

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**
held on Tuesday 21 September 2022 at 3:30 pm
via Microsoft Teams

- PRESENT:** Mr Brian Ingram
Mrs Patricia McCaffrey (Committee Chair)
Ms Alana Jones Campbell
- IN ATTENDANCE:** Mr David Conliffe, DfE
Dr Jill Cush, Deputy Chief Executive
Mrs Joanne Lucas, Risk & Compliance Officer
Mr Ian McCartney, RSM
Mrs Fiona McCauley, Secretary to the Governing Body
Mr Leo Murphy, Interim Chief Executive
Ms Suzanne Murphy, NI Audit Office
Mr Sean O'Donnell, Head of Finance
Dr Nicholas O'Shiel, Chair of the Governing Body
- APOLOGIES:** Ms Siobhan Breen
Ms Elaine Grier
Mrs Sharon McGrath, Head of Services

1.0 PRELIMINARIES

The Committee Chair, Mrs McCaffrey, welcomed all present to the first Audit & Risk Committee meeting of the 2022/23 academic year. She welcomed new committee member, Mr Brian Ingram, and acknowledged the end of the term of office for Mrs Joanne Moore as well as the departure of Mr Leo Murphy, thanking them for their contribution to the Committee.

2.0 APOLOGIES

Apologies were tendered on behalf of Ms Breen, Ms Grier and Mrs McGrath.

3.0 CONFLICT OF INTEREST DECLARATIONS

No conflict of interest declarations were made.

4.0 MATTERS ARISING FROM MINUTES OF PREVIOUS MEETING

PREVIOUSLY ISSUED to all members:

- Paper 03 Minutes of the Audit & Risk Committee meeting held on Wednesday 11 May 2022.

There were no matters arising from the minutes.

5.0 INTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Report on Review of the Learner Management System

- Paper 04.02 Report on Review of GDPR Data Protection Policies and Procedures
- Paper 04.03 Internal Audit Annual Assurance Report 2021/22
- Paper 04.04 Report on Internal Audit Recommendations Follow Up Review
- Paper 04.05 Proposed 2022/23 Internal Audit Strategy and Plan.

5.1 Review of Learner Management System

With reference to the Report on the review of the Learner Management System, Mr McCartney began by drawing attention to the cross-sector and advisory nature of the review. He proceeded to provide an overview of the two medium and one low priority issues identified highlighting the importance of receiving evidence of the system supplier's disaster recovery testing. Management confirmed that all issues will be raised at a forthcoming meeting of the STS Project Change Management Group and that the College's Disaster Management Policy is under review and will be presented to the Committee at its November 2022 meeting.

5.2 Review of GDPR Data Protection Policies and Procedures

With reference to the Report on the review of the GDPR Data Protection Policies and Procedures, Mr McCartney highlighted the advisory nature of the review. He reported that four low, five medium and three high priority issues were identified, commented on the disappointingly high number of issues given the four year duration since the introduction of GDPR legislation, and provided an overview of the three high priority issues.

In response to questions and comments from members, it was noted that one of the high priority recommendations has been implemented and that progress has been made on the implementation of the other recommendations as listed in the report. It was suggested that a date should be set for the completion of the staff Data Protection corporate training module and that a deep dive of the risk posed by the non-compliance identified is undertaken.

5.3 Annual Assurance Report 2021/22

Mr McCartney confirmed that a 'Limited' assurance rating had been awarded in relation to the governance, risk management and control framework within the College and noted that the reasons for this outcome had been discussed with management and reported to the Committee during the meeting in private with the auditors immediately prior to the Audit & Risk Committee meeting.

5.4 Internal Audit Recommendations Follow Up Review

Mr McCartney advised that a sample of recommendations had been chosen for follow-up review and that 'reasonable' progress in implementing agreed management actions had been demonstrated.

A discussion then followed during which concerns were raised on the high number of outstanding actions. Members were assured that progress in implementing actions is reviewed at monthly internal Risk and Compliance meetings. It was suggested that a RAG status is added to the recommendations follow-up register to provide clarity on progress and that the Committee's expectation of a reduction in outstanding actions at the November 2022 committee meeting is communicated to the Risk & Compliance Committee.

5.5 Internal Audit Plan 2021/22

Mr McCartney reminded the meeting of the Committee's request to schedule a follow-up review of Employability Arrangements and noted that the planned review of Apprenticeships had been sacrificed to accommodate this request. It was suggested that a focus on the Work Placement aspect of Employability Arrangements would elicit most value given the relatively positive feedback received on the Careers Advice and Support aspect. It was also suggested that contingency days are used to undertake an interim follow-up review of internal audit recommendations for presentation at the February 2023 meeting.

Mr McCartney apprised the meeting of DfE's requirement for a sector wide review of its Lost Learning Fund. It was noted that this review could be undertaken in addition to the audits listed in the proposed Internal Audit Plan or could be undertaken instead of one of the audits programmed. It was agreed that the incoming Chief Executive should be consulted on this matter and a decision taken at the November 2022 meeting.

6.0 FRAUD REPORT

PREVIOUSLY ISSUED to all members:

- Paper 05 Fraud Report.

It was noted that no fraud had been identified in the reporting period.

7.0 RAISING A CONCERN REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06 Raising a Concern Report.

Mrs Lucas reported that no protected disclosures had been made in the reporting period. She also provided an update on the number, nature and status of the concerns raised by staff through the Work in Confidence portal.

8.0 TECHNICAL SERVICES IT SECURITY REPORT

PREVIOUSLY ISSUED to all members:

- Paper 07 Technical Services IT Security Report
- Paper 07a Update on Wolfberry Report.

Dr Cush reported good progress in addressing the resourcing challenges faced by the Technical Services team and advised that a reduced vulnerability to cyber attacks had resulted from work undertaken in rebuilding desktops. She explained that the contract with Wolfberry Cyber Ltd had expired and that the testing work is now carried out in-house by the Technical Services team with the aid of a specialist package. She also informed the meeting of the plans to achieve accreditation in cyber protection and commented on the substantial work required to meet the criteria for this accreditation.

Members reflected on the recommendations made in the cyber audit undertaken by Wolfberry Cyber Ltd and sought a follow-up report on the progress made in implementing each of the recommendations listed. Dr Cush spoke of the continuous nature of the cyber attack risk and of the constant monitoring undertaken to mitigate this risk.

Members also spoke of their need for further assurance on the effective management of risk in this area and requested that such assurance is offered by Senior Management at the next meeting of the Committee.

9.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 08 Management Report
- Paper 08.01 Report on Progress of Internal Audit Recommendations
- Paper 08.02 Draft Corporate Risk Register 2022 – 23
- Paper 08.03 Report on Direct Award Contracts
- Paper 08.03a Draft Annual Report and Financial Statements 2021-22
- Paper 08.04 Complaints Report
- Paper 08.05 Report on Losses 2021-22
- Paper 08.06 FOI and DPA Annual Activity Report 2021 -2022
- Paper 08.07 Acceptable Use Policy
- Paper 08.08 Clear Desk Screen Policy.

9.1 Audit Recommendations Follow Up Review – Management Schedule

Ref: Management report section 1.0 and Paper 08.01

It was noted that an update on the progress of the implementation of internal audit recommendations had been provided earlier in the meeting.

9.2 Corporate Risk Register Review

Ref: Management Report section 2.0 and Paper 08.02

With reference to paper 08.02, Mrs Lucas drew attention to the amended format of the Corporate Risk Register and explained that the draft register reflects the risks with a potential impact on the College presently. She then went on to provide an overview of the twelve risks listed in the draft Corporate Risk Register.

In response to questions and comments, Mrs Lucas clarified that the residual risk score is impacted only by the controls already in place and confirmed that risks without planned controls are under continuous review. She also undertook to make minor requested amendments to the register and to review the Corporate Risk Register with the new Chief Executive.

9.3 Report on Direct Award Contracts

Ref: Management Report Section 3.0 and Paper 08.03

It was noted that no Direct Award Contracts have been awarded since the previous committee meeting in May 2022.

9.4 Draft Annual Report & Financial Statements 2021/22

Ref: Management Report section 4.0 and Paper 08.03a

The Committee Chair made the meeting aware of her review of the financial statements prior to the meeting along with the Chair of the Finance & General Purposes Committee, adding that a review of major assumptions and figures along with underlying policies and judgements had been undertaken.

Mr O'Donnell explained that the audit of the College's Annual Report & Financial Statements 2021/22 is scheduled to begin during the week commencing 26 September 2022 and commented on the draft nature of the accounts presented noting that no major changes are expected. With reference to paper 08.03a, he then highlighted the change in treatment of Fairview to an Asset for Resale, the monetary value placed on the Fairview site, the significant increase in the valuation of buildings by LPS and the reduction in the pension accounting deficit.

AGREED: approval for the submission of the Annual Report & Financial Statements 2021/22 to the Northern Ireland Audit Office for audit, subject to finalisation.

9.5 Complaints and Compliments Report 2021/22

Ref: Management Report section 5.0 and Paper 08.04

With reference to paper 08.04, Mrs Lucas provided a summary of the nature and outcome of the nine formal complaints received in the 2021/22 year. She reminded the Committee that Key Performance Indicators had been set as a result of an Internal Audit recommendation and noted that these had not been met. She advised that training on Complaint Handling had been delivered to management and staff likely to be involved in complaint investigations and that the Complaints Policy is under review sectorally and likely to be presented to the Committee at its February 2023 meeting.

9.6 Losses Report 2021/22

Ref: Management Report section 6.0 and Paper 08.05

Mr O'Donnell reported that £22,765 had been written off in 2021/22. He noted that the value of the bad debt write off is broadly consistent with that written off in recent years and provided assurance that all efforts had been made to recover the debt in each case.

9.7 Freedom of Information and Data Protection Report 2021/22

Ref: Management Report section 7.0 and Paper 08.06

With reference to paper 08.06, Mrs Lucas provided a summary of the number and status of Freedom of Information, Subject Access, Form 81 (PSNI) and Right to Erasure requests in the 2021/22 year. She reported that the GDPR Corporate Training Module was refreshed in year and that all staff are required to complete this training.

9.8 Policy Reviews

Ref: Management Report Section 8.0 and Papers 08.07 & 08.08

In response to a query from a member, Mrs Lucas provided an overview of the practical arrangements in place for Clear Desk / Screen Audits and undertook to consider setting Key Performance Indicators for these audits.

AGREED: that the Acceptable Use Policy and Clear Desk / Screen Policy be recommended to the Governing Body for approval.

10.0 AUDIT & RISK ASSURANCE COMMITTEE HANDBOOK

PREVIOUSLY ISSUED to all members:

- Paper 09 Department of Finance Audit & Risk Assurance Committee Handbook.

The Committee Chair reminded the meeting of the withdrawal of the Audit Code for the Governing Bodies (and Audit and Risk Committees) of Further Education Colleges and

advised that the Department of Finance's Audit & Risk Assurance Committee Handbook provides guidance on the operation of Audit & Risk Committees.

11.0 ANNUAL REVIEW OF AUDIT & RISK COMMITTEE TERMS OF REFERENCE

PREVIOUSLY ISSUED to all members:

- Paper 10.01 Proposed Audit & Risk Committee Terms of Reference
- Paper 10.02 Summary of Proposed Amendments to Audit & Risk Committee Terms of Reference.

The Secretary to the Governing Body highlighted the proposed amendments to the Audit & Risk Committee Terms of Reference as listed in paper 10.02. It was noted that paragraph 9.12 should be removed to reflect the withdrawal of the Audit Code and the requirement within to report on the performance and effectiveness of the NIAO.

AGREED: that the revised Audit & Risk Committee Terms of Reference be recommended to the Governing Body for adoption, subject to the additional amendment above.

12.0 DRAFT PROGRAMME OF COMMITTEE BUSINESS 2022/23

PREVIOUSLY ISSUED to all members:

Paper 11 Draft Programme of Audit & Risk Committee Business 2022/23.

The Committee Chair reminded members of the Committee's prior agreement to discontinue departmental risk register presentations and to introduce 'Deep Dives' of corporate risks. She added that a procurement process is currently underway for training for members and staff on the practical application of deep dives of corporate risks.

It was suggested that a meeting is held with the incoming Chief Executive to identify how the Committee may acquire the assurances it requires and to agree the internal audit schedule and programme of business for the 2022/23 year.

13.0 ANY OTHER RELEVANT BUSINESS

The Committee Chair extended her gratitude to Mr Murphy for undertaking the Interim Chief Executive role and spoke of his enthusiasm for and commitment to the role. Mr Murphy thanked Mrs McCaffrey for her sentiments, commented on the value of the challenge provided by the Committee and wished it well in its future endeavours.

14.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 13 List of Outstanding Actions

A review of the outstanding actions contained within paper 13 was undertaken and the actions agreed during the meeting confirmed. The resultant list of outstanding actions is contained within Appendix A.

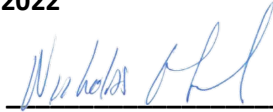
15.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members conveyed their satisfaction with the proceedings of the meeting.

Dr Cush, Mrs Lucas, Mr McCartney and Mr O'Donnell withdrew from the meeting at this juncture (5.10 pm). The meeting then went into reserved session.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
16 NOVEMBER 2022**

CHAIRMAN

A handwritten signature in blue ink, appearing to read "Mrs Holder", is written over a horizontal line.

DATE 16/11/2022

SUMMARY OF OUTSTANDING ACTIONS

	Meeting Date	Minute Ref	Action
1	11/05/2022 21/09/2022	8.3 8.0	An update on the progress of the implementation of recommendations made following the Wolfberry Cyber Audit to be provided at the September 2022 committee meeting. Follow-up report on the progress made in implementing each of the recommendations listed in the Wolfberry Cyber Ltd cyber audit to be provided at the November 2022 meeting
2	11/05/2022	10.0	Reason for the direct award of contracts to be listed in future Direct Award Contract Reports.
3	21/09/2022	5.4	RAG status to be added to the recommendations follow-up register to provide clarity on progress.
4	21/09/2022	5.4	The Committee's expectation of a reduction in outstanding actions at the November 2022 committee meeting to be communicated to the Risk & Compliance Committee.
5	21/09/2022	5.5	Contingency days to be used to undertake an interim follow-up review of internal audit recommendations for presentation at the February 2023 meeting.
6	21/09/2022	5.5	Incoming Chief Executive to be consulted on the programming of the review of the Lost Learning Fund in relation to other planned audits and a decision taken at the November 2022 meeting.
7	21/09/2022	8.0	Assurance to be provided by Senior Management on the effective management of risk in the area of Technical Services and cyber security at the November 2022 meeting.
8	21/09/2022	11.0	Paragraph 9.12 of Terms of Reference to be removed to reflect the withdrawal of the Audit Code and the requirement within to report on the performance and effectiveness of the NIAO.
9	21/09/2022	12.0	Meeting to be held with the incoming Chief Executive to identify how the Committee may acquire the assurances it requires and to agree the programme of business for the 2022/23 year.