



South Eastern Regional College

Audit & Risk Committee Annual Report Financial Year: August 2023 to July 2024

To: College Governing Body and College Accounting Officer

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Introduction

This report has been prepared in accordance with the DfE Code of Guidance on Audit for the Governing Bodies of Further Education Colleges.

The period referred to is 1 August 2023 to 31 July 2024.

Background

The Audit Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control and reporting to the Governing Body. The Audit Committee provides a channel of communication from the College's auditors, which is not controlled by College management.

Committee Membership

Members of the Audit Committee are drawn from the Governing Body.

Members who served on the Audit Committee during the period 1 August 2023 to 31 July 2024 were as follows:

Audit Committee Member
John Mackell (term ended 31 st January 2024)
Daren Stewart (Committee Vice Chair)
Mark Huddleston
Samuel Hagen (Committee Chair)
Mrs Carolyn King
Mr Michael McQuillan (Became a member of Audit Committee October 2023)
Ms Wilma Fee (resigned from Governing Body 18 th April 2024)
Deborah O'Hare (Moved to FGP committee October 2023)
Vikki Pinkerton (Student Governor) (Term began 1 st October 2023)
Ms Sophie Leigh Francis (Student Governor, term ended 30 th September 2023)

During the same period, the duties of Committee Secretary were undertaken by Claire Williamson.

Meetings of the Committee

The Articles and Terms of Reference for the Audit Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2023/24 financial year there were 5 Audit Committee meetings held.

A quorum for any meeting of the Audit Committee is 3 members. All meetings of the Audit Committee for the year August 2023 to July 2024 were quorate. Attendance during the year at Audit Committee meetings was as follows:

Audit & Risk Committee Member	Meetings Attended	Out of a Possible
Mr John Mackell	1	2
Mrs Deborah O'Hare	1	1
Mr Darren Stewart	5	5
Mr Mark Huddleston	3	5
Mr Samuel Hagen	5	5
Mr Michael McQuillan	4	4
Mrs Carolyn King	5	5
Ms Wilma Fee	0	3
Ms Sophie Francis	0	1
Ms Vikki Pinkerton	4	4
<i>In attendance:</i>		
Principal & Chief Executive	5	5
Chair of the Governing Body	5	5
Director of Curriculum and Information Services	3	3
Director of Strategic Planning, Quality and Support (Title Change to Deputy Director Student Support Services May 2024)	2	2
Chief Finance Officer (Title Change to Deputy Chief Executive May 2024)	5	5
Chief Technology Officer	4	4
Chief HR Officer	1	1
Chief Training & Contracts Officer	1	1
Northern Ireland Audit Office Representative	4	4
Internal Audit Representative	5	5
Department for the Economy Representative	5	5

Representatives of the College Management Team (CMT), the Department for the Economy (DfE), Internal Audit (RSM), Northern Ireland Audit Office (NIAO) were in attendance at meetings of the Committee.

Committee Terms of Reference

The Terms of Reference of the Audit Committee are based on the model terms of reference for audit committees set out in the Articles of Association.

The Terms of Reference were reviewed in June 2024 by the committee and adopted by the Governing Body in June 2024.

Internal Audit Provision

- Internal Audit within the College was provided by third party auditors, RSM

RSM was appointed, following completion of a sector wide competitive tender process, on a three-year contract basis for the years 2020 to 2023. The contract was extended for an initial period of one year up to 2nd August 2024.

- At its September 2020 meeting, the Audit Committee agreed the Strategic Audit Plan for 2020/21 – 2022/23 which is used to develop the detailed Operational Audit Plan for each individual year. The focus of the plan is on those areas of highest strategic risk to the College as well as on providing assurance on key financial, operational and governance matters across the College. It was estimated that an annual average of 50 days over the three-year period is required to carry out the strategy.

The Internal Audit Strategy for 2023/24 was reviewed at the beginning of the extension to the contract for internal audit services, to ensure that it continues to address the key risks, some of which may change during the period.

The Audit Strategy was reviewed by the Audit Committee in 2023/2024 and will be reviewed, by the Audit Committee, at least annually in relation to :

- The College's on-going risk management process;
- The Internal Audit findings from the previous year;
- Developments in the sector and external influences;
- The College's changing priorities and systems.

The Internal Audit Plan for 2023/2024 was presented to the Committee at its September 2023 meeting (Appendix A).

- At its September 2024 meeting the Committee received and considered the Internal Auditors' Annual Assurance Report for 2022/2023 (**Appendix B**).

In 2023/2024 the internal auditors completed 5 reviews. Reports on all reviews have been considered by the Audit Committee. The audit reports reviewed by the Audit Committee are set out below.

Area reviewed	Assurance Rating
Safeguarding	Limited Assurance
Human Resources	Satisfactory
Part time lecturer payments	Satisfactory
Training Assistant Management System (TAMS)	Satisfactory
Lost Learning (Sector review)	N/A

- The Internal Auditors have provided the College with an overall Satisfactory Assurance Rating on the Internal Control Framework and the Risk Management process operating within the College.

The Audit Committee is satisfied with the achievement of an overall Satisfactory assurance rating (the highest available) and commends all the staff involved.

- Typically, the Committee seeks a response from College Management in relation to Internal Audit recommendations contained in the above reports. In 2023/24, 5 low priority, 1 medium priority and 1 high priority findings were identified across the 4 reviews undertaken by RSM. The committee accepted these findings and noted management's response to fully implement the findings across the College.

To ensure the implementation of internal audit recommendations, the Committee has in place a recommendation implementation review process. At each meeting, the Audit Committee reviews grids which detail the progress in implementing audit recommendations and discusses progress with senior staff. The timelines on these grids are reconciled with the Internal Auditors' update reports.

There was 1 high priority issue identified in the Safeguarding internal audit review. On reviewing the report with RSM and members of the senior leadership team, the Audit committee noted that procedures were in place to mitigate the risk around this recommendation. The Committee agreed that it had been an unfortunate outcome for the College as they had received sufficient assurance around the policies and procedures in place.

The Audit Committee noted that RSM met all their own KPI's in the Assurance Report presented to the committee.

Other Audit Reports

The Audit Committee did not receive or review any other Audit reports during the year.

External Audit

The Comptroller and Auditor-General (C&AG) is the appointed external auditor of the South Eastern Regional College

- Year End 31 July 2023

The June 2024 meeting of the Audit Committee was informed of the potential significant risks which would be considered during the External Audit and the Committee approved the External Audit Strategy. The significant risks of material misstatement considered during the completion of the audit are: fraud arising from management override of controls; and fraud in revenue recognition.

The draft accounts for the year 2022/23 were prepared by the College Finance Team and following review by the Finance and General Purposes Committee and the Audit Committee were submitted to DfE. Field work by the External Auditors commenced immediately after the submission of the draft accounts.

At its meeting on 16th November 2023, the Audit Committee formally reviewed the Annual Report and Financial Statements for 2022/2023 which were presented by the Chief Finance Officer.

Following the review of the Financial Statements, the Committee received a presentation from the External Auditors, NIAO, on the findings contained in the Report to Those Charged with Governance. The NIAO commented on all the key areas as identified in the Audit Strategy and no issues or weaknesses were identified during the audit.

In overall terms, the Audit Committee noted that the External Audit of the 2022/23 Annual Report and Financial Statements resulted in the Comptroller and Auditor General certifying the 2022/23 Financial Statements with an unqualified opinion, without modification, on the financial statements and their regularity. No report on the financial statements was therefore required.

A copy of the Report to Those Charged with Governance 2022/23 is attached for information at Appendix C.

- Year End 31 July 2024

The June 2023 meeting of the Audit Committee was informed of the potential significant risks which would be considered during the External Audit and the Committee approved the External Audit Strategy. The significant risks of material misstatement considered during the completion of the audit are: fraud arising from management override of controls and fraud in revenue recognition.

The draft accounts for the year 2023/24 were prepared by the College Finance Team and following review by the Finance and General Purposes and Audit Committees in September

2024 were submitted to DfE. Field work by the External Auditors commenced immediately after the submission of the draft accounts.

Other Work undertaken by the Audit Committee

Risk Management

The Committee reviews how the Management of Risk is being undertaken throughout the College at each of its meetings. In undertaking its reviews during the year, the Committee's strategy has been:

- To seek assurance that risk is being monitored and addressed appropriately
- To review audit reports covering areas of risk
- To challenge senior management on their approach to identifying and mitigating risk.

The Committee is also keen to ensure that risk management is disseminated and embedded at all management levels throughout the College, and this will continue during 2024/25. The Audit Committee monitors the Strategic Risk Register to ensure that it remains fluid and dynamic. The committee agreed to review operational risks on a rolling basis and members of CMT have attended meetings since January 2017 to present the high-level operational risks from their departments, this has continued throughout 2023/24.

The College's Strategic Risk Register forms the basis of the Internal Audit Strategy on an ongoing basis and audit reviews planned for 2023/24 will be based on areas of perceived risk.

Fraud Notification

There was no fraud cases reported in 2023/24.

Review of Non-Audit Reports & Correspondence

The Audit Committee reviewed the following non-audit reports and correspondence:

- Accounting Officer Responsibilities Regarding Budget Spending 070823 (enc)
- Letters to FE Director from GB Chair and Principal on SERC Budgetary position
- NIAO Innovation Good Practice Guide (enc)
- FE College Accounts Direction 2022 to 2023: FE Colleges Northern Ireland Financial Reporting Requirements (enc)
- Internal Audit Extension
- SERC Budget allocation 23/24
- ISA Enquiries
- Global Audit Standards

- Assurances on College Performance 030524
- Governance and Accountability Issues from TOA
- Risk Advisory Emerging Risk Radar paper

Requirements

- NIAO Strategy 2023/24
- SERC Report to Those Charged with Governance for the Year Ended 31st July 2023

Approval of Policies

The Audit Committee approved the following policies throughout 2023/2024 and recommended them to the Governing Body for adoption:

- Risk Management Policy
- Business Continuity Plan

Whistleblowing / Raising a Concern

During 2023/24 the College had no incidents reported under the Raising Concerns Policy.

Cyber Security

The Committee received regular updates as a standing item at each meeting, from the Chief Technology Officer and the Director of Curriculum & Information Services on IT Resilience and Cyber Security. These updates allow the Committee to scrutinise cyber security arrangements.

The National Audit Office Cyber security and information risk guidance for Audit Committees is used by the committee as it provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security.
- Specific aspects, such as information risk management, network security, user education, incident management, malware protection, monitoring, and home and mobile working
- Related areas, such as using cloud services and developing new services or technology.

Audit Committee Opinion

The Audit Committee's opinion on the adequacy and effectiveness of arrangements for Internal Control and Risk management is based on the information presented to it at its meetings during 2022/23

In forming an opinion, the Committee has considered:

- The Report to those Charged with Governance 2023/24;
- The Annual and Individual reports of the Internal Auditors;
- Reports from the College Management Team on the Management of Risk;
- Feedback from DfE on the accuracy of information provided by the College;
- The overall Satisfactory Assurance rating provided by the Internal Auditors;
- The Statement of Corporate Governance and Internal Control 2023/24;
- The NIAO's recommendation to the Comptroller and Auditor General that he certifies the 22/23 Financial Statements with an unqualified audit opinion.

Based on the above information the Audit Committee is satisfied with the overall Satisfactory Assurance rating made by Internal Audit. The Internal Auditors have commented that they have confidence in the information provided by the College and management responses have been positive.

Based on the above sources of information the Audit Committee judges that the adequacy and effectiveness of the College Risk Management Process and other Internal Control arrangements are satisfactory.

In conclusion, the Committee wishes to thank the Committee Secretary and the College Management Team, together with the representatives from DfE, RSM, and NIAO, for their support and input into the work of the Committee during the year.

Signed on Behalf of the Audit Committee

A handwritten signature in black ink, appearing to read 'S. Hagen', written in a cursive style.

Mr Samuel Hagen
Chair of the Audit Committee

Appendices:

[The Internal Audit Plan for 2023/2024](#) (Appendix A).

[Internal Auditors' Annual Assurance Report for 2022/2023](#) (Appendix B)

[Report to Those Charged with Governance](#) (Appendix C)