

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of an Online Meeting of the **Audit & Risk Committee**
held on Wednesday 13 May 2020 at 3:30 pm

PRESENT:

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

IN ATTENDANCE:

- Dr Jill Cush, Deputy Chief Executive
- Mrs Joanne Lucas, Risk & Compliance Officer
- Mrs Eimear Grugan, Project Sponsor (*Item 9.1 only*)
- Mr Michael McAlister, Chief Executive
- Mrs Fiona McCauley, Secretary to the Governing Body
- Mr Anthony McKibbin, Grant Thornton
- Mr Pdraig McNamee, Head of Automotive, Computing and Engineering Faculty (*Item 9.2 only*)
- Ms Claire O'Donnell, Secretary to the Governing Body (Acting)
- Mr Sean O'Donnell, Head of Finance
- Mr Brian O'Neill, NI Audit Office
- Dr Nicholas O'Shiel, Chair of the Governing Body
- Mrs Lindsey Paterson, PwC

PRELIMINARIES

At the outset the Chair explained that the meeting would be recorded for minute taking purposes and that this recording would be destroyed when the minutes had been agreed.

1.0 APOLOGIES

None.

2.0 CONFLICT OF INTEREST DECLARATIONS

No declarations were made.

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 12 February 2020

In relation to page 6 of these minutes, Mrs Moore clarified that her comment around the necessity for users to use secure wifi networks related only to senior College staff accessing senior information.

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).

In relation to item 1 on the outstanding actions, the Chief Executive advised that the Department had agreed that the 5 year Erne Campus Operational Plan could be shared with governors, provided there was no reference to payments or contractor details.

In relation to item 2 on the outstanding actions, the Chair noted that a Technical Services Security Report would be considered later in the meeting.

In relation to item 3, around risks transferring from the Erne Project Risk Register to the Corporate Risk Register, the Chief Executive advised that he would own these risks jointly with the Head of Finance and Head of Estates.

In relation to item 4, ILT Security Auditing Policy 2020, the Chair noted again that this would be considered later in the meeting.

Finally, in relation to item 5, the Chair noted that Mrs Grugan would be joining the meeting to update on the Erne Campus risk register.

4.0 INTERNAL AUDIT REPORTS

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Report on Progress Against Internal Audit Plan
- Paper 04.02 Internal Audit Annual Assurance Report
- Paper 04.03 Proposed 2020/21 Internal Audit Plan

Mr McKibbin advised that he had a number of reports to consider, three of which were contained within the Management Report. He proposed to cover all reports at this point.

Looking firstly at Paper 08.03, Review of PFI, Mr McKibbin advised that satisfactory assurance could be given. He outlined a very positive report overall with only one priority 3 finding, recommending that roles and responsibilities were documented, which he noted had been done.

Looking at Paper 08.04, Business Continuity and Disaster Recovery Planning, Mr McKibbin again advised that satisfactory assurance could be provided. One priority three finding had been identified, he advised, recommending a schedule of live testing. In response to a queries from Mr Skuce and Mrs McGeary, Mr McKibbin clarified that it was recommended that debriefs were carried out and documented after live incidents, whether planned or not. The Chief Executive further pointed out that the Virtual Day had been carried out for nine years and provided assurance that the expertise was in place and could be used if needed.

The Chair then welcomed Mrs McCauley to the meeting, noting that she had returned to work after a period of maternity leave.

Mr McKibbin then outlined the Erne Campus Review which Ms O'Donnell noted had been emailed to all members earlier that day. Mrs McGeary and the Chair both noted that this report had been prepared in January 2020 and was now being presented to the Audit & Risk Committee, when things had moved on significantly. In response Mr McKibbin advised that the draft was issued in February 2020 and that it took some time to get responses. Overall, Mr McKibbin advised that satisfactory assurance could be provided. Looking at the findings, Mr McKibbin advised that in carrying this out this audit they had identified three recommendations which were still open following the Gateway Review in 2017. The Chair highlighted the disconnect with dates in this respect and following comments from Mr McKibbin, suggested that recommendations which had been closed off should be removed from the final report. She noted that this would also apply to recommendation number four.

AGREED: that Mr McKibbin would review the Erne Campus report to remove actions which had been closed off.

4.1 Report on Progress Against Internal Audit Plan

Ref: Paper 04.01

Mr McKibbin outlined a very positive position in relation to the follow up audit points. He explained that Grant Thornton had looked at 17 findings, with 13 fully implemented, one no longer applicable and three carried forward into 2020/21. The three being carried forward were for Estates Management, IT security and Business Continuity and Disaster Recovery. He then gave detail of the recommended further development of the annual estates plan, the statement of applicability requirement for IT security and explained that the implementation date for Business Continuity and Disaster Recovery Plan was December 2020. In response to a query from the Chair, Mrs Lucas then confirmed that the statement of applicability was being progressed but was not yet finalized. The Chair requested that further detail was provided at the next meeting on this and the development of the estates plan.

AGREED: that further detail on the statement of applicability and the development of the estates plan would be presented at the next meeting.

4.2 Internal Audit Annual Assurance Report

Ref: Paper 04.02

Mr McKibbin highlighted the main points of this paper, advising that all audits had been completed satisfactorily. He explained that the planned days for internal audit were 56 and actual days were also 56. All except one KPI was 100%.

In relation to the student engagement audit, Mrs Moore expressed her disappointment that this was not able to be carried forward, particularly as student engagement in the current circumstances was very important. Mr McKibbin explained how difficult it would be to carry out this audit remotely, but noted that it had been carried forward to 2020/21.

The Chair noted that this was Mr McKibbin's last meeting with the College and enquired if he had anything further to add. In response Mr McKibbin advised that he would finalise the Erne Report. Mr McKibbin further explained that Grant Thornton would be auditing the teachers superannuation and pension return which was due to be submitted at the end of June. He explained that Grant Thornton would be in communication until then and going forward would be able to answer any queries in the transition period and any questions the incumbent auditors may have.

The Chair expressed her appreciation to Mr McKibbin and his team for their work over the last three years and congratulated the senior management team on generally satisfactory audit findings throughout. The Chief Executive also extended his appreciation to Mr McKibbin and his team for the work carried out. This was reciprocated by Mr McKibbin who explained that staff had been very open to having their areas audited and to the recommendations flowing out of these audits.

4.3 Proposed 2020/21 Internal Audit Plan

Ref: Paper 04.03

The Chair advised that when looking at potential audit areas, it should be based on risk, with the strategic priorities for the College being students, financial sustainability, staff, curriculum and governance. Risks identified were reputational, compliance, financial, learning and teaching, research and student experience and she asked members to be cognizant of this when considering Paper 04.03.

Mrs Lucas then outlined the proposed audit areas for 2020/21, explaining that the number of audit days would be reduced from 50 to 40. She welcomed members' views on these proposed audit areas. The Chair welcomed an audit in relation to budgetary control and financial management, commenting that a review of the funding model and the new academic structure had not been looked at last year and she suggested it should be looked at in 2020/21. She pointed out that risks to funding streams from Covid -19 should also be considered. In response to a further query from the Chair, Mrs Lucas explained that the compliance of public sector website accessibility would probably be programmed late on or potentially in 2021/22 as part of the three-year plan. Mr Skuce queried if safeguarding had been looked at recently particularly in the current remote delivery environment. Mrs Lucas explained that the new sectoral Safeguarding Policy had been implemented recently. The Chief Executive added that the Safeguarding Policy had been reviewed during the remote period, explaining that additional support and guidelines had been issued to staff. Dr O'Shiel then queried how many of the 40 days were allocated to the student engagement audit. Mr Skuce then observed that these were high level areas to be audited and more detail would be welcome. In response, Mr McKibbin explained that a minimum of five days should be allocated per audit, but that additional days could be allocated if a more focused audit was deemed necessary. He also noted the reduction in days and advised that some days could be saved as only three recommendations were being carried forward into 2020/21. In relation to the proposed budgetary control and financial management audit, Mr O'Donnell advised that no audit had been carried out in the last two years in this area. He pointed out that this was a high risk area, adding that there were quite a few new budget holders following re-organisation. He added that the 2020/21 budget was being prepared but was based largely on assumptions as the full impact of Covid-19 had yet to be realized and this budget may be subject to revision in October 2020 depending on the number of enrolments. The Chair agreed with these comments. Mrs McGearry then noted that a review of the new structure

was to be carried out and queried if there would be value in asking the internal audit service to look at the workflow and share of information between the schools and faculties as an element of this review. In response the Chief Executive advised that it was intended to carry out this review in May/June 2020 but that given the current situation and workload, it would be difficult to carry out this significant piece of work in the timeframe. The Chair suggested that this review might take quite a few days and noted again that days would be reduced. Referring again to the strategic priorities for the College, she noted that financial sustainability and student engagement had been covered. The other areas she noted were staff, curriculum and governance. She suggested that corporate governance and risk management would be important, and noted that while HLA's were curriculum related, more detail would be welcomed. The Chief Executive commented that HLA's were a critical issue but added that governors may wish to broaden this out to the full HE picture. In concluding the Chair noted that areas had been well discussed but would need to be re-visited with the new auditors.

5.0 EXTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 05.01 Strategy for Audit of 2019/20 Annual Report and Financial Statements

Mrs Paterson explained that Paper 05.01 outlined how PwC planned to audit the financial statements for the year ended 31 July 2020. She explained that the auditing of financial statements was done on the basis of materiality and outlined how this was calculated and used. Mrs Patterson advised that the approach was risk based and that a number of different techniques were undertaken in carrying out the audit. She confirmed that PwC was independent of the College and were therefore in a position to conduct the audit and sign the financial statements audit opinion. She also confirmed that appropriate processes were in place to hold the confidential information which was required to conduct the audit and that this information would be destroyed at the end of the holding period. Mrs Paterson further advised that the NI Audit Office had appointed PwC to carry out the audit and, as such, the day to day management of the audit would be carried out by PwC under the direction of the Audit Office. Responsibility for recommending the form of the audit opinion however was retained by the Audit Office. PwC she advised would also take account of the work undertaken by the internal audit service and where possible seek to take assurance from this.

Mrs Paterson then outlined three significant areas of audit risk for the incoming year, two of which were driven by auditing standards. The Erne Campus Development Project was the first of these risks and she outlined how this would be audited including how the effects of Covid-19 would be taken into account. She then outlined the second risk of material misstatement arising from management overriding controls and how this would be audited. Finally, Mrs Paterson spoke about the rebuttable presumed risk of revenue recognition which was assessed as significant for educational establishments. She also outlined further risk factors that were not identified as significant but would be looked at during the course of the audit. Mrs Paterson advised that Coronavirus was having a significant impact on the financial performance of the College and confirmed that this would be addressed at the end of the audit period, adding that they would continue to engage with management on any other impacts of Covid-19 and any change would be reported back to the Committee.

In setting out areas of further interest, Mrs Paterson included the use of CPD for the procurement and management of contracts, the pension scheme and accounting for PFI lifecycle costs.

Mr O'Donnell advised that a letter of understanding had been provided by the Audit Office and would be signed by the Chief Executive with reference to the Whole Government Accounts (WGA) suggesting that they may be audited which hadn't been done previously. He noted that in the current year the WGA would not be available until December and that these related to 31 March 2020. He also noted that from 2022 onwards College accounts would be consolidated within the DfE financial statements and there would be a full audit at that date. He advised that it would be discussed at NIFON the following day. It was agreed that Mr O'Donnell would provide an update in September 2020.

AGREED: Mr O'Donnell to update on the auditing of WGA at September 2020 meeting.

In reference to the accounting for PFI, Mr O'Donnell explained that the College had been able to absorb the PFI pressures in the March 2020 year and would therefore not require an adjustment to the accounting policy in the July 2020 year end. Mr O'Donnell also reported an authorised overspend for the March 2020 year end which had provided some easement for PFI pressures in 2021.

In response to earlier comments, Mr O'Neill explained that the WGA audit had been included in the letter of understanding in case the Treasury changed limits in future years.

6.0 FRAUD REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06 Fraud Report

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

7.0 WHISTLEBLOWING

PREVIOUSLY ISSUED to all members:

- Paper 07 Whistleblowing Report

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

The Chair then proposed to take the two presentations at this point as the meeting was running behind schedule.

9.0 DEPARTMENTAL RISK REGISTER PRESENTATIONS

PREVIOUSLY ISSUED to all members:

- Paper 09.01 Erne Project Risk Management
- Paper 09.02 Faculty of Automotive, Computing and Engineering Risk Management

9.1 Erne Project Risk Management

Mrs Eimear Grugan, Project Sponsor, joined the meeting for this item.

Through her presentation, Mrs Grugan updated the Committee on the main risks facing the Erne Project. At the outset she explained that Covid-19 had a huge impact on the project and that, as a result of this pandemic, the site had closed on 19 March 2020. The contractor was however planning to reopen the site on Monday 18 May 2020. Mrs Grugan explained that the programme and budget had been impacted by Covid-19. In terms of finance she explained that DfE and CPD would look upon this as an event, meaning that it could be dealt with as a normal compensation event under the project. The detail of this was currently being worked through and numerous risk reduction meetings had taken place alongside monthly project team meetings, with extraordinary board meetings scheduled to deal with specific issues. The Department had asked to include the inability of the College to manage, operate and maintain the building to PassivHaus and BREEAM standards as a risk, which she suggested should transfer to the College's Risk Register. Properties division were putting in place a new framework to deal with planned and preventative maintenance at the new site which they hoped to have operational by April 2021. Mrs Grugan explained that the original 6 August 2020 completion date was no longer possible due to Covid-19 and that the programme would be extended to facilitate social distancing on site. In relation to the risk of failure to deliver the project to PassivHaus Premium and BREEAM Outstanding accreditation levels, she explained that an additional £5m funding had been received from DfE to achieve these standards. She assured members that during the period of closure, a lot had happened on the M&E side in relation to these two targets. At the moment, a BREEAM rating of 71.43% had been achieved which was BREEAM excellent standard, but she acknowledged that work would continue to reach the 85% target. She reported that PassivHaus Premium had been achieved and that again, work would continue to maximize levels. Mrs Grugan further assured members that the project team were content with work to date on fit out.

Mrs Grugan went on to explain that prior to site closure, the project had been on target and in budget. To date, eight new early warning events and five new compensation events had been raised. She assured members that these were being managed appropriately. She explained that the costs of closure and reopening were being discussed at the moment. She finished by detailing some of the arrangements on site for reopening.

Mrs Grugan was thanked for her presentation and left the meeting at this juncture.

9.2 Faculty of Automotive, Computing and Engineering Risk Management

Mr Pdraig McNamee, Head of Automotive, Computing and Engineering Faculty, joined the meeting for this item.

Through his presentation, Mr McNamee outlined the risk register for his faculty, with a particular focus on the effects of Covid-19. He explained that all risks had increased because of the current situation but outlined the mitigations in place to address these.

Mr Archdale queried through the Chief Executive when the Marketing Strategy would be brought forward. He also supported Mr McNamee's call to support staff further and try to ease the workload. The Chair then queried through the Chief Executive if he wished to comment on the risk of staff motivation and capability, as discussed by Mr McNamee. In response the Chief Executive explained he was constantly impressed by the motivation of staff at all levels, but added that he wouldn't underestimate the impact of this extended lockdown. He explained that a new training programme, LLP5, had been launched that week aimed at middle managers and engagement had been good. Dr O'Shiel welcomed Mr McNamee's presentation and in particular the clear way in which the challenges had been laid out.

Mr McNamee was thanked for his presentation and left the meeting at this juncture.

8.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 08 Management Report
- Paper 08.01 Letter to Chief Executive from Patrick Barr NIAO 1 May 2020
- Paper 08.02 Letter of Understanding for the Audit of SWC
- Paper 08.03 Final Report for the Review of PFI
- Paper 08.04 Draft Report for the Review of Business Continuity and Disaster Management
- Paper 08.05 Final Report for the Review of Business Continuity and Disaster Management
- Paper 08.06 Corporate Risk Register Review May 2020
- Paper 08.07 Direct Award Contracts April 2020
- Paper 08.08 Conflict of Interests Policy
- Paper 08.09 Policy and Procedure for the Declaration and Handling of Criminal History Disclosure
- Paper 08.10 Applicant Guidance when making a Disclosure
- Paper 08.11 Disaster Management Policy
- Paper 08.12 Disaster Management – Critical Incident Management Plan
- Paper 08.13 Disaster Management – The Business Continuity Plan
- Paper 08.14 Disaster Management – The Crisis Communication Plan
- Paper 08.15 Critical Incident Procedures
- Paper 08.16 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 External Audit

Ref: Management Report Section 1.0 and Papers 08.01 & 08.02

NOTED.

8.2 Internal Audit Activity 2019-20

Ref: Management Report Section 2.0 and Papers 08.03 & 08.04

NOTED.

8.3 Audit Recommendations Follow Up Review - Management Schedule

Ref: Management Report Section 3.0

NOTED.

8.4 Corporate Risk Register Review

Ref: Management Report Section 4.0 and Paper 08.05

Mrs Lucas explained that a review was carried out in March 2020 but this document had been reviewed again in light of emerging issues.

NOTED.

8.5 End of Year Assurance Report

Ref: Management Report Section 5.0

Mrs Lucas explained that the end of year assurance report was due to be submitted in the next few days. She advised that this report had been prepared, that it was positive and that it would be submitted on time. She finished by advising that it would come to the Committee in September 2020.

NOTED.

8.6 Annual Corporate Risk Register Review

Ref: Management Report Section 6.0

Mrs Lucas apprised the Committee that the Chair had approved a deferral of the Annual Corporate Risk Register Review until September 2020 as the College Development Plan had yet to be prepared and the full implications of Covid-19 had yet to be realised.

NOTED.

8.7 Data Security Update Report

Ref: Management Report Section 7.0 and Paper 08.06

Mrs Lucas noted no phishing or cyber security attacks during the period, although she referenced an attack in recent days to which IT were responding. She also detailed a number of actions being rolled out to increase IT security. The Chair welcomed these actions and congratulated the Head of Finance and IT staff on having the business cases ready to procure. In response to queries from Mrs McGeary, the Chief Executive advised that work was continuing with Barracuda to fine tune the service.

NOTED.

8.8 Report on Direct Award Contracts

Ref: Management Report Section 8.0 and Paper 08.07

Mrs Lucas asked members to note that two items had been added to the spreadsheet since the last report.

NOTED.

8.9 NI Government Annual Theft and Fraud Report

Ref: Management Report Section 9.0

Mrs Lucas advised that this was on the programme of business for the February 2020 Committee meeting but still had not arrived with the College. She added that it would be presented as soon as it was received.

NOTED.

8.10 Compliance – The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018

Ref: Management Report Section 10.0

Mrs Lucas advised that a working group had been established to address requirements under these regulations.

NOTED.

8.11 Policy Reviews

8.11.1 Conflict of Interest Policy

Ref: Management Report Section 8.10 and Paper 08.08

Mrs Lucas advised that this was reviewed annually and that only minor changes had been made as detailed in Paper 08.08.

8.11.2 Policy and Procedure for the Declaration and Handling of Criminal Convictions Disclosure

Ref: Management Report Section 8.10 and Papers 08.09 & 08.10

Mrs Lucas noted that this was formally known as the Criminal Convictions Policy. It had been reviewed in consultation with NIACRO and had been screened by the Equality Commission. She presented the new policy for approval.

8.11.3 Disaster Management Policy and Associated Plans

Ref: Management Report Section 8.10 and Papers 08.11, 08.12, 08.13, 08.14 & 08.15

Mrs Lucas advised that Disaster Management and Business Continuity Plans had been reviewed recently by the management team. She presented the policy (Paper 08.11) for approval and the three operational plans for information (Papers 08.12-08.15).

The Chair commented that there was a surprising lack of reference to virtual delivery in the Business Continuity Plans. Mrs Lucas agreed to review the policy in this respect. The Chair further queried if the Department and Governing Body Chair should be notified of an incident in the communications plan. Again, Mrs Lucas agreed to review the communication plan accordingly. Finally, the Chair queried the designations of people involved in the Criminal Disclosures Policy and it was agreed that this would be reviewed.

Mr Skuce commended the work done by Mrs Lucas, adding that he would email queries on the conflict of interest policy separately as he was very conscious of time. He agreed that the Chair of the Governing Body should be informed soon after the incident is declared. He further queried why the declaration of an incident sat with five people and not just the Chief Executive and his Deputy. In response, Mrs Lucas advised that the Chief Executive and his Deputy were not always available and that the most senior staff member on site would then take the decision. Mr Skuce further suggested that a structured debrief should be built into the policy for future learning.

Mr Archdale suggested that media handling training would be beneficial for the people declaring an incident.

8.11.4 ILT Security Auditing Policy

Ref: Management Report Section 8.10 and Paper 08.16

Mrs Lucas advised that the IT Disaster Management Policy had now been included in this suite of disaster management policies and she presented it for approval.

8.12 Questions Raised at 12 February 2020 Committee Meeting

NOTED.

10.0 ANNUAL AUDIT AND RISK COMMITTEE SELF ASSESSMENT

PREVIOUSLY ISSUED to all members:

- Paper 10 Audit and Risk Committee Self Assessment – Partially Completed

The Chair took members through the partially completed self assessment document (Paper 10), asking for comments under the questions in red which were opinion based.

11.0 SCHEDULE OF MEETINGS 2020/21

PREVIOUSLY ISSUED to all members:

- Paper 11 Schedule of Meetings

Ms O'Donnell outlined the proposed schedule of meetings for 2020/21.

NOTED.

12.0 ANY OTHER RELEVANT BUSINESS

The Chair highlighted the NI Audit Office review into Sport NI for members' information.

13.0 REVIEW OF OUTSTANDING ACTIONS

See 3.0.

14. REFLECTION ON EFFECTIVENESS OF MEETING

Members conveyed their satisfaction with the proceedings.

The meeting concluded at 6.20pm.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
24 JUNE 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
	13/05/2020	3.0	Chief Executive confirmed that this plan can be shared
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: <ul style="list-style-type: none"> 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	13/05/2020	4.0	Mr McKibbin to finalise the Internal Audit Review of the Erne Campus
5	13/05/2020	4.1	Further detail on the statement of applicability and the development of the estates plan to be presented at the September 2020 meeting
6	13/05/2020	5.0	Update on auditing of WGA to be provided at September 2020 meeting