

## SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**  
held on Wednesday 24 April 2024 at 3:30 pm  
in the Boardroom, Dungannon Campus

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<b>PRESENT:</b>	Mrs Libby Armstrong Mr Tom Corr ( <i>via MS Teams</i> ) ( <i>from item 4.0</i> ) Mrs Maria Curran Mr Brian Ingram, Committee Chair Ms Alana Jones Campbell Dr Lynsey Quinn ( <i>via MS Teams</i> )
<b>IN ATTENDANCE:</b>	Mr Patrick Barr, NI Audit Office Mr David Conliffe, DfE ( <i>via MS Teams</i> ) Ms Catherine Keenan, RSM Mrs Joanne Lucas, Risk & Compliance Officer Ms Celine McCartan, Chief Executive ( <i>via MS Teams</i> ) Mrs Fiona McCauley, Secretary to the Governing Body Mrs Sharon McGrath, Director of Corporate Services Mr Sean O'Donnell, Head of Finance & Governance
<b>APOLOGIES:</b>	Mr Ian McCartney, RSM Mr Patrick McKeown

### **1.0 PRELIMINARIES AND APOLOGIES**

Mr Ingram welcomed all present, extending a particular welcome to the RSM representative, Ms Keenan, on her first attendance at a meeting of South West College's Audit & Risk Committee.

Apologies were tendered on behalf of Mr McKeown and Mr McCartney.

### **2.0 CONFLICT OF INTEREST DECLARATIONS**

Ms Jones Campbell advised of her professional relationship with Inspire Wellbeing as an Associate Consultant and highlighted the reference to it in paper 06.07a. It was noted that no conflict of interest is likely in this context.

### **3.0 MATTERS ARISING FROM MINUTES OF PREVIOUS MEETING**

PREVIOUSLY ISSUED to all members:

- Paper 03.01 Minutes of the Audit & Risk Committee meeting held on Wednesday 7 February 2024.

There were no matters arising from the minutes.

***Mr Corr joined the meeting at this juncture.***

#### **4.0 INTERNAL AUDIT**

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Report on Progress of the 2023/24 Internal Audit Plan
- Paper 04.02 Report on Internal Audit Review of Part Time Lecturer Payments
- Paper 04.03 Quality Assurance & Improvement Programme
- Paper 04.04 Proposed Internal Audit Key Performance Indicators.

#### **4.1 Internal Audit Plan**

Referencing the Report on the Progress of the 2023/24 Internal Audit Plan in paper 04.01, Ms Keenan highlighted the satisfactory assurance awarded following an internal audit review of Part Time Lecturer Payments, explained that a draft report on the internal audit of Health & Safety had been issued to management and reported positive engagement in relation to the ongoing review of Traineeship & Apprenticeship Management System (TAMS) Manual Processes.

The Committee Chair commented on the assurance provided by the report on the internal audit review of Part Time Lecturer Payments, and in particular on the lack of audit recommendations within.

A discussion then ensued on TAMS during which Ms Keenan explained that audits are being undertaken in all colleges of the differing manual processes employed within each to process trainee and apprentice records in the absence of a fully functioning automated system and advised that any collective findings emerging will be disseminated. Ms McCartan commented on the risk and challenges presented by the TAMS issue and reported that this had been articulated in the End Year Assurance Statement to the Permanent Secretary of the Department for the Economy (DfE) in paper 06.01. Mr O'Donnell confirmed that the issue is under constant review by the Northern Ireland Finance Officers Network (NIFON) and Mr Conliffe undertook to raise the matter with the Director of Further Education (FE), DfE.

In response to a question on follow up of internal audit recommendations, management confirmed progress on the implementation of the recommendations made and Ms Keenan advised that a review of this area will be undertaken in due course.

#### **4.2 Internal Audit Key Performance Indicators**

With reference to paper 04.04, Mrs McCauley reminded the meeting of the Committee's agreement to establish key performance indicators (KPIs) to assess the performance of the internal audit function in the context of the requirement within paragraph 21.5 of the Partnership Agreement, explained that the proposed KPIs had been reviewed by college management, RSM and DfE and sought the Committee's endorsement of them to be used to assess performance in 2024/25.

**AGREED: adoption of the proposed Internal Audit Key Performance Indicators.**

#### **5.0 REPORT ON FRAUD AND RAISING A CONCERN**

PREVIOUSLY ISSUED to all members:

- Paper 05 Report on Fraud and Raising a Concern.

Mrs Lucas began by reporting on the assurance provided by senior managers that no fraud, bribery or corruption have been identified since the last committee meeting.

She then reminded the meeting of the concern reported to the Committee at its February meeting in relation to timetabling and explained that the investigation referenced had now concluded with no issues identified.

She went on to apprise members of the details of a concern raised since the last meeting in relation to exam invigilation as well as of the outcome of the investigation undertaken, confirming that no malpractice was found to have taken place. She explained that the investigation had, however, discovered that the Examinations Team was not aware of the examination in question or the invigilation arrangement in place and recommended the development of a procedure to ensure that the Examination Team has oversight of all examinations and invigilation arrangements.

Members commented on the assurance received on the effectiveness of the Raising a Concern Champion model and, in response to questions from members, management undertook to confirm whether other examinations were affected by the issue discovered and advised that staff raising concerns are provided with appropriate updates on the investigations undertaken.

**ACTION: Management to confirm that the Examination Team is aware of all examinations and invigilation arrangements in place.**

## **6.0 GOVERNANCE REPORT**

PREVIOUSLY ISSUED to all members:

- Paper 06 Governance Report
- Paper 06.01 2023-24 End Year Assurance Statement.
- Paper 06.02 2023-24 End Year Assurance Statement Certificate
- Paper 06.03 Mid Year Assurance Statement Non-Compliance Follow Up
- Paper 06.04 Annual Review of Corporate Risk Register 2023-24
- Paper 06.05 Corporate Risk Register
- Paper 06.06 Tracking Actions from Audits and Assurance Statement
- Paper 06.07 Procurement Report 2024
- Paper 06.07a Appendix 1 - Contracts Spreadsheet
- Paper 06.08 Conflict of Interest Policy
- Paper 06.09 Information Governance Policy
- Paper 06.10 FE Sector Insurance 2024
- Paper 06.11 Insurance Options Costings
- Paper 06.12 Report on Internal Audit Contract Extension.

### **6.1 End of Year Assurance Statement 2023/24**

*Ref: Governance Report Section 1.0 and Papers 06.01, 06.02 & 06.03*

With reference to paper 06.01, Mrs McGrath highlighted the three areas of non-compliance recorded in the End Year Assurance Statement on the date of completion and, by way of update on the three areas, explained that performance appraisals may now be progressed in light of the cessation of industrial action by lecturers, that Cyber Essentials accreditation has now been received and that a plan will be developed to adopt the GovAssure assessment methodology as required.

In response to questions and comments from members, management acknowledged the work of staff in achieving the Cyber Essentials accreditation with limited impact on students, explained that a revised performance appraisal process incorporating the College's values is being piloted with a cohort of support staff and confirmed that performance appraisal frameworks for lecturing staff are in place and that such

appraisals will recommence in September 2024 following the delivery of refresher training where necessary.

## **6.2 Annual Corporate Risk Register Review**

*Ref: Governance Report Section 2.0 and Papers 06.04 & 06.05*

Mrs McGrath advised that the risk regarding the inability to meet the terms of the College's contract with learners and DfE will now de-escalate following the cessation of industrial action. She advised of the practicalities of updating systems with the manual records taken during the industrial action and provided assurance on the availability of the required data.

She advised that the risk of a failure to operate within budget remains high after mitigations in light of the uncertainties in relation to the 2024/25 budget. Mr O'Donnell spoke of the concern regarding non-baselined pay increases, of the efficiencies already generated, of the challenge in finding further efficiencies in light of the high proportion of fixed costs, of the need to deliver the savings projected under the Reform to Save Scheme and of the income to be generated through the YouthScape Programme and the proposed contract with SOLAS to deliver apprenticeships. He also reported the commencement of the budget setting process with budget holders.

In response to a question on comparative retention rates, Mr McNamee explained that the College's retention rate is similar to that of the sector but below the ambitious target set internally.

In response to a request from the Committee Chair, Mrs McGrath explained the approach adopted to the compilation of the Corporate Risk Register and undertook to provide assurance that risks are managed at departmental and directorate levels where possible and escalated to the Corporate Risk Register only when necessary. It was noted that the use of RSM's risk software, when fully implemented, will enhance the management of risk registers.

**ACTION: Management to provide assurance that risks are managed at departmental and directorate levels where possible and escalated to the Corporate Risk Register only when necessary.**

## **6.3 Audit Recommendations Follow Up Review – Management Schedule**

*Ref: Governance Report Section 3.0 and Paper 06.06*

Mrs McGrath reported good progress on the implementation of audit recommendations.

## **6.4 Report on Direct Award Contracts**

*Ref: Governance Report Section 4.0*

Mrs McGrath reported two direct award contracts since the February 2024 committee meeting, detailing the reasons for the direct award nature of these contracts.

The Committee Chair commented on the validity of the direct awards in the circumstances outlined.

## **6.5 Procurement Report**

*Ref: Governance Report Section 5.0 and Papers 06.07 & 06.07a*

Mr O'Donnell drew attention to the Procurement Report in paper 06.07 and the list of current contracts in paper 06.07a. He also apprised members of the Procurement Act 2023 and of the activities underway to prepare for its introduction in October 2024.

In response to questions from members, he advised that the value of most of the College's procurement activity falls below the £30k threshold for Central Procurement Directorate (CPD) support and commented on his comfort with the progress made in preparing for the introduction of the Procurement Act 2023.

## **6.6 Policy Review**

*Ref: Governance Report Section 6.0 and Papers 06.08 & 06.09*

Mrs McGrath provided an overview of the amendments made to the Conflict of Interest Policy and the Information Governance Policy and it was noted that a review of the Information Security Policy would be presented to the Committee at its special meeting in May 2024.

Members requested an amendment to the Conflict of Interest Policy to require the Audit & Risk Committee's oversight of the Gifts & Hospitality Register annually before its publication on the College's website.

**ACTION: Gifts & Hospitality Register to be programmed for the Committee's review annually in advance of its publication on the College's website.**

**AGREED: that the Information Governance Policy and the Conflict of Interest Policy are recommended to the Governing Body for approval, subject to the amendment above.**

## **6.7 Insurance Proposals**

*Ref: Governance Report Section 7.0 and Papers 06.10 & 06.11*

With reference to paper 06.10, Mrs McGrath, supported by Mr McDonnell, apprised the Committee of the work underway into explore options in relation to sectoral insurance in light of the high cost of insurance premiums and the low value of insurance claims. It was noted that a Project Board may be established to explore and assess options with a view to making a decision on the way forward for the 2025/26 academic year and that the status quo of procuring all current insurance cover will continue in the interim.

A discussion then ensued during which the process for evaluating insurance options to include risk assessments, the inability of colleges to build reserves for insurance claims, the statutory requirement for employers' liability, motor and engineering inspection insurance and the value of cyber insurance to the College were highlighted. The need for the Finance & General Purposes Committee's scrutiny of insurance proposals was also highlighted.

## **6.8 Internal Audit Contract Extension**

*Ref: Governance Report Section 8.0 and Paper 06.12*

Mrs McGrath reported on the extension of colleges' contract with RSM to provide internal audit services for 2024/25 and explained that a sectoral procurement exercise to secure internal audit services for 2025/26 and beyond will commence in January 2025. She drew attention to the increased daily rate due to inflation and provided assurances on the due diligence undertaken in agreeing this rate including consultation with CPD.

## **7.0 ANNUAL AUDIT & RISK COMMITTEE SELF-ASSESSMET / REVIEW OF EFFECTIVENESS**

PREVIOUSLY ISSUED to all members:

- Paper 07 Partially Completed Annual Audit & Risk Committee Self-Assessment / Review of Effectiveness.

With reference to Paper 07, Mrs McCauley advised that the self-assessment checklist had been completed, where a factual response was available, and sought members' views on remaining questions. The resulting review is attached at Appendix A.

At a later stage in the meeting Ms Keenan commented on the alignment of the Committee's request for updates on developments in Artificial Intelligence, Cyber Security and Environmental, Social & Governance Reporting with the new and emerging risks within the Emerging Risk Radar produced by RSM and presented to the Committee at its last meeting.

## **8.0 SCHEDULE OF MEETINGS 2024/25**

PREVIOUSLY ISSUED to all members:

- Paper 08 Schedule of Meetings 2024/25.

The Committee accepted the proposed schedule of meetings for 2024/25 with the September 2024 and February 2025 meetings to be held virtually and the November 2024 and May 2025 meetings to be held in the Dungannon campus.

**AGREED: acceptance of the proposed schedule of Audit & Risk Committee meetings for 2024/25.**

## **9.0 REVIEW OF OUTSTANDING ACTIONS**

PREVIOUSLY ISSUED to all members:

- Paper 09.01 List of Outstanding Actions
- Paper 09.02 Governors' Responsibilities Under Partnership Agreement.

It was noted that all outstanding actions had been addressed.

The Committee Chair drew attention to the responsibilities of the Audit & Risk Committee as outlined in paper 09.02.

A revised list of outstanding actions is contained within Appendix B.

## **10.0 ANY OTHER RELEVANT BUSINESS**

Mrs McCauley reminded members of Mr McKeown's co-option to the Committee to bring specialist financial expertise as required under its Terms of Reference. She went on to report the continued need for such financial expertise on the Committee in light of the unavailability of such skills in sufficient numbers within the Governing Body and advise of Mr McKeown's willingness to accept a further co-option to the Committee from September 2024.

**AGREED: to recommend to the Governing Body the co-option of Mr McKeown to the Audit & Risk Committee from September 2024 to June 2025 to bring specialist financial expertise as required under its Terms of Reference.**

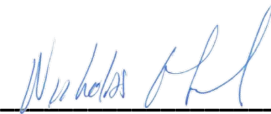
Mrs McGrath commented on the planning work underway on the audit of the College's financial statements to 31 March 2024 as well as on the work to be done in July 2024 to complete this audit and prepare for the audit of the College's financial statements to 31 July 2024, noting the associated resourcing challenges faced.

**11.0 REFLECTION ON EFFECTIVENESS OF MEETING**

Members indicated their satisfaction with the proceedings of the meeting.

*The meeting concluded at 17:02.*

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON THURSDAY 12 MARCH 2024**

CHAIRPERSON 

DATE 12/06/2024

**AUDIT & RISK COMMITTEE SELF ASSESSMENT 2023/24**

		Yes	No	N/A	Comment
<b>Terms of Reference</b>					
1	Does the Audit & Risk Committee have written terms of reference?	✓			
2	Do the written terms of reference comply with the model terms of reference provided in the Department of Finance's Audit & Risk Assurance Committee Handbook (NI)?	✓			
3	Are the terms of reference approved by the Governing Body and reviewed annually?	✓			Reviewed and approved by the Governing Body Committee in September 2023.
4	Has the Committee complied with the provisions of its terms of reference in its proceedings throughout the year?	✓			
<b>Membership</b>					
5	Has the membership of the Committee been formally agreed by the Governing Body and has a quorum been set?	✓			Membership approved by the GB. Quorum set at three.
6	Are all Committee members free of executive management responsibility; have no significant interests in the College; are not members of the Finance & General Purposes Committee, and do not hold the position of Governing Body Chair?	✓			
7	Has each member declared his or her business interests and have appropriate steps been taken if an interest has been identified?	✓			Register of governors' interests compiled annually and invitation to declare conflicts a standing agenda item.
<b>Skills, Knowledge and Competences of Members</b>					
8	Does membership of the Committee include at least one member with recent and relevant experience in finance, accounting or auditing?	✓			



		Yes	No	N/A	Comment
9	Are new Committee members provided with an appropriate induction?	✓			All but one member has received Audit & Risk Committee training. The materials used in the 12/12/2023 Audit Committee training course has been circulated to this member as well as all other members of the Committee and the Governing Body.
10	Have all members' skills and experience been assessed and training given for any identified gaps?	✓			Skills audit undertaken of new governors and skills matched to committees.
11	Does the appropriate mix of skills, knowledge and competences exist within the Committee to perform most effectively?	✓			Mr Patrick McKeown has been co-opted to the Committee to provide relevant finance, accounting or auditing experience in the 2023/24 year. Options being explored to ensure that these skills are available to the Committee in 2024/25.
<b>Meetings</b>					
12	Does the Committee meet at least four times per year and do meetings coincide with key dates in the financial reporting and audit cycle?	✓			Meetings held on 27/09/2023, 08/11/2023, 27/11/2023, 07/02/2024 & 24/04/2024.
13	Are separate, private meetings, held with the internal and external auditors?	✓			Private meetings held immediately prior to each Audit & Risk Committee meeting.
14	Are the agenda and papers circulated in advance of meetings to allow adequate preparation by members?	✓			Papers circulated at least 7 days in advance of meetings.
15	Are members invited to declare any potential conflict of interest with any of the business items on the agenda?	✓			Standing agenda item.
16	Does the Committee have the benefit of attendance of appropriate officers at its meetings?	✓			Chief Executive, Director of Corporate Services, Risk & Compliance Officer and Head of Finance & Governance in attendance at each meeting.
17	Does the Chair encourage full and open discussion and invite questions?	✓			
18	Do all members provide sufficient and informed input to Committee discussions as appropriate?	✓			

		Yes	No	N/A	Comment
<b>Programme of Business</b>					
19	Are members attending meetings on a regular basis and, if not, is appropriate action taken?	✓			
20	Did the Committee agree a programme of business for the academic year?	✓			At 27/09/2023 meeting.
21	Did the Committee cover all business listed in the programme of business?		✓		One outstanding policy review – to be presented at May special meeting.
22	Have all actions identified by the Committee been satisfactorily delivered?	✓			
23	Is there any business that members feel does not need to be covered next year?		✓		
24	Is there any additional business that members feel should be included next year?	✓			Updates on developments in Artificial Intelligence, Cyber Security and Environmental, Social & Governance Reporting.
<b>Relationships</b>					
25	Does the Committee have a positive working relationship with management, the internal auditors and the external auditors?	✓			
26	Is the Committee aware of the line between oversight and management, and does it endeavour to respect that line?	✓			
27	Can the Committee access the Governing Body and other committees as necessary?	✓			
<b>Scope of Work – Internal and External Audit</b>					
28	Does the Committee consider the independence and effectiveness of Internal Audit?	✓			
29	Does the Committee review the strategic internal audit approach and annual plan before work commences?	✓			Reviewed in September 2023.
30	Does the Committee review internal audit reports and management responses to issues raised?	✓			Internal audit reports reviewed as they become available.
31	Does the Committee consider the external auditor's audit strategy before work commences?	✓			Strategy for audit of 2022/23 accounts reviewed and accepted in May 2023.

		Yes	No	N/A	Comment
32	Do the external auditors inform the Committee of key developments and issues at key stages of the audit?	✓			
33	Does the Committee consider the Report to Those Charged with Governance and management responses to issues raised?	✓			Considered in November 2023 for 2022/23 audit.
34	Does the Committee monitor progress made against internal and external audit and other audit based recommendations?	✓			
35	Does the Committee have performance indicators for the internal audit service?	✓			
<b>Scope of Work – Internal Control</b>					
36	Does the Committee consider whether effective anti- fraud and corruption policies and procedures are in place and operating effectively?	✓			
37	Does the Committee ensure that effective arrangements are in place for the management of risk generally and the embedding of risk management?	✓			
38	Does the Committee review risk management at every meeting and does it receive the Corporate Risk Register at least annually?	✓			
39	Does the Committee consider whether the Statement of Corporate Governance and Internal Control is sufficiently comprehensive and meaningful, and the evidence that underpins it?	✓			
40	Does the Committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	✓			
<b>Work of the Committee – Financial Reporting and Regulatory Matters</b>					
41	Does the Committee consider the College's annual financial statements prior to submission to the Governing Body?	✓			2022/23 financial statements considered by the Committee in November 2023.

		Yes	No	N/A	Comment
42	Does the Committee specifically consider: <ul style="list-style-type: none"> <li>any changes in accounting policy</li> <li>major judgemental areas</li> <li>significant audit adjustments</li> <li>the going concern assumption</li> </ul> compliance with accounting standards and accounting direction?	✓			
43	Does the Committee have a mechanism for keeping it aware of topical legal and regulatory issues, e.g. receiving circulars?	✓			
<b>Communication</b>					
44	Does the Committee submit an annual report to the Governing Body accompanied by the internal auditor's annual report and external auditor's Report to Those Charged with Governance?	✓			
45	Does the Committee submit the Corporate Risk Register annually to the Governing Body?	✓			
46	Does the Committee submit the minutes of its meetings to the Governing Body?	✓			
<b>Compliance with Relevant Governing Body Key Performance Indicators</b>					
47	Did attendance levels at Committee meetings average at least 65%?	✓			Average 92.5% attendance.
48	Did Committee meetings generally last no more than two hours?	✓			
<b>Additional Comments</b>					
49					

**SUMMARY OF OUTSTANDING ACTIONS**

	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>
1	24/04/2024	5.0	Management to confirm that the Examination Team is aware of all examinations and invigilation arrangements in place.
2	24/04/2024	6.2	Management to provide assurance that risks are managed at departmental and directorate levels where possible and escalated to the Corporate Risk Register only when necessary.
3	24/04/2024	6.6	Gifts & Hospitality Register to be programmed for the Committee's review annually in advance of its publication on the College's website.