

## SOUTH EASTERN REGIONAL COLLEGE

Minutes of a Meeting of the Audit Committee of the Governing Body (the “Committee”)

held on Wednesday 13<sup>th</sup> September 2023 at 17:00, in Meeting Room D Floor, Lisburn Campus and via Microsoft Teams Videoconference

### 1. Chairs Business

#### a) Attendance and apologies

Present: Mr John Mackell, Mrs Deborah O’Hare, Mr Samuel Hagen, Mrs Carolyn King, Mr Darren Stewart

In attendance: Mr John Nugent (Chair of the Governing Body) Mr Tommy Martin (Chief Finance Officer) (the “CFO”) Mr Ken Webb (Principal), Mr Paul Smyth (Chief Human Resources Officer) (the “CHRO”) Mrs Claire Williamson (Secretary to the Governing Body), Mr Ian McCartney (RSM), Ms Heather Sampson (DfE), Mr Adam Jarman (NIAO Representative), Mrs Ciara O’Neill (Boardroom Apprentice)

Apologies: Ms Wilma Fee, Ms Sophie Leigh Francis, Mr Mark Huddleston

In the Chair: Mr Hagen

#### b) Declarations of Conflict of Interests

The following conflict were declared:

- The CFO declared his daughter is employed as a lecturer at the College. No action was taken in relation to the declaration.
- Mrs O’Hare advised she is employed by The Board of Governors of the Wallace High School (a NDPB) as Principal. The sponsor department for funding and development work and other applications is DENI supported by or delegated to the EA as appropriate. Is also current member of the College Advisory Group (Education) CAFRE DAERA CAFRE offers level 2 to level 6 + qualifications.
- Mrs King advised that she was involved with the internal audit on work placements as part of her role within the College.

No action was deemed necessary on any of the declarations made.

c) Minutes of the meeting held on 12<sup>th</sup> June 2023

The minutes from the previous meeting were reviewed and members agreed they were a true and accurate reflection of the meeting.

**Proposer:** John Mackell

**Seconder:** Deborah O'Hare

d) Action Points from the meeting held on 12<sup>th</sup> June 2023

The Chair highlighted the actions were complete.

e) Committee Cycle of Business

The cycle of business was reviewed and agreed on the proposal of Mrs King and seconded by Mr Mackell.

f) Audit committee annual effectiveness review

The Secretary advised that the review had produced some common themes around training for members and succession planning and that she was developing a training plan on the back of the main GB assessment feedback. The GB Chair and Committee Chair will work closely on succession planning.

Action: The Chair will provide further feedback on the review to members once he has an opportunity to clarify a point that was made by a committee member

## 2) Correspondence

a) Accounting Officer Responsibilities Regarding Budget Spending 070823

The CFO asked members to note the correspondence. The Chair highlighted paragraph 16 of the letter to members which sets out the responsibilities of the board.

b) Letters to FE Director

Members noted the correspondence issued to the FE Director in June highlighting concerns around the budget from the GB Chair and Principal. The CFO advised that a response was received, and that the Department have advised the budget will be kept under review through the monitoring rounds.

c) NIAO Innovation Good Practice Guide

Members were asked to note the guide.

d) FE College Accounts Direction 2022 to 2023: FE Colleges Northern Ireland  
Financial Reporting Requirements

The CFO asked members to note the direction which sets out templates and timetables for financial reporting to the Department.

e) Internal Audit Extension

Members noted the enclosed letter was confirmation of RSM's contract extension for another year until 2<sup>nd</sup> August 2024.

3)

a) (Draft) Annual Report & Financial Statements including Governance Statement

The CFO began by advising members of the timeline for the submission of the final report, he advised that he was seeking the committee's approval to provide the draft reports to the DfE and to NIAO for auditing, the final audited reports will then be represented to the committee and Governing Body for sign off in November.

The CFO highlighted the reports were reviewed by the Finance & General-Purpose committee, they had mainly been interested in the financial performance for the year and were content to approve the draft report. The CFO went on to brief members on financial performance and advised that the College was £55k within the final resource allocation, he reminded members that a spend moratorium and other measures had been introduced mid-year to ensure that the College was in the best position possible going into the year end.

Moving on to the focus for this committee the CFO highlighted the governance statement which sets out the governance framework and controls, outlines the responsibilities of the Accounting Officer and the Governing Body along with an overview of the areas of work covered by the individual committees. Members were also directed to details in the report setting out the work of internal audit, risk management framework, raising concerns and fraud reporting.

In response to a question from the Chair the CFO advised that payment performance had been impacted by staff resources, he advised that duties have been reallocated within the team and he would expect to see an improvement however, the efficiencies would not likely return to previous levels given the recruitment freeze in place.

The Chair thanked the CFO and wider finance team for their efforts in producing the draft report and added that in terms of the challenges faced there are still so many positive assurances around governance, and he commended the team.

**Agreed:** The committee approved the Draft Annual Report & Financial Statements including Governance Statement on the proposal of Darren Stewart and seconded by Carolyn King.

#### b) Internal Audit Plan 2023/24

On the invitation of the Chair Mr McCartney presented the internal audit plan, he highlighted that there was a reduction in days and therefore 4 areas would be audited this year.

Mr Mackell enquired what the scope of the audit on the TAMS system was and noted that NIAO had planned a similar audit. Mr Jarman advised that he was not aware of an audit planned that would take a deep dive into the issues with TAMS and was perhaps tied into an overall audit of IT services. Mr McCartney advised that RSM would be reviewing the manual workarounds in place within the College.

The Chair enquired if RSM would have enough assurance with less audits to provide the annual assurance statement. Mr McCartney advised that it would and confirmed that days can be increased at anytime and RSM do have capacity to undertake work outside of this plan.

**Action:** NIAO to advise the scope of the planned audit on the TAMS system

**Agreed:** The committee agreed the Internal Audit Plan 23/24 on the caveat it can be amended if the TAMS audit is no longer relevant or a duplication of the NIAO audit. The decision was proposed by John Mackell and seconded by Deborah O'Hare.

### c) Business Continuity Plan

The CFO presented the Business Continuity Plan and advised that it includes a number of minor amendments to the main body of the plan as well as changes to some of the individual Department plans. The CFO asked members to note that since the pandemic has now been declared over, SERC's "lessons learned" have been finalised. For information, the 3 main recommendations for improvement to the plan are:

- 1) The role of "Operations Co-ordinator" should be formally considered when a major incident is declared.
- 2) Flexibility of working arrangements including home working should be formally considered when a major incident is declared.
- 3) Review of internal manpower and skills mix including assignment of alternative roles and responsibilities should be formally considered when a major incident is declared.

The committee noted the recommendation and added that they took assurance from the plan being tested in real time and was seen to be very effective.

**Agreed:** The BCP was approved on the proposal of John Mackell and seconded by Carolyn King.

## 4) Items for Information

### A) Strategic Risk Management Report

The CFO provided members with an overview of the current register and highlighted there are currently 5 red and 1 amber risks. In summary the following points were highlighted:

- The CFO advised the College has not yet received a consolidated budget however when the committee last met in June there was a significant pressure of £5m, this has now been reduced to £2.74m. This improvement is attributed to additional funding of £2m for business services and traineeships while the College has also further reduced costs by almost £1m. The CFO advised that this risk remains red as the

College is still unable to produce a balanced plan, however, the CFO stressed the Department are aware of this and the College will continue to work with departmental colleagues throughout the year.

- The Principal advised that FE enrolments have increased by 15%, while this is excellent news there will be no additional funding for staff to deliver, for teaching consumables or for exam fees. He advised that as the average class size has increased by a third and without additional grant in aid funding and knowing exactly how many students we will have each year, make its very difficult to manage.
- The CHRO provided an update on industrial action and advised that there has been very significant escalation as UCU members will be striking for one week on 18<sup>th</sup> September and then a further 7 days strike action will be held across the sector. He added that at this stage the College are unsure what staff members will participate in the strike action and so contingency plans are in place to move classes online and the College will closely monitor the impact to services during that week.
- In terms of non-teaching staff, the CHRO reported that Unison did not receive a mandate for industrial action and so the possibility of strike action is much more remote.
- Moving onto the risk around staff absence the CHRO advised that there are currently 28 staff off on long-term sick which is exceptionally high for this time of year.
- The CFO advised the red risk on cyber security is around the investment in IT Hardware, as there is a lack of funding to invest in this, the consequences are it impacts the Colleges' security accreditation and there is not enough funding to renew devices.
- Finally, the CFO advised that while there are improvements in the TAMS system, error rates of 29% are still being reported and it has therefore remained a red risk.

**Action:** Education Committee to review the issues around student numbers and grant in aid funding when enrolments have stabilised for the year

**Action:** The CFO will provide information on risk scoring in the next report to allow members to understand fully the scoring matrix

#### d) Operational Risk Report

The CHRO presented a summary of some of the risks within his directorate which covers HR, learning academy and health and safety. He provided an overview of the risk and advised the committee the impact the risk may have, and the actions taken to mitigate the risk.

## C) IT Resilience Statement

The Chair directed members to the report provided by the Chief Technology Officer. He highlighted the earlier to discussions around the issues IT face in upgrading systems and the lack of funding for the projects due to budget constraints. The Chair relayed the committee's appreciation to the team involved in continuing to manage these issues despite the lack of investment.

## 5) Policies

The Chair advised that there were no policies for review.

## 6) Internal Audit

### a) Follow Up review

Mr McCartney asked members to note the report.

### b) Sector Advisory Review Lost Learning

Mr McCartney advised that in the sector review there were no findings and several areas of good practice identified including SERC's report on good practice and case studies, the cause for concern system and the way in which the funding had been evidenced.

In a brief discussion on the benefits of the lost learning Mrs O'Hare highlighted that from an education perspective the retention, achievement and success figures for that 21/22 are still to be finalised, however the current figures demonstrate the success rate exceeded the average success rate of the sector than the year before.

### c) Internal Audit Progress/Annual Assurance Report

The Chair commented this was an excellent report and noted the KPI's had all been met, he thanked Mr McCartney and the wider RSM team for their work throughout the year.

## 7) Summary of Actions taken in Response to External & Internal Audit recommendations

The CFO advised recommendations from 22/23 are progressing well with no issues to report.

## 8) Fraud Update

Members noted that the investigation report on suspected fraud (concerning a student's qualification achievements) was just completed, and the outcome was to be communicated imminently to the person who raised the concern.

The Chair enquired if the final report would be presented to committee and what reputational risks there were for the College. The CHRO advised the awarding body had been content for the College to investigate and to notify them of the findings and so he did not believe there would be wider issues in terms of reputational damage. The CHRO confirmed that the final report would be presented to the committee at their next meeting.

## 9) Any other business

No other business was discussed.

## 10) Confidential

A separate note was taken for this item.

**The Chair declared the meeting closed at 7.35pm**