

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a Meeting of the **Audit & Risk Committee**
held on Wednesday 12 February 2020 at 3:30 pm
in the Boardroom, Dungannon Campus, Circular Road, Dungannon

PRESENT: Mr Peter Archdale
Mrs Patricia McCaffrey (Committee Chair)
Mrs Monica McGeary
Mrs Joanne Moore
Mr Michael Skuce

IN ATTENDANCE: Dr Jill Cush, Deputy Chief Executive
Mrs Joanne Lucas, Risk & Compliance Officer
Mr Michael McAlister, Chief Executive
Mr Jason McCallion, PwC
Mr Anthony McKibbin, Grant Thornton
Mr Ciaran McManus, Assistant CE Industry Partnership and
Centres for Excellence (*Item 9.0 only*)
Mr John Moss, Head of BEC&LS Faculty (*Item 9.0 only*)
Ms Claire O'Donnell, Secretary to the Governing Body
Mr Sean O'Donnell, Head of Finance (*via Video Conference*)
Dr Nicholas O'Shiel, Chair of the Governing Body
Mr Tomas Wilkinson, NI Audit Office

1.0 APOLOGIES

Apologies were recorded from Ms Breen.

2.0 CONFLICT OF INTEREST DECLARATIONS

There were no conflict of interest declarations.

3.0 MATTERS ARISING FROM MINUTES OF PREVIOUS MEETING

PREVIOUSLY ISSUED to all members:

- Paper 03 Minutes of the Audit & Risk Committee meeting held on Wednesday 06 November 2019

There were no matters arising.

The Chair then took members through each of the outstanding actions in turn, as detailed in Appendix A to the minutes (Paper 03).

- (i) Dr Cush confirmed that she would check back for evidence to confirm that feedback had been provided to DfE on the limitations of the criteria applied in the Student Hardship Fund.
- (ii) The Chief Executive advised that the Erne Project Board had considered the decant plan for the Fairview campus and he, along with other members of the

Project Board present, gave an assurance that this was being managed appropriately.

- (iii) The Chief Executive advised that the Erne Project Board had considered the first draft of the 5 year operational plan for the new campus at its meeting on 24 January 2020. This report would be going back to the Project Board at the end of February 2020 and the Chief Executive gave an undertaking to seek departmental advice on whether this document could be shared. Mr Archdale objected strongly to the notion that the Department could withhold operational information from governors. The Chief Executive assured him that Departmental approval was required. Mrs McGeary suggested engaging companies who might be interested in academies at this point, so that relationships were well developed. The Chief Executive agreed to take this on board.
- (iv) In relation to the business case seeking funding for solutions to mitigate data security risks, Mr O'Donnell advised that this had been prepared but was currently on hold due to the budget pressures expected in 2020/21. In response to members concerns, Mr O'Donnell clarified that the business case was for £150,000 and then outlined how the College had tightened its security measures which considerably mitigated the risks. The Chief Executive gave an assurance that these measures were being managed and were sufficient to mitigate the risks. Mrs Moore pointed out that the risks presented to the Committee through the various reports were very high. Mr Archdale added that the Committee was not aware of the risks before and after the £150,000 solution. The Chair suggested that Mrs McGrath should update on this at the next meeting. In response to further concerns from members, Mrs Lucas clarified that the College had taken out cyber insurance, that a Data Security Cyber Officer had been in post for 9 months, that Multi Factor Authentication was being rolled out and that geo-location locks were now in place. In response, the Chair suggested that the outstanding audit actions presented to the Committee today needed to be prioritized, with an update on the risks and mitigating factors to be provided by Mrs McGrath at the next meeting. In relation to cyber insurance, Dr O'Shiel sought assurance from the College that there was sufficient cover, adding that more could be taken out in the meantime if required and Governing Body approval could be sought to top up this insurance if necessary.
- (v) Mr McKibbin confirmed that the terms of reference for the internal audit of the Erne Campus included the three elements itemized.
- (vi) In relation to PFI profiling, Mr O'Donnell advised that a solution had been identified adding that he could share the paper on this. Mr Wilkinson suggested that Mr O'Donnell share this paper with Audit Office so that they could give an opinion on it in advance. In response, Mr O'Donnell advised that the paper considered two solutions:
 - a. The first option was to capitalize the lifecycle costs. This would require £11m more capital cover but would mean that normal cover would be reduced by £11m.
 - b. The second option was a prepayment plan.Mr O'Donnell agreed to share this paper with the Audit Office in advance of sharing with the Finance and General Purposes Committee. The Chief Executive commented that the College was unlucky that this issue coincided with departmental pressures, adding that if a solution couldn't be found it would mean cutting services which would be very detrimental to the region.

AGREED:

- (i) **Dr Cush to provide evidence that feedback had been provided to DfE on the limitations of the criteria applied in the Student Hardship Fund**

- (ii) Chief Executive to seek departmental advice on sharing the Erne Campus 5 Year Operational Plan with governors
- (iii) Mrs McGrath to provide an update at the next Audit Committee Meeting on:
 - a. Data security risks before and after the £150k solution
 - b. Prioritization of outstanding audit actions to include update on the risks and mitigating factors
- (iv) Chief Executive to provide assurance that the level of cyber insurance cover is adequate.
- (v) Mr O'Donnell to share PFI Profiling paper with Northern Ireland Audit Office

4. **INTERNAL AUDIT REPORTS**

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Report on Progress Against Internal Audit Plan
- Paper 04.02 Review of Strategic Planning and Performance Management
- Paper 04.03 Virtual Delivery Review

4.1 **Report on Progress Against Internal Audit Plan**

Ref: Paper 04.01

Mr McKibbin reported good progress overall and gave an assurance that the seven outstanding final reports would be completed and presented to the next Committee meeting.

4.2 **Review of Strategic Planning and Performance Management**

Ref: Paper 04.02

Mr McKibbin advised that a satisfactory assurance rating had been awarded for the appropriateness and effectiveness of the processes and controls in place relating to Strategic Planning and Performance Management. He outlined an extremely positive report with no weaknesses or findings.

The Chair asked Mr McKibbin to review his report for typos around the use of CDP and CPD.

4.3 **Virtual Delivery Review**

Ref: Paper 04.03

Mr McKibbin again outlined a satisfactory assurance rating for Virtual Delivery with no issues identified. He added that a separate piece of work, looking at the costings, budgets and staff input, was currently being carried out at the request of governors.

Mr Archdale sought assurance that those students and/or courses who were being disadvantaged by this approach had been considered. In response, the Chief Executive explained that the College was working to DfE requirements and that this was an issue which should be moved forward sectorally.

5. **FRAUD REPORT**

PREVIOUSLY ISSUED to all members:

- Paper 05 Fraud Report

Mrs Lucas confirmed that no new cases of fraud or potential fraud had been reported since the last Audit & Risk Committee meeting.

6.0 **WHISTLEBLOWING**

PREVIOUSLY ISSUED to all members:

- Paper 06 Whistleblowing Report

Mrs Lucas confirmed that no public interest disclosures had been received since the last committee meeting.

7.0 **ERNE PROJECT RISK REPORT**

PREVIOUSLY ISSUED to all members:

- Paper 07 Erne Campus Project Risk Report

The Chief Executive advised that since the last Audit Committee meeting, Gary Bennett, one of the consultants on the Erne Project, had been involved in a fatal accident. He added that Mr Bennett had delivered a lot of technical solutions for the build and that the Project Team were currently working with his son who had taken over the business. He proposed that a small tribute should be erected to Mr Bennett in the new campus in recognition of his contribution to the build.

The Chief Executive updated members on the current status of the Erne Project as follows:

- (i) The project was on programme for completion by 6 August 2020
- (ii) The project was on target to achieve predicted spend
- (iii) The project remained within budget

In responding to a query from Mr Archdale, he advised that the amount of residual money would affect the standard of fit out and the soft landing.

The Chief Executive went on to explain that the Project Team managed and monitored the Risk Register for the project. The Global Risk Register had been reviewed on 14 January 2020 and an update considered at the Project Board Meeting on 24 January 2020. As a result, he advised, three risks on the Project Risk Register would move to the Corporate Risk Register, as detailed in Paper 07. In response to a query from Mr Archdale, the Chief Executive agreed to check who would own these risks.

AGREED: Chief Executive to advise who owns the three risks transferring from the Erne Project Risk Register to the Corporate Risk Register.

8.0 **MANAGEMENT REPORT**

PREVIOUSLY ISSUED to all members:

- Paper 08 Management Report
- Paper 08.01 Audit Recommendations follow up review – management schedule
- Paper 08.02 South West College Corporate Risk Register
- Paper 08.03 Summary of SWC Corporate Risk Register
- Paper 08.04 South West College Academic Risk Register
- Paper 08.05 Technical Services Security Report November 2019 – January 2020
- Paper 08.06 Direct Award Contracts February 2020
- Paper 08.07 Data Services Report January 2020
- Paper 08.08 ILT Security Auditing Policy 2020

Reporting by exception, as requested by the Committee Chair, Mrs Lucas and Mr O'Donnell took members through the Management Report, focusing on the following issues:

8.1 Audit Recommendations follow up review – management schedule

Ref: Management Report Section 1.0 and Paper 08.01

Mrs Lucas advised that some actions had been completed and some were outstanding as detailed in Paper 08.01.

8.2 South West College Corporate Risk Register

Ref: Management Report Section 2.0 and Papers 08.02, 08.03 & 08.04

Mrs Lucas advised that this was the first time the Corporate Risk Register had been presented to the Committee. She explained that it had been reviewed in line with the organizational review and had also been reviewed by the senior management team. Ten corporate risks had been identified which were linked to the strategic objectives of the College, the detail of which could be found in Paper 08.02. In concluding, Mrs Lucas advised that the College remained cautious in its approach to risk management.

Mrs McGeary queried whether the College was expecting the change risk to remain so high at this point. In response, the Chief Executive advised that it was still early in the change process and that this risk would remain high for a period of time to ensure that that the College remained focused on it. Mrs Moore then clarified that the risk rating for cyber security and data security was currently 15 and the risk rating for organizational redesign was 9.

In response to comments from Dr O'Shiel on the large number of red status risks, Mrs Lucas clarified that a heat map approach had been used. The Chief Executive added that the College did not want to become complacent about risks and that, while the narrative explained how the risks were being managed, the College needed to remain alert to these. Mr Wilkinson then explained that governors needed to be satisfied that the mitigations were addressing the risks.

In concluding, the Chief Executive paid tribute to Mrs Lucas for her work on the Risk Register which, he noted, had moved on significantly.

8.3 Data Security Update Report

Ref: Management Report Section 3.0 and Paper 08.05

In referring to earlier discussions, the Chair requested more information on Data Security Updates on or before the next meeting.

She noted a deferral of the ILT Security Auditing Policy and also that Grant Thornton would be presenting a further report on Digital Learning to the next committee meeting. Finally, she noted that Grant Thornton were currently finishing their term as internal auditors and had a number of reports to present to the next meeting. Mr McKibbin gave assurance that these would all be completed.

Mrs Lucas then apprised members of the latest COVID-19 Update relating to the recent outbreak of Coronavirus in China. The Chief Medical Officer had identified a low to medium risk of an outbreak locally and the Department of Health's advice issued on 6 February 2020, was that people travelling from Wuhan, Hubei and mainland China should be isolated. Mrs Lucas advised that any College trips abroad at the moment were all to countries that had not been affected by the virus. She advised that the College would continue to monitor the situation.

8.4 Report on Direct Award Contracts

Ref: Management Report Section 4.0 and Paper 08.06

NOTED.

8.5 Data Services Report

Ref: Management Report Section 5.0 and Paper 08.07

NOTED.

8.6 NI Government Annual Theft and Fraud Report

Ref: Management Report Section 6.0

It was noted that the College had yet to receive this report.

8.7 Policy Reviews

8.7.1 ILT Security Auditing Policy 2020

Ref: Management Report Section 7.0 and Papers 08.08

In commenting on the draft policy, Mrs Moore suggested that users should be asked to lock their computers rather than shutting them down when away from their desk. In relation to cyber security, she pointed out that there was no mention of using a secure wifi connection when logging on externally. She advised that users should not be accessing College systems from non-secure wifi networks. Mrs Lucas agreed to revise the policy accordingly.

Mrs McGeary further suggested that a one page workflow policy summary would benefit staff. In response to a query from Mr Skuce, Mrs Lucas advised that IT were looking at NetConsent as a way of verifying that users had read policies. Mr Skuce further queried if there was an obligation on those reviewing policies to brief line managers on the changes. It was agreed that Mrs Lucas would update on this at the next meeting. It was further agreed that the ILT Security Auditing Policy would be

reviewed to incorporate the changes suggested by Mrs Moore and presented to the Governing Body for approval. Finally, it was agreed that all future policy changes would incorporate a one page workflow summary.

AGREED: (i) Mrs Lucas to update on NetConsent and current procedure at the next meeting; (ii) ILT Security Auditing Policy to be reviewed in light of Mrs Moore's comments and presented to the Governing Body for approval and: (iii) all future policy changes to be accompanied by a one page workflow summary.

Mrs Moore then pointed out that under the Audit Policy section of the document (Page 7), it states 'It is the responsibility of South West College Board of Governors to put in place an appropriate system of internal audit, which provides an independent assessment of Technical Services policies'. In response, Mrs Lucas advised that the Risk Committee met monthly with managers, where any new policies were discussed, before managers met with their staff to brief them. Mr Skuce asked again for an assurance that staff had read the policies. The Chair asked Mrs Lucas to update on this at the next meeting.

9.0 DEPARTMENTAL RISK REGISTER PRESENTATIONS

PREVIOUSLY ISSUED to all members:

- Paper 09.01 Faculty of Built Environment, Creative and Life Sciences Risk Management
- Paper 09.02 Centres for Excellence Risk Management

Mr John Moss, Head of Built Environment, Creative and Life Sciences Faculty joined the meeting at this juncture along with Mr Ciaran McManus, Assistant Chief Executive Industry Partnership and Centres for Excellence.

9.1 Faculty of Built Environment, Creative & Life Sciences Risk Register

Through his presentation, Mr Moss updated the Committee on the main risks facing his Faculty. He spoke in particular about the difficulty of recruiting and retaining staff, especially at Levels 4, 5 and 6. He advised that he continued to review recruitment activity at lecturer and technician level, adding that the Faculty had met all recruitment targets. He finished by advising that he had been reassured by the positive feedback from the recent ETI inspection.

Mr Archdale queried if targeted marketing activity could resolve Mr Moss's recruitment issue. Mr Moss responded by advising that a focus on the package and not just the salary had worked in the last two recruitment exercises. In response to a further query around upskilling from the Chair, Mr Moss advised that his Faculty had the highest level of CPD activity and had also invested in part time lecturing.

9.2 Centres for Excellence Risk Register

In developing the Risk Register for the Centres for Excellence, Mr McManus explained, he had asked all five centres to develop their own risk registers and he had taken the top two risks from each. Through his presentation, he then outlined these ten risks for the Committee.

In response to a query from Mrs McGeary, he advised that he had made more progress than expected in the first year with the five new Centres, and that priorities could be further refined in year two.

Mr Moss and Mr McManus were thanked for their presentations and left the meeting at this juncture.

10.0 ANY OTHER RELEVANT BUSINESS

10.1 Erne Project Risk Register Update

The Chair noted that Mrs Grugan was scheduled to give an update on the Erne Project Risk Register at this meeting and asked that Mrs Grugan be invited to the next meeting to present her Risk Register.

10.2 Payroll System

In response to a query from Mrs Moore, the Chief Executive confirmed that good progress was being made towards the new Payroll System. He noted that the College would use the current system until the end of March, when a dual system would run for two months.

11.0 REVIEW OF OUTSTANDING ACTIONS

It was noted that outstanding actions from the November 2019 committee meeting had been addressed under Item 3.0. The resultant summary of outstanding actions, including those arising from this meeting, are attached at Appendix A.

12.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members conveyed their satisfaction with the proceedings.

The meeting concluded at 5.30pm.

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

CHAIRMAN _____

DATE _____

SUMMARY OF OUTSTANDING ACTIONS

	Meeting Date	Minute Ref	Action
1	15/05/2019	5.2	Feedback to be provided to DfE on the limitations of the criteria applied in the Student Hardship Fund.
	12/02/2020	3.0	Dr Cush to provide evidence to confirm that this feedback had been given.
2	15/05/2019	6.0	High-level plan for the first three years* of operation to be provided to the Committee.
	06/11/2019	8.0	*subsequently agreed to present a five year plan
	12/02/2020	3.0	Chief Executive to seek Departmental approval to share this document with governors
3	15/05/2019	7.1	Submit a business case to DfE to seek funding for the solutions required to mitigate data security risks.
	12/02/2020	3.0	(i) Mrs McGrath to provide an update at the next Audit Committee Meeting on: a. Data security risks before and after the £150k solution b. Prioritization of outstanding audit actions to include update on the risks and mitigating factors (ii) Chief Executive to provide assurance that the level of cyber insurance cover is adequate.
4	12/02/2020	3.0	Mr O'Donnell to share PFI Profiling paper with Northern Ireland Audit Office in advance of Finance and General Purposes Committee
5	12/02/2020	7.0	Chief Executive to advise who owns the three risks transferring from the Erne Project Risk Register to the Corporate Risk Register.
6	12/02/2020	8.7.1	ILT Security Auditing Policy 2020 (i) Mrs Lucas to update on NetConsent and current procedure at the next meeting; (ii) ILT Security Auditing Policy to be reviewed in light of Mrs Moore's comments and presented to the Governing Body for approval (iii) All future policy changes to be accompanied by a one page workflow summary.

7	12/02/2020	10.1	Mrs Grugan to be invited to the next Committee Meeting to update on the Risk Register for the Erne Project
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