

**SOUTH EASTERN REGIONAL COLLEGE**

**Minutes of a Meeting of the Audit Committee of the Governing Body (the “Committee”)  
held on Wednesday 19<sup>th</sup> January 2022 at 17:30, via Microsoft Teams Videoconference**

<p><b>1.</b></p>	<p><b>Chair’s Business:</b></p> <p><b>a) Attendance and Apologies:</b></p> <p><b>Present:</b> Mr John Mackell, Mrs Karen Fraser, Mr James Lee, Mr Mark Huddleston Items 3-8 only, Mr Darren Stewart, Mrs Deborah O’Hare, Ms Gemma Diamond Items 3-8 only, Mr Steve Pollard, Mr Samuel Hagen</p> <p><b>In Attendance:</b> Mr Gareth Hetherington (Temporary Chair of the Governing Body), Mr Tommy Martin (Chief Finance Officer) (the “CFO”), Mrs Claire Williamson (Secretary to the Governing Body), Mr Ken Webb (Principal), Mr Ian McCartney (RSM) Ms Heather Sampson (DfE), Mr Andrew Emmett (Chief Technology Officer) Items 3B-8 Only, Mrs Heather McKee (Director of Strategic, Planning, Quality and Support) (the “Director of SPQS”) Items 1-3A only</p> <p><b>Apologies:</b> None</p> <p><b>In the Chair:</b> Mr Mackell</p> <p><b>b) Declarations of Conflicts of Interest:</b></p> <p>The Chair asked if any member had an actual, potential, or perceived conflict of interest with any item on the agenda. No conflicts were declared.</p> <p><b>c) Minutes of the meeting held on 10<sup>th</sup> November 2021:</b></p> <p>The Chair invited members to review the minutes from the previous meeting. Mr Hagen highlighted an error in the meeting date in the presented minutes. The Committee agreed that subject to the minor amendment being made the minutes were a true and accurate record of the meeting.</p> <p><b>Agreed:</b> That the Committee approved the minutes of the meeting held on 10<sup>th</sup> November 2021</p>
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**Proposed by:** Sam Hagen  
**Seconded by:** Karen Fraser

**d) Matters Arising:**

On the invitation of the Chair Ms. Sampson addressed the committee to provide an update on the TFS issue the committee had asked her to raise. She informed the committee that she had fed the committee's concerns back to the FE Director and the Director will be taking the issue forward with the appropriate team within the Department.

2.

**Correspondence:**

None.

3.

**For Information:**

**a) Operational Risk Reports**

On the invitation of the Chair the Director of Strategic, Planning, Quality and Support presented a high-level summary of operational risks within her directorate. The Director presented 4 operational risks, she provided members with a brief description of the risk, the residual risk score and the actions taken to address the risk.

The Chair noted the capped marketing budget and asked how the criteria is applied for this. The Director advised she was unsure what algorithm is used, the College must report their spending to the Department at the end of the academic year and if there is an overspend this will be deducted from the next years budget. Mr Huddleston advised that capping a marketing budget is standard practice across the UK for the public sector.

The CFO advised that if a College were to overspend it would likely be picked up in external audit. He also highlighted that the Department could request the College's accounts line by line in order to review specific expenditure such as this. The Chair noted the controls in place and commented that it must require imagination to deliver within the budgetary framework and is perhaps something for the committee to consider reviewing at some point in the future.

In response to a question from the Chair the Director SPOQS advised that the new system in place to process cause for concern referrals has modernised the process and she was content that the measures

taken have mitigated the risk of referrals being missed. She further advised that the new systems would simplify the process of identifying trends and themes in the case referrals.

The Chair concluded the discussion by thanking the Director for attending the meeting and for her presentation.

*At this juncture the Director of Strategic, Planning, Quality and Support 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:

- R074: Managing the Financial Viability of the College -The CFO provided an update on the period 4 management accounts which were completed in December, in terms of the Period 4 forecast the CFO highlighted that it contained a £1.6m variance made up of two elements. The first is an estimated easement of £1.5m in the Traineeship programme and the second is an easement of £110k relating to lower-than-expected Covid-19 Student Support payments for the 20/21 academic year.
- The CFO then gave a verbal update on the current forecast – he highlighted that, following an updated funding allocation, it now consisted of only a small variance of £177k relating to Skills Focus funding and that, since this is being factored into the college plan, the overall financial forecast is therefore on track.
- The Chair noted the risk appetite now included in the risk management report and the CFO advised that this was agreed on a recommendation from internal audit
- R086: Maintaining current levels of Higher Education provision-The CFO advised this risk remains red and that the risk has been widened out to include FE, i.e. the risk is now focusing on maintaining current levels across the board. In a brief discussion the committee noted the impact of the pandemic on enrolments and that in terms of the sector numbers SERC has performed relatively well.,
- Mr Huddleston asked if there was a need to include a new risk on how FE sits in overall education in light of the ongoing review of education. The Principal advised that the draft paper on the review of HE would be presented to the education committee to consider at their next meeting. In terms of the 14-19 strategy the Sector continues to try and influence the direction, however he noted that as an NDPB the College's role is to deliver policy and that policy isn't something that would usually form part of the strategic risk register.

*At this juncture the Chief Technology Officer joined the meeting.*

- The CFO reiterated that the next report presented to the committee will include all elements of HE and FE in this risk and that it would therefore reflect the wider concern for the Sector that Mr Huddleston has highlighted.
- R083: Delivering the NIFE STS Project- The CFO provided members with a brief overview of the project, he advised that the project is moving into the operational phase and that the team are working on setting up the appropriate governance frameworks. In a brief discussion around the specific systems the Chief Technology Officer confirmed that a company has been appointed to host the HR system and that although timelines to complete are tight, they are not impossible to achieve. The Chair noted that this risk will become dormant once all systems are up and running.
- R089: Coronavirus Pandemic- The CFO advised the College is continuing its 50/50 “hybrid” approach to delivery in order to ensure there is continuity and stability for staff and students. Covid funding of £1.6m was confirmed by the Department in November and this has mitigated the financial impact of the pandemic.
- The Chair enquired if there is a planned review to consider the lessons learned, risks, work streams and actions? The CFO confirmed that an interim review was conducted as part of the Business Continuity Plan with a full review planned when the pandemic is over. He advised that there will likely be some sector collaboration on lessons learned along with the College’s own review.
- R090: Managing the qualification adaptations for the 20/21 academic year-The CFO advised this risk is stabilising with minimum disruption expected to this years examinations.
- R091: TfS – Move from Supplier Relief to new TfS Operational Requirements. The CFO provided an update on this red risk. He highlighted both the ongoing situation as regards SERC using e-registers in the context of mitigating Covid risks against the Departmental recommendation that hard copy registers and sign-offs are used; and a newer issue coming to light around reduced funding for Disability Support.
- R092: Managing the Impact of Industrial Action-The CFO advised the trade unions have accepted an offer for the years 2019/20 and 2020/21, the business case is currently with the Department and if approved payment will be made into academic staff February salaries.
- The CFO provided a brief update on the non-teaching negotiations and advised that as the offer of 1.75% was rejected by trade unions and employers have refused to re-enter into negotiations, industrial action is very likely, but is subject to the outcome of ballots, which will not be known until February.
- The Principal advised that the majority of non-teaching College staff are members of NIPSA and they have not yet indicated if they will be balloting staff for industrial action.

R093: Cyber Threat- The CTO highlighted the College is working towards Cyber Essential Certification in relation to device updates. Requirements dictate that all devices in 'Scope' must be updated within 14 days. The College strategy is:

- Initial certification will focus on Classroom & Office Devices, although all devices will work under the same standards.
- Devices will be disabled if they fall out of compliance.

This approach has the potential to cause disruption to day-to-day operations, so an education exercise will begin in January 2022 to inform staff of the new process, how they can assist and how to avoid device disablement. This piece of work will delay the certification process but is a necessary step in ensuring that the college is not adversely affected by the certification requirements.

The Chair thanked the CFO for the detailed update on the risk report and noted that it is essential for the committee to receive the report and have a full understanding of the risks.

### **c) IT Resilience Statement**

The Chief Technology Officer referred members to the written report provided and provided a summary of the main points, the following points were highlighted in discussion:

- The CTO advised that the results of the recent security exercise were disappointing as there was a 16% failure rate, he advised that while this figure is still below average it is higher than the previous exercise. The CTO informed the committee he is considering using sanctions for staff that continue to fail these exercises and will focus on working with these staff to ensure they are fully aware of the risks when receiving emails.
- The Chair noted that the figure was very low and the results from students was very encouraging.
- The CTO moved on to the Cyber Essential Certification and advised that he is hopeful that this can be gained much quicker and his team are trying to take smaller steps to address the issues of ensuring that all devices are updated within 14 days and to ensure minimal disruption is caused.
- In response to a query from Mr Lee, the CTO advised that if a staff member is off sick the team maybe able to disable the device so it is exempt from the grading.
- The CTO highlighted that benefits of having CES is receiving a badge of standard which provides reassurance to other organisations that you work, the standards are however very rigid and there is a concern that they are unachievable.
- In concluding his report the CTO advised that as per the internal audit recommendation penetration testing will be completed within 4-6 weeks, there had been a delay with the supplier as they were awaiting a decision from BT on how they would deliver the process.

4.	<p><b>Policies for Approval: Raising Concerns Policy</b></p> <p>None.</p>
5.	<p><b>Internal Audit:</b></p> <p><b>a) Internal Audit Progress Report</b></p> <p>On the invitation of the Chair, Mr McCartney, RSM, presented the progress report. He advised that there are no reports to review since the last meeting, however, fieldwork has started on the next reports. He noted that the risk management workshop for the Sector had been well received and it was a useful session.</p>
6.	<p><b>Summary of Actions taken in Response to External &amp; Internal Audit recommendations:</b></p> <p>The CFO directed members to the summary and advised that one medium recommendation is outstanding which the CTO has updated the committee on the progress under his report. A low recommendation remains on the testing schedule for the Business Continuity Plan which will drop off at the end of the year.</p> <p>The Chair thanked the CFO for the update and noted the report was user friendly and easy to follow.</p>
7.	<p><b>Fraud Update – For Information:</b></p> <p><b>a) Fraud Report January 2022</b></p> <p>The CFO asked members to note the report and advised there are no current live cases of fraud in the College.</p>
8.	<p><b>Any Other Business:</b></p> <p>No other business was discussed.</p>
	<p><b>Date and time of next meeting:</b></p> <p>It was noted that the next meeting of the Audit Committee was scheduled to be held on Wednesday, 6<sup>th</sup> April 2022, at 17:30, location TBC</p>

The Chair declared the meeting closed at 6.57pm