

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of an Online Meeting of the **Audit & Risk Committee**
held on Wednesday 04 November 2020 at 3:30 pm

PRESENT:

- Mr Peter Archdale
- Ms Siobhan Breen
- Mrs Patricia McCaffrey (Committee Chair)
- Mrs Monica McGeary
- Mrs Joanne Moore
- Mr Michael Skuce

IN ATTENDANCE:

- Mr David Conliffe, Department for the Economy
- Dr Jill Cush, Deputy Chief Executive
- Ms Brenda Heenan, PWC
- Mrs Joanne Lucas, Risk & Compliance Officer
- Mr Ian McCartney, RSM
- Mr Sean O'Donnell, Head of Finance
- Mr Brian O'Neill, NI Audit Office
- Dr Nicholas O'Shiel, Chair of the Governing Body
- Mrs Shirley Patterson, Secretary to the Governing Body
- Mrs Eimear Rush, Head of Human Resources (*Item 10 only*)
- Mr Ahsan Sarwar, PWC
- Mrs Carol Viney, Head of Faculty, Professional and Social Sciences (*Item 10 only*)

PRELIMINARIES

The Chair welcomed everyone to the Audit and Risk Committee, she explained that the meeting would be recorded for minute taking purposes, and that this recording would be destroyed when the minutes have been agreed.

1.0 APOLOGIES

None.

2.0 CONFLICT OF INTEREST DECLARATIONS

No declarations were made.

3.0 MINUTES OF AND MATTERS ARISING FROM PREVIOUS MEETING

PREVIOUSLY ISSUED to all members:

- Paper 03 – Minutes of 09 September 2020 Audit & Risk Committee Meeting

An error was noted on page one of the minutes in relation to the organisation of attendee Mr McCartney.

4.0 EXTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 04.01 – Report to those Charged with Governance
- Paper 04.02 – Report on Performance against KPIs

Ms Heenan began her presentation by noting appreciation for the help received throughout the audit, and commented that the audit is substantially complete at this stage. She noted the key areas outstanding, firstly, the disclosure and accounting treatment associated with the holiday pay position following on from the PSNI ruling. She noted that all regional Colleges are in the same position and that there will be sufficient information available to allow colleges to calculate a provision with disclosures in accounts. Ms Heenan continued her presentation by informing the Committee that the remaining outstanding areas are testing to pension assets, liabilities and assumptions; review of budgets for going concern assessment; Erne Campus development contract to ensure there would be no penalty due to the delay in the completion of the project; and confirmation outstanding quantifying any additional capital commitments due to the delay in the Erne Campus project. She noted this information has recently been received and that when reviewed it should be concluded fairly quickly.

Mr Sarwar presented a high-level overview of the Report to those Charged with Governance (paper 04.01). In relation to the management of information and personal data he noted no data breaches were identified. He noted the Erne Campus Development as a signification risk, commenting that in terms of expenditure it could be classified incorrectly between revenue and capital and therefore be accounted for incorrectly. He also noted a regularity risk is that approvals required from the Department and construction risks are not addressed appropriately. He commented that no issues were identified in terms of the payroll transition and Coronavirus. Mr Sarwar continued his presentation by providing an overview of the audit findings, he noted a weakness identified within internal control as a recording of prompt payments. He detailed that out of a sample of 25 payments, 1 was noted as being paid over 30 days after the received date, he noted this was a delay in the receipt of the supplier invoice due to lockdown amidst Covid-19 and the payment was made in 32 days. In conclusion, he noted further matters of interest as central procurement Department; NILGOSC Pension; Accounting for PFI lifecycle costs; and fair value of fixed assets.

The Chair informed members that as per the Audit and Risk Terms of Reference, she has reviewed the financial statements with the Head of Finance. She provided a summary of areas discussed with Mr O'Donnell in relation to the financial statements. She invited Mr O'Donnell to comment on the increase of liability in terms of the NILGOSC pension. Mr O'Donnell noted the volatility in the return of investments and the impact of Covid-19 on the equity, he noted a bounce back is expected but it will not be immediate. Following discussion with Committee members, it was agreed that the Committee would consider the feedback from the actuary regarding the increase in pension liability, and that Mr O'Donnell would include a paragraph of explanation in the financial statements in relation to the large increase of liability for the NILGOSC pension.

With reference to the prompt payment weakness identified in the audit findings, Mr O'Donnell commented to note that due to the unprecedented Covid-19 closure of the College there was no way to access the invoice, he noted that procedures have been put in place to move all invoicing online to mitigate this in the case of further closure. The Chair suggested that PWC take this into consideration in the final report.

The Committee also noted the contents of paper 04.02.

AGREED: that the Annual Report & Financial Statements 2019/20 be recommended to the Governing Body for approval.

5.0 INTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 05 – Internal Audit Progress Report

Mr McCartney provided an overview of the internal audit progress report (paper 05), he began his presentation by noting the review of the risk management framework has been completed, and that the next reviews of cyber security; budgetary control and financial management information; and student engagement will be completed on time to report to the February Audit and Risk Committee meeting. He noted two low priority issues, and no concerns in respect of control observations. He further noted that an update on the College position in respect of agreed actions will be included in the progress report when the follow up review has been completed. Mr McCartney provided a summary of appendix A, progress against the internal audit plan, appendix B, other matters and appendix C, key performance indicators. Mr McCartney then welcomed any questions from the Committee.

In response to a query from Dr O’Shiel in relation to what will be involved in the student engagement audit, Mr McCartney outlined the plan at a high level. The Chair proposed that the terms of reference for the student engagement audit should be shared in advance of the audit.

AGREED: the terms of reference for the student engagement audit will be shared by RSM in advance of the audit.

With reference to paper 09.01, Mr McCartney provided a summary of the review of the risk assurance framework. He noted that overall there is a satisfactory assurance rating in this area with only a few low priority issues arising. He provided a summary of the detailed findings and actions for the risk issues identified. Mrs Lucas commented to note the recommendations will be in place following the policy review in May 2021.

The Chair referenced the RSM Board Assurance (paper 09.02) and asked Mr McCartney to provide a high-level summary. Mr McCartney outlined work which has been carried out with UK colleges, noting that it takes place as an interactive workshop to work through the template of the framework. Committee members discussed the level of resource required for the framework and the added value to the College. It was noted that an example matrix was available and that this should be shared with the Committee. In conclusion, the Chair proposed that the College management team review the proposal of a board assurance framework in terms of added value and resource.

AGREED: circulation of an example Board Assurance Framework

AGREED: Management to review the proposal of a Board Assurance Framework in terms of added value and resource.

6.0 FRAUD REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06 – Fraud Report

Mrs Lucas confirmed that no new cases of fraud had been reported.

7.0 REPORT ON WHISTLEBLOWING

PREVIOUSLY ISSUED to all members:

- Paper 07 – Whistleblowing Report

Mrs Lucas confirmed that no new cases of whistleblowing had been reported.

8.0 RISK MANAGEMENT IN THE ERNE CAMPUS DEVELOPMENT

Dr Cush provided a summary update on the Erne Campus development, she noted no significant issues, albeit the complexities of Covid-19 are there. She noted the project is still on track, although the contractor has indicated a two-week delay, but this has not been agreed. She commented on the allocation of additional funding from DfE in light of additional costs due to Covid-19 and noted negotiations are ongoing with the contractor in relation to costs. She outlined good progress with BREEAM and Passivehaus standards within the project.

9.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 09 – Management Report
- Paper 09.01 – Final Report on the Review of the Risk Assurance Framework
- Paper 09.02 – RSM Board Assurance – FE Colleges
- Paper 09.03 – Internal Audit Progress Report
- Paper 09.04 – Outstanding Recommendations for 2020/21
- Paper 09.05 – Corporate Risk Register 2020/21
- Paper 09.06 – Corporate Risk Register 2020/21 (Spreadsheet)
- Paper 09.07 – Technical Services Security Report
- Paper 09.08 – Direct Award Contracts
- Paper 09.09 – Draft Annual Report & Financial Statements 2019/20
- Paper 09.10 – Freedom of Information Scheme
- Paper 09.11 – Freedom to Speak Up: Raising a Concern Policy
- Paper 09.12 – Summary for Staff of the Freedom to Speak Up: Raising a Concern Policy

9.1 External Audit Update

Ref: Management Report Section 1.0

NOTED.

9.2 Internal Audit Activity 2020-2021 and Three Year Strategy

Ref: Management Report Section 2.0 and papers 09.01, 09.02 & 09.03

NOTED

9.3 Audit Recommendations Follow Up Review – Management Schedule

Ref: Management Report Section 3.0 and paper 08.04

NOTED.

9.4 Annual Corporate Risk Register Review

Ref: Management Report Section 4.0 and papers 09.05 and 09.06

Mrs Lucas provided an update on the annual corporate risk register (paper 09.05), she noted that Covid-19 has been added to the register as agreed at the Committee meeting in September. She noted no new risks have been added. She outlined two risks that have escalated, firstly, failure to recruit and retain suitably qualified and experienced staff, she commented that this has increased due to the stalling of the Transform to Deliver sectoral project. She noted the second risk which has escalated as the Systems Transformation and commented on the issues arising due to the failure to deploy Worldpay as a new means for collecting student fees. She further outlined four risks which have deescalated in severity and noted the measures that have been in place by the college that has resulted in de-escalation of these risks.

In relation to the Transform to Deliver sectoral project, Mrs McGeary drew attention to the reviews and noted that it is reviewed more regularly than once per month. Dr Cush further commented to note that an interim proposal is being presented to the next Governing Body meeting through the Staffing Committee to help with recruitment with staff.

The Chair asked Mr O'Donnell to provide further detail on the issues with Worldpay in relation to collecting course fees. He advised that Worldpay is not compatible with EBS and that this is a sector wide issue. He noted the interim arrangements the college have put in place for payment of fees through a dedicated phone line.

9.5 Data Security Update Report

Ref: Management Report Section 5.0 and paper 09.07

NOTED

9.6 Report on Direct Award Contracts

Ref: Management Report Section 6.0 and paper 09.08

NOTED

9.7 Draft Annual Report and Financial Statements 2019/20

Ref: Management Report Section 7.0 and paper 09.09

NOTED

9.8 Mid-Year Assurance Statement (DfE 2020/21 financial year)

Ref: Management Report Section 8.0

NOTED

9.9 Freedom of Information Scheme

Ref: Management Report Section 9.0 and paper 09.10

NOTED

9.10 Policy Review

Ref: Management Report Section 10.0 and papers 09.11 and 09.12

AGREED: that the revised Freedom to Speak Up: Raising a Concern Policy be recommended to the Governing Body for approval.

10.0 DEPARTMENTAL RISK REGISTER REPORTS

PREVIOUSLY ISSUED to all members:

- Paper 10.01 – Professional & Social Sciences Risk Register
- Paper 10.02 – Human Resources Risk Register

Mrs Viney, Head of Faculty and Mrs Rushe, Head of Human Resources, joined the meeting at this juncture.

10.1 Professional & Social Sciences Risk Register Update

Mrs Viney presented an overview of the risk management for the Faculty of Professional and Social Sciences. She noted that all risks take into account Covid-19. In relation to the number of risks identified for the faculty she noted that two risks have been removed, two risks have been escalated and one risk has remained the same. She provided detail on the risks which have escalated, firstly, sickness absence management, noting that absence has increased. She explained that self-isolation for Covid-19 has had an impact on absence and to mitigate this risk under deployed staff are being redeployed to provide cover. The second risk she noted as escalated was sustaining effective recruitment, retention, achievement and progression across all programmes. She referred to the RAG system, delayed start of some programmes to accommodate adaptive assessment, frontloading practical curriculum and redeployment of staff as additional learning mentors as actions to mitigate this risk. In concluding her presentation, Mrs Viney reported on the last risk, change in college information systems (LMS). She commented on the issue with Worldpay for course fees and noted the telephone payments line which has been set up by the finance department to collect fees. The Chair commented to welcome the investment of additional learning mentors.

Mrs Viney was thanked for her presentation and withdrew from the meeting at this juncture.

10.2 Human Resources Risk Register Update

Mrs Rushe presented the risk register for Human Resources and noted five key risks have been identified within the department, three of which have escalated, one deescalated and one has remained the same. She reported the risks as, workforce planning and resourcing to enhance student experience; organisational design and development; staff health and wellbeing, collaboration; and implementation of organisational change. She referred to the actions and mitigations for these risks and noted a cautious approach to continue to provide optimum levels of delivery, whilst ensuring compliance with legislation and in line with the College governance process. The Chair commented to congratulate the department on the successful STS project.

Mrs Rushe was thanked for her presentation and withdrew from the meeting at this juncture.

11.0 Audit and Risk Committee Annual Report

PREVIOUSLY ISSUED to all members:

- Paper 11 – 2019/20 Audit and Risk Committee Annual Report

AGREED: that the 2019/20 Audit & Risk Committee Annual Report be recommended to the Governing Body for adoption.

12.0 ANY OTHER RELEVANT BUSINESS

Mr Archdale referenced the Sustainability Strategy, noting that board members will be aware that the strategy will be presented at the Governing Body Meeting on 11th November 2020.

13.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 13 – List of Outstanding Actions

The Chair referenced the list of outstanding actions (paper 13), noting item 1 would remain outstanding, and items 2 and 3 are no longer outstanding. With reference to item 4, she invited Mrs Lucas to comment. Mrs Lucas provided a summary of trends, noting no particular trends were identified. She commented on one course which had a couple of complaints in relation to entry requirement and the role of the interviews, she noted actions have been taken to rectify the issues identified with this course. The Chair thanked Mrs Lucas for her update and welcomed a high level overview of risk management system in May 2021

AGREED: a high level overview of the risk management system to be provided in May 2021

14.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members conveyed their satisfaction with the proceedings.

The meeting concluded at 5:30 pm.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY 11
NOVEMBER 2020.**

CHAIRMAN _____ DATE _____

SUMMARY OF OUTSTANDING ACTIONS

	Meeting Date	Minute Ref	Action
1	10/09/2020	4.0	Mr McCartney will review the terms of reference for each audit to include a focus on the student. In particular, course content to be included in the student engagement audit terms of reference.
	04/11/2020	5.0	The terms of reference for the student engagement audit will be shared by RSM in advance of the audit.
2	04/11/2020	5.0	Circulation of an example Board Assurance Framework.
	04/11/2020	5.0	Management to review the proposal of a Board Assurance Framework in terms of added value and resource.
3	04/11/2020	13.0	A high-level overview of the risk management system to be provided in May 2021.