

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**
held on Wednesday 27 September 2023 at 3:30 pm
via Microsoft Teams

PRESENT: Mrs Libby Armstrong
Ms Siobahn Breen
Mrs Maria Curran (*items 1.0 – 6.11 only*)
Mr Brian Ingram
Ms Alana Jones Campbell
Mr Patrick McKeown

IN ATTENDANCE: Mr David Conliffe, DfE
Mrs Joanne Lucas, Risk & Compliance Officer
Ms Celine McCartan, Chief Executive (*from item 4.1*)
Mr Ian McCartney, RSM (*items 1.0 – 9.0 only*)
Mrs Fiona McCauley, Secretary to the Governing Body
Mrs Sharon McGrath, Director of Corporate Services
Ms Suzanne Murphy, NI Audit Office
Mr Sean O'Donnell, Head of Finance (*from item 3.0*)

1.0 PRELIMINARIES AND APOLOGIES

The Committee Chair, Mr Ingram, welcomed all present to the meeting. He extended a particular welcome to Mrs Armstrong and Mrs Curran, governors newly appointed to the Audit & Risk Committee, to Mr McKeown, newly appointed committee co-optee, and to Mrs McGrath, in attendance in her new capacity as Director of Corporate Services.

It was noted that all members were present.

2.0 CONFLICT OF INTEREST DECLARATIONS

No conflict of interest declarations were made.

Mr O'Donnell joined the meeting at this juncture.

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 10 May 2023.

Minute Ref: 6.0

With reference to paragraph 6.0 of the minutes of the Audit & Risk Committee meeting held on 10 May 2023, Mrs Lucas noted that the Gifts & Hospitality Register had not been published on the website at that time as stated and advised on the plan to publish it in October 2023.

In response to a question from a member, Mrs Lucas explained that the digital form for Gifts & Hospitality declarations is available to staff and that awareness raising on the requirements of the Gifts & Hospitality Policy will continue.

4.0 INTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 04.01 2022/23 Internal Audit Assurance Report
- Paper 04.02 Report on Internal Audit Recommendations Follow Up Review
- Paper 04.03 Proposed 2023/24 Internal Audit Plan.

4.1 2022/23 Internal Audit Assurance Report

Mr McCartney provided an overview of the 2022/23 Internal Audit Assurance Report highlighting the 'Satisfactory' Assurance level awarded in relation to the governance, risk management and control framework in place within the College.

Ms McCartan joined the meeting at this juncture.

In response to a question from a member, Mr McCartney advised that an update to the previously received Emerging Risk Radar Report would be presented to the Committee at its November 2023 meeting.

4.2 Internal Audit Recommendations Follow Up Review

With reference to paper 04.02, Mr McCartney advised that a sample of 10 of the 39 recommendations listed by the College as fully implemented had been chosen for follow-up review and that all 10 had been found to have been either implemented or superseded. He confirmed that 'good' progress in implementing agreed management actions had therefore been demonstrated and recorded.

Members welcomed the progress made in implementing the recommendations and expressed appreciation to staff for the work undertaken in achieving this result. Ms McCartan provided assurance on the ongoing commitment to implementing outstanding and future recommendations.

4.3 Proposed Internal Audit Plan 2022/23

Mr McCartney took the Committee through the proposed 2023/24 Internal Audit Plan. He explained that the College's corporate risk register and corporate objectives had been considered in the development of the plan and that consultation on the proposed plan had taken place with the Committee Chair and members of the management team.

In response to a query from a member on the need for a review of Human Resources processes, Ms McCartan commented on the related assurance that will be required on the effectiveness of the change program and undertook to consider the optimal timing of such a review.

AGREED: acceptance of the proposed 2023/24 Internal Audit Plan.

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 reported on the assurance provided by senior managers that no fraud has been identified since the last committee meeting.

She then updated members on the status of the concerns reported to the Committee at its May 2023 meeting and provided an overview of a further concern raised in the interim as well as of the related investigations underway.

In response to a questions and comments from members, management undertook to ascertain the prevalence of the Raising a Concern Champion role in the sector; confirmed that support is offered to those involved in concerns; and detailed the background to the concern regarding management teaching hours as well as the clarity now in place regarding managers' teaching obligations.

6.0 GOVERNANCE REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06 Management Report
- Paper 06.01 Corporate Risk Register
- Paper 06.01b Draft Annual Report and Financial Statements 2022/23
- Paper 06.02 Report on Losses 2022/23
- Paper 06.03 Report on Freedom of Information and Data Protection Activity
- Paper 06.04 FE Sector Publication Scheme
- Paper 06.05 Accountability Structure
- Paper 06.06 Internal Audit Services Extension Letter
- Paper 06.07 NI Audit Office Good Practice Guide - Innovation and Risk Management
- Paper 06.08 IT Security Report.

In presenting the Governance Report, Mrs McGrath took the report and associated papers as read by all members and highlighted main points of interest.

6.1 Corporate Risk Register Review Report

Ref: Management Report Section 1.0 and Paper 06.01

Mrs McGrath drew attention to the 11 risks on the Corporate Risk Register and explained that eight of them had been subject to a full review, with reviews of the remaining three planned.

Ms McCartan advised that the risk associated with the industrial action taken by University & College Union (UCU) members remains the highest scoring risk on the Corporate Risk Register. She then reported on the implications of the strike action taken from 18 – 22 September 2023, on the mitigations in place and on the continuing challenges presented, noting the inability to develop a business case for a pay settlement due to the absence of a pay demand. Mr McKeown commented on the sectoral differentials regarding UCU members' participation in the strike action and noted the effect of increased refund requests from students.

Mrs McGrath then identified the risks associated with budgetary pressures, cyber attacks, resourcing and health & safety as other high scoring risks and confirmed that mitigations are in place for all risks.

In response to a question on the status of the recommendations of the Cyber Audit undertaken by Wolfberry in 2021/22, Ms McGrath advised that as many actions as possible had been completed and explained that focus had shifted to meeting the requirements of Cyber Essentials in advance of the accreditation assessment.

6.2 Audit Recommendations Follow Up Review – Management Schedule

Ref: Management Report Section 2.0

It was noted that two recommendations remain outstanding in relation to the Raising a Concern Procedure and the Hospitality & Gifts Register and that implementation is in progress in both cases.

6.3 Draft Annual Report & Financial Statements 2022/23

Ref: Management Report Section 3.0 and Paper 06.01b

With reference to paper 06.01b, Mr O'Donnell provided an overview of the Statement of Corporate Governance & Internal Control within the 2022/23 Annual Report & Financial Statements. He also drew members' attention to the headline figures within the financial statements and explained the reasons for the movement in pension from a liability position to an asset position, the movement of £1.3m in the PFI lease liability and the £13.5m fixed asset revaluation. He went on to advise that the Chair of the Governing Body and the Chair of the Audit & Risk Committee had been briefed on the Annual Report & Financial Statements and that the audit is due to begin in the week commencing 2 October 2023.

In response to questions and comments, the Committee received assurance on the attention given to the Annual Report & Financial Statements, agreed that the recommendations of external audits are tracked through the Audit Recommendations Follow Up Report, was reminded of the additional audit now required of the College's accounts to 31 March, and was apprised of the financial management risk posed due to the diversion of resource to facilitate the additional audit.

AGREED: approval for the submission of the Annual Report & Financial Statements 2022/23 to the Northern Ireland Audit Office for audit.

6.4 Report on Direct Award Contracts

Ref: Management Report Section 4.0

It was noted that no Direct Award Contracts have been awarded since the previous committee meeting in May 2023.

6.5 Losses Report 2022/23

Ref: Management Report section 5.0 and Paper 06.02

Mr O'Donnell provided details of the two losses listed in paper 06.02 and, in response to a question from the Committee Chair, outlined the terms of the College's engagement with a debt collection agency.

6.6 2022/23 Report on Freedom of Information and Data Protection Activity

Ref: Management Report section 6.0 and Paper 06.03

The 2022/23 Report on Freedom of Information and Data Protection Activity was noted by the Committee.

6.7 Policy Reviews

Ref: Management Report Section 7.0 and Paper 06.04

The Freedom of Information Publication Scheme was noted by the Committee.

6.8 Mid-Year Assurance Statement

Ref: Management Report Section 8.0 and Paper 06.05

Ms McCartan confirmed that the mid-year assurance statement to DfE is in preparation and, with reference to paper 06.05, outlined the levels of accountability in place to form the accountability structure.

6.9 Update on Internal Audit Services Contract

Ref: Management Report Section 9.0 and Paper 06.06

The Committee noted the extension to RSM's contract for the provision of internal audit services until August 2024.

6.10 NIAO Innovation and Risk Management Good Practice Guide for the Public Sector

Ref: Management Report Section 10.0 and Paper 06.07

The NI Audit Office's Innovation and Risk Management Good Practice Guide for the Public Sector was noted by the Committee and, at the suggestion of a member, Ms McCartan undertook to explore the availability of support to the College from the Innovation Lab.

6.11 IT Security Report

Ref: Management Report Section 11.0 and Paper 06.08

Mrs McGrath reflected on the analysis undertaken in early 2023 to identify gaps between the requirements of the Cyber Essentials accreditation and the College's IT infrastructure and processes and commented on the continuing work underway by IT staff and curriculum teams to address the significant gaps identified in advance of the pending assessment for Cyber Essentials accreditation. She went on to advise that phishing training and testing will recommence imminently and to report on the progress made in improving security measures.

In response to questions and comments from members, Mrs McGrath confirmed that previous resourcing deficiencies within the IT team had been resolved, noted the need for ongoing training on cyber security and phishing attacks amongst staff due to the high risk posed, advised of the transition from Sophos to Microsoft Defender and undertook to simplify the information provided in the IT Security Report.

Members were reminded of the focus placed by the Committee on IT Security in prior years due to previous concerns and, in light of the progress made in this area, agreed to de-escalate reporting on this area to biannually.

Mrs Curran withdrew from the meeting at this juncture.

7.0 AUDIT & RISK ASSURANCE COMMITTEE HANDBOOK

PREVIOUSLY ISSUED to all members:

- Paper 07 Department of Finance Audit & Risk Assurance Committee Handbook.

It was noted that the Department of Finance's Audit & Risk Assurance Committee Handbook, providing guidance on the operation of Audit & Risk Committees, was tabled for information.

In response to a query from the Committee Chair on the provision of Audit Committee training to members of the Audit & Risk Committee, Mr Conliffe undertook to explore the scope of delivering this training in the 2023 calendar year.

8.0 ANNUAL REVIEW OF AUDIT & RISK COMMITTEE TERMS OF REFERENCE

PREVIOUSLY ISSUED to all members:

- Paper 08.01 Audit & Risk Committee Terms of Reference
- Paper 08.02 Amendments to Audit & Risk Committee Terms of Reference.

The Secretary to the Governing Body explained that the Audit & Risk Committee Terms of Reference had been reviewed and approved by the Governing Body at its 13 September 2023 meeting to align it with the Audit & Risk Assurance Committee Handbook enabling the co-option of Mr McKeown to the Committee to bring specialist financial expertise as required.

9.0 DRAFT PROGRAMME OF COMMITTEE BUSINESS 2023/24

PREVIOUSLY ISSUED to all members:

- Paper 09 Proposed Programme of Audit & Risk Committee Business 2023/24.

It was noted that the scheduled deep dive of the risk associated with poor governance and loss of faith in college management would align with the anticipated external assurance review of the Change Programme.

Mr McCartney withdrew from the meeting at this juncture.

Ms Murphy advised that the Strategy for the External Audit of the 2023/24 Annual Report & Financial Statements is unlikely to be available for the date of the last scheduled meeting of the year and made suggestions as to how the strategy may be reviewed by members. Mrs McCauley undertook to liaise with Ms Murphy to develop a solution to ensure that the Strategy for the External Audit of the 2023/24 Annual Report & Financial Statements is appropriately scrutinized by the Committee.

AGREED: acceptance of the proposed 2023/24 Programme of Business.

10.0 ANY OTHER RELEVANT BUSINESS

No further business was raised.

11.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 11 List of Outstanding Actions

It was noted that all actions have been implemented with the exception of the action relating to the Partnership Agreement. Mr Conliffe advised on the expectation that Partnership Agreements will be signed in October 2023 following their approval by the Department of Finance.

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

12.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members conveyed their satisfaction with the effectiveness of the meeting.

The meeting concluded at 17:20.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
15 NOVEMBER 2023**

CHAIRMAN

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

DATE 15/11/2023

SUMMARY OF OUTSTANDING ACTIONS

	Meeting Date	Minute Ref	Action
1	10/05/2023	7.0	A summary of the duties and responsibilities of the Governing Body within the Partnership Agreement to be drafted and considered in future training / strategic planning.
2	27/09/2023	4.3	Ms McCartan to consider the optimal timing of a review of HR processes.
3	27/09/2023	5.0	Management undertook to ascertain the prevalence of the Raising a Concern Champion role in the sector.
4	27/09/2023	6.3	Recommendations of external audits to be tracked through the Audit Recommendations Follow Up Report.
5	27/09/2023	6.10	Ms McCartan undertook to explore the availability of support to the College from the Innovation Lab.
6	27/09/2023	6.11	Mrs McGrath to simplify the information provided in the IT Security Report.
7	27/09/2023	7.0	Mr Conliffe to explore the scope of delivering Audit Committee training in the 2023 calendar year.
8	27/09/2023	9.0	Mrs McCauley to liaise with Ms Murphy to develop a solution to ensure that the Strategy for the External Audit of the 2023/24 Annual Report & Financial Statements is appropriately scrutinized by the Committee.