

## SOUTH EASTERN REGIONAL COLLEGE

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

held on Thursday 16<sup>th</sup> November 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 Samuel Hagen, Mrs Carolyn King Item 1-9 only, Mr Darren Stewart, Mr Mark Huddleston, Mr Michael McQuillan Item 4B-10 only, Miss Vikki Pinkerton Item 1-9 only

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), Mr David Conliffe (DfE), Dr Michael Malone (Director of Curriculum & Information Services) Mr Patrick Barr (NIAO Representative) , Mr Andrew Emmett (Chief Technology Officer) Item 3-9 only

Apologies: Ms Wilma Fee, Mr John Mackell

In the Chair: Mr Hagen

#### b) Declarations of Conflict of Interests

The following conflict were declared:

- Mr McQuillan declared he is Chief Executive of Enterprise NI and a board member of Invest NI. No action was taken in relation to the declared conflicts.
- The CFO declared his daughter is employed as a lecturer at the College.

**Action:** The Secretary advised that an annual invitation to the Chair of the Governing Body to attend the ARC, is issued and with the agreement of the committee. The invite will be sent before the next meeting.

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

At this juncture the Chair asked a formal record was made to thank Mr Mackell for his significant contribution to the Audit committee since 2016, particularly in his role as Committee Chair. Members agreed that Mr Mackell's input throughout the meetings had been extremely positive, and his enthusiastic nature would be missed.

c) [Minutes of the meeting held on 11<sup>th</sup> September 2023](#)

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

**Proposer:** Carolyn King

**Seconder:** Darren Stewart

d) [Action Points from the meeting held on 11<sup>th</sup> September 2023](#)

The Chair highlighted the actions were complete.

e) [Audit Committee Annual Report 22/23](#)

The Chair advised that due to a timing issue he had asked the Secretary to delay the report to check some information.

**Action:** The Audit committee annual report will be issued to members via email for agreement and presented for adoption to the Governing Body at the meeting on 27<sup>th</sup> November

## 2) [Correspondence](#)

Nothing to note.

3)

a) Annual Report & Financial Statements including Governance Statement

b) SERC A&R committee enquiries RTTCWG

The CFO began the presentation of the Annual Report and Financial Statements by advising the committee that there had been no change to the financial statements since the draft was presented in September. He directed the committee to the summary report and highlighted the information on the events after the end of the reporting period. Members noted that information was detailed on the rates of salaries for lecturers and the non-consolidated payment have been accrued in staff costs for the year ended 31 July 2023.

Narrative has also been included on holiday pay provision following the failed appeal by the PSNI to the Supreme Court on 5 October 2023.

At this juncture Mr Barr addressed the committee and presented the Report to Those Charged with Governance. Mr Barr began by providing members with an update on the outcome of the audit, he advised that a clean audit was returned with one priority 3 recommendation. Members noted this was a sector recommendation which was around best practise as a significant number of assets are being held on the register at nil value and are still in operation.

Mr Barr added that the accounts received were of good quality and communications between the teams was excellent.

The CFO advised the committee that management have accepted the recommendation and are content with the depreciation policy. He commented that the context was important to note, and this is something that this committee were very aware of through the reports from the Chief Technology Officer. He advised the College would rather not be using this equipment but there is a lack of funding to replace these currently. The CFO confirmed the work on this recommendation would be a collaborative approach with colleagues in the Sector.

The Chair highlighted that had provided information to NIAO at agenda item 3B in relation to the audit on behalf of the committee.

**Agreed:** The committee approved the Annual Report & Financial Statements including Governance Statement on the proposal of Darren Stewart 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 Chair noted that the risks have not been progressed since the last meeting and asked the CFO to focus on the information on risk scoring to allow members to understand fully the scoring matrix.

- To begin the CFO provided members with a detailed overview of the how the scoring matrix is used to determine the outcome of a risk and the methodology of the scores.
- The CFO highlighted that a risk may look static, but the information provided in the appendices sets out why it has remained at the same level.
- In response to a question on how understood this process is across the organisation the CFO confirmed that it is very well understood and is part of the IMPMS for the College. He explained that there is periodic training for budget holders and that the same scoring methods are used for the operational risk process so that there is a consistent approach.
- The Chair noted that this is clear when operational risks are presented to the committee, he thanked the CFO for aiding the committee's understanding of the overall risk management process.

### b) Operational Risk Report

The CFO presented a summary of some of the operational risks within his department, the following points were highlighted:

- Operational risks within the finance and estates departments were provided to members, the CFO set out the risks, the response required and gave an overview of how the risks are managed in terms of the actions taken.
- The CFO advised that managing the staff sickness levels in the finance department is currently a high priority operationally as it has had a substantial impact, particularly on procurement. In discussions he highlighted that there are a few fully qualified accountants on the finance team and so while at times stepping in to cover administrative tasks can be part of their remit, it is not the best use of their time,

- In response to a query the CFO confirmed that there is a risk to manage net zero issues on the estates operational register. While it is getting increasing attention it is currently scored very low and there are no immediate concerns with this risk.

#### c) Review of Direct Award Contracts

The CFO asked members to note the contracts set out in the report.

**Action:** The committee requested if additional information on the rationale for each contract could be included in future reports.

#### d) IT Resilience Statement

The Chief Technology Officer talked to the written report provided and highlighted some of the key areas within the report.

The CTO provided members with an overview of the security incidents; he advised that there had not been any significant incidents. He advised that a recent security exercise had been completed and he informed members of the training processes put in place for those that have failed the exercise.

Work continues on the cyber essentials certification with the required equipment (switches due in this week. The team are hopeful that they can submit the completed cyber essentials questionnaire in December.

The CTO highlighted that in terms of risk he has concerns about the IT estate and keeping it secure past 2025. He stressed that there is not enough funding to fully re-equip the desktop estate, and kit will have to be removed from classrooms therefore reducing the offering and impacting on the student experience.

The Chair thanked the CTO for the update and commented that the comprehensive report provides assurance to the committee on how the risks are being managed. He highlighted that there are a lot of extremely positive successes within the report and thanked the team for their efforts in this area.

#### e) Gifts and hospitality register

The Secretary presented the register for 2022/23 and advised that there had been no entries. She reminded members of their obligation to declare any items they may received as per the agreed Gifts and Hospitality Policy.

## 5) Policies

The Chair advised that there were no policies for review.

## 6) Internal Audit

### a) Progress report

On the invitation of the Chair Mr McCartney addressed the committee to present the progress report. He asked member to note the report and advised it sets out internal audit's planned work for future audits.

The committee noted there was ad in the safeguarding review due to the dates for staff availability to assist in the fieldwork.

### b) Risk Advisory Emerging Risk Radar paper

Members were asked to note the report for information.

## 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. One recommendation is outstanding in the Compliance review and is not due for completion until January 2024.

## 8) Fraud Update

Members noted that the investigation report on suspected fraud (concerning a student's qualification achievements). The CFO advised the outcome of the investigation had been reported to DfE, that there was actual fraud with no loss. Academic malpractice has been referred to the awarding body and there are 4 staff going through staff disciplinary procedures. In response to a query from the Chair the CFO confirmed that there are no further implications for the College in regard to this investigation.

### 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 6.20pm