held on 14th September 2022:

The Chair invited members to review the minutes from the previous meeting. The Committee agreed the minutes were a true and accurate record of the meeting.

Agreed: That the Committee approved the minutes of the meeting held on 14th September 2022

Proposed by: Gareth Hetherington

Seconded by: Darren Stewart

d) Action Points from previous committee meetings:

On the advice of the Secretary Mr Mackell noted that Mr Hagen's appointment to the post of the Committee Chair needed to be ratified formally and he sought approval from members.

Mr McCartney provided an update on the lost learning audit and advised that the scope is still not agreed. The CFO added that once the scope has been agreed by NIFON the Department have requested sight of it before it is signed off.

Ms Sampson addressed the committee to advise that in the previous meeting the committee had talked about a policy vacuum in relation to the risks around Higher Education enrolments, she advised that the Mr Lee, Head of Tertiary Education Reform, had disagreed there was a vacuum as such and that some Colleges disagree with the existing policy, he advised that a range of measures targeting HE would be launched in the spring of 2023.

Agreed: It was agreed that Mr Hagen would take up the post as Chair of the Audit Committee with immediate effect

Proposer: Deborah O'Hare

Secunder: Gareth Hetherington

e) Audit Committee Annual Report

The Chair presented the annual report to members for review and approval, he provided a brief overview of the contents within the report and noted that it covers a more than satisfactory period that provided the committee with sufficient assurance.

Agreed: The committee approved the Audit Committee Annual Report and recommended it to the Governing Body for adoption

Proposer: Gareth Hetherington

Seconder: Darren Stewart

f) Committee Vice Chair's post-Expressions of interests

The Chair advised that Mr Stewart had expressed an interest in the role and with no objections from members he sought formal approval that he be elected.

Agreed: Members agreed to elect Mr Stewart to the role of Vice Chair of the committee with immediate effect

Proposer: John Mackell

Seconder: Gareth Hetherington

g) Gifts and Hospitality Register

The Chair asked members to note the register and reminded the committee of the policy and that all members should be aware of the limits within it and register any gifted items with the Secretary. The Secretary noted that Mr McCrum had gifted the recent items he had received to the college and would amend the register to reflect that.

3.

Correspondence:

a) Memo to Training Providers TMS 14th October 2022

The Chair began by reminding members of the issues raised about the TMS system in the previous meeting, he stated that from this committee's point of view there is still significant risk to the College in terms of reputational damage and there is no confidence from the committee that the matter will be resolved quickly which is a most unsatisfactory position.

The Chair then moved on to invite the CFO to advise how it has been since the last meeting in trying to navigate around these issues and still process payments. The CFO confirmed there has been very little improvement and the administration staff are burdened with a heavy load of manual work to try and process the invoices. He agreed with the Chair that there is a risk of reputational to the College but there is a risk to staff morale being impacted by this and the College forecasting is also badly impacted.

The Principal added that in recent meetings with Departmental officials the Sector have urged that the software must be correct before it is rolled out and so it is crucial that it is tested. The Chair noted that stress testing will be difficult for users as they are unable to access the previous system.

The Chair of the GB informed members that he had raised this issue with the FE Director and had highlighted that a post review conducted by the Department is necessary to ascertain what went wrong with this project.

Action: The Principal agreed to write to the staff using the TMS system to thank them for their efforts on behalf of the Governing Body

4 &5

For Approval:

**a) Annual Report & Financial Statements including Governance Statement
Report to those charged with Governance (item 5)**

On the invitation of the Chair, Mr Jarman addressed the committee to provide an overview of the RTTCWG. He highlighted the following points to the committee:

- He began by informing the committee the Comptroller & Auditor General will certify the 2021-22 financial statements with an unqualified audit opinion, without modification.
- Work is still to be completed on NILGSOC pensions schemes, however this is a procedural matter for NIAO.
- Mr Jarman went on to talk the committee through the scope of the audit and the significant risks, he advised there were no findings of significant risks identified during the audit fieldwork.
- He concluded his update by thanking the CFO and his team for their assistance to the NIAO in completing the audit.
- The Chair noted that this was an excellent result and thanked the CFO, financial controller and the wider finance team on behalf of the committee. He noted that this has been a very difficult period to navigate however the Principal and the rest of the CMT have been more than effective in guiding the College through it.
- The Principal added that as Accounting Officer he took great comfort that a clean audit report was returned particularly in these challenging times, he added that the procedures in place such as IMPMS all contribute to the overall result and enables the College to produce such an excellent result.
- In concluding the update Mr Jarman advised the committee that KPMG have been awarded a 2-year contract to work with the NIAO on the next audits for the Sector.

Agreed: The committee reviewed and approved the Annual Report & Financial Statements including Governance Statement for year ended 31 July 2022

Proposer: Darren Stewart

Seconder: Gareth Hetherington

6.

For Information:

At this juncture Mr Huddleston left the meeting.

a) Strategic Risk Management Report

The CFO presented a high-level summary of the risk management report, a brief discussion took place, and the following points were noted:

- The CFO began by providing an update on the red risk on the financial viability of the College. The committee noted that the Department have not yet allocated £1.2m relating to pay awards until it has been agreed by the trade union side.
- He added that NIFON have been asked to submit provisions for contingency planning if the Department are unable to secure this funding going forward, the Chair enquired if there are any concerns the College would be unable to meet its statutory obligations because of this. The CFO confirmed that if this were to continue it would ultimately impact frontline delivery.
- The CFO highlighted that the red risk relating to Higher Education enrolments is tied into a number of strategic risks and the College is actively addressing these issues as there is a lot of uncertainty across the Sector, he referred members to the written report that has provided a recent update on this work.
- The Director of C&IS advised the College is looking at more flexible methods of delivery for example and to increase the part time provision that will encourage more enrolments, he added that it is important the College starts to diversify.
- The Student Governor highlighted that it is also important that HE students feel they have the full experience of university when attending the College. In discussions the Principal suggested that he would explore how to create a differentiated HE experience with the Students Union.

b) Operational Risk Reports

I. Finance & Estates

The CFO presented a summary of operational risks across his directorate, he highlighted risks including the potential increase of College debt levels, procurement and PPP contracts.

c) Direct Award Contracts

The committee noted the report on direct award contracts, the CFO advised that they are mainly around IT, and they are procured via CPD.

d) IT Resilience Statement

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| | <p>The Chief Technology Officer talked to the written report provided and he highlighted some of the key points in discussion. The CTO advised that in this quarter there was nothing of note apart from some common issues to report. He advised that in a security test there was a vast improvement in the risk rates amongst staff, although there was a slight increase of the number of students that failed the test. He provided the committee with an overview of the Cyber Awareness week that is aimed at students and the training involved in that.</p> <p>In response to a query from the Chair the CTO advised that all 3 firewalls are reaching the end of life at the same time and so they need to be replaced.</p> |
| 7. | <p>Policies for Approval:</p> <p>a) Raising Concerns Policy</p> <p>Members were asked to note the policy had been reviewed and no substantive changes had been presented for approval.</p> |
| 8. | <p>Internal Audit:</p> <p>a) Estates Management -Repairs and Maintenance Report</p> <p>Mr McCartney presented the report and began by advising that a satisfactory rating had been awarded with 2 low and 1 medium priority recommendations made. The committee had a brief discussion around the recommendation on staff training, the CFO explained that some of the examples were around non-mandatory training that the team choose to undertake when they review areas of best practise. The Chair noted that perhaps this could have been labelled differently in the report and it would be best to see the recommendation closed off as soon as possible.</p> <p>b) Data Protection-GDPR</p> <p>Mr McCartney advised as this was an advisory review there was no assurance rating given, there were 4 low priority recommendations made. The Chair highlighted that this was an excellent report in an area where there can generally be a lot of risk and the committee took assurance from the findings presented.</p> <p>c) Internal Audit Progress Report</p> <p>The committee were asked to note the progress report for information.</p> <div data-bbox="225 1713 1485 1821" style="border: 1px solid black; background-color: #e0e0e0; padding: 5px;"> <p>Action Point: The CHRO will present a report on mandatory staff training for staff to the FGP Committee at their next meeting</p> </div> <p><i>At this juncture Mr Stewart left the meeting.</i></p> |
| 9. | <p>Summary of Actions taken in Response to External & Internal Audit recommendations:</p> |

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| | <p>The CFO advised the committee on the status of the recommendations outstanding from the internal audit reports. The committee noted that penetration testing from 21/22 will be completed in January 2023, the Chair noted that the committee were assured this delay was due to external factors.</p> |
| 10. | <p>Fraud Update – For Information:</p> <p>a) Fraud Report</p> <p>The CFO provided an update on the current case and advised that the investigation was now complete. This investigation found a breach of the code of conduct by the internal staff member with no criminal fraud or material deficit to the College. The matter has been referred to a disciplinary hearing.</p> <p>b) NFI Update</p> <p>The CFO advised the report was information and the data lift would be conducted within the next few weeks.</p> |
| 12. | <p>Any Other Business:</p> <p>No other business was discussed.</p> |
| | <p>Date and time of next meeting:</p> <p>It was noted that the next meeting of the Audit Committee was scheduled to be held on Wednesday</p> |

The Chair declared the meeting closed at 8.18pm