

## SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**  
held on Wednesday 7 February 2024 at 3:35 pm  
via Microsoft Teams

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- PRESENT:**
- Mrs Libby Armstrong
  - Mr Tom Corr
  - Mrs Maria Curran
  - Mr Brian Ingram, Committee Chair
  - Ms Alana Jones Campbell
  - Mr Patrick McKeown
  - Dr Lynsey Quinn (*from item 5.0*)
- IN ATTENDANCE:**
- Mrs Joanne Lucas, Risk & Compliance Officer
  - Ms Nicola Maguire, NI Audit Office
  - Ms Celine McCartan, Chief Executive
  - Mr Ian McCartney, RSM
  - 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
- APOLOGIES:**
- Mr David Conliffe, DfE

### **1.0 PRELIMINARIES AND APOLOGIES**

Mr Ingram welcomed all present to the meeting.

An apology was tendered on behalf of Mr Conliffe and it was noted that Dr Quinn would join the meeting in due course.

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

No conflict of interest declarations were made.

### **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 8 November 2023.
- Paper 03.02 Minutes of the Special Audit & Risk Committee meeting held on Monday 27 November 2023.

Ms McCartan informed the meeting of the receipt of the final Report to Those Charged with Governance in January 2024 noting the delay in its issue due to a query on a technical PFI accounting matter subsequent to the Governing Body's approval of the 2022/23 Annual Report & Financial Statements.

#### **4.0 EXTERNAL AUDIT**

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Report to Those Charged with Governance.

Ms Murphy confirmed the certification of the College's 2022/23 Annual Report & Financial Statements by the Comptroller & Auditor General on 21 December 2023 without qualification. She explained that variances between the PFI liability figures in the financial statements and those in the PFI model, stemming from the restructure of the PFI model in 2019, had required amendments to the disclosure notes, advised that evidence to support the variances will be sought in advance of the audit of the 2023/24 Annual Report & Financial Statements and referenced the related priority 2 finding detailed in the Report to Those Charged with Governance.

In response to queries from the Committee Chair, Ms Murphy reported on the timeframe for planning for the audit of the College's 2023/24 Annual Report & Financial Statements, confirmed the continuing requirement for an audit of the College's accounts to 31 March as well as to 31 July due to their consolidation into the financial statements of DfE, advised of the change in the audit team and spoke of her expectation of a less intensive audit in 2023/24 due to the completion of prior year audits.

#### **5.0 INTERNAL AUDIT**

PREVIOUSLY ISSUED to all members:

- Paper 05.01 Report on Progress of the 2023/24 Internal Audit Plan
- Paper 05.02 Report on Internal Audit Review of Quality Management Processes
- Paper 05.03 Emerging Risks Radar
- Paper 05.04 Report on Internal Audit Review of Safeguarding.

Mr McCartney reported on the satisfactory assurance awarded following internal audit reviews of Quality Management Processes and Safeguarding, noting the medium and low priority recommendations made, and highlighted the anticipated timeframe for the commencement of internal audits of Health & Safety, Part Time Lecturer Payments and the Traineeship & Apprenticeship Management System (TAMS).

In response to questions and comments:

- Mr McCartney advised that the review of TAMS will be undertaken in all colleges with some differing terms of reference;
- Ms McCartan acknowledged the inability to progress all recommendations made in the Report on the Internal Audit Review of Quality Management Processes due to the ongoing industrial action, commented on the ambiguity regarding lecturers' contractual responsibilities in relation to quality self-evaluations in this context, advised that updates will be provided to both the Audit & Risk and Curriculum & Quality Assurance Committees and noted her confidence otherwise in the ability to meet the target timeframes set for implementation of the recommendations made;
- Ms McCartan reported a 70% compliance level in relation to completion of the Safeguarding corporate training module, noted the need for further analysis to discount staff not actively working at present, and advised of the measures put in place to enhance compliance; and

- Mr Corr advised of the ongoing nature of Access NI clearance without the need for updated checks as well as of the responsibility of staff to inform the College of any change in the status of their criminal record.

***Dr Quinn joined the meeting during the above discussion.***

With reference to the Emerging Risks Radar in paper 05.03, Mr McCartney drew attention to the enhanced prevalence of risks associated with cyber-attacks, the environment, resourcing and artificial intelligence. Reflecting on this in the context of the College, and in response to questions from members, Ms McCartan advised of the consideration of the requirement for a standalone policy on artificial intelligence as well as of the opportunity and risk presented by it, spoke of the challenge in retaining required skills whilst creating efficiencies through the Reform to Save Scheme, noted the uncertainty around the baselining of any agreed pay awards, reported on the anticipated residual budget shortfall after Reform to Save Scheme savings are accounted for and commented on the College's good performance in efficiency ratios relative to the sector as a whole.

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

PREVIOUSLY ISSUED to all members:

- Paper 06.01 Report on Fraud and Raising a Concern.

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

She then updated the meeting on the progress of the investigation into a concern raised in relation to timetabling and advised on the investigator's verbal report that no evidence of unfair practice has been found and that recommendations for procedural improvements are expected.

She also informed the meeting of the provision of training for managers by DfE on raising concerns.

## **7.0 GOVERNANCE REPORT**

PREVIOUSLY ISSUED to all members:

- Paper 07 Governance Report
- Paper 07.01 Corporate Risk Register.

### **7.1 Corporate Risk Register Review**

*Ref: Governance Report Section 1.0 and Paper 07.01*

With reference to paper 07.01, Mrs McGrath advised on the de-escalation of the risk associated with failure to meet social inclusion objectives due to the receipt of funding for the Youthcape Plus programme and suggested that this risk is removed from the Corporate Risk Register and managed at directorate level. She highlighted the introduction of the risk associated with failure to administer the Reform to Save scheme by its deadline of 31 March 2024, and drew attention to the high inherent and residual scores in relation to the risk associated with failure to operate within budget as well as the risk associated with the inability to meet the terms of the College's contract with learners and DfE due to ongoing and escalating industrial action.

Ms McCartan reported on the good progress made in the administration of the Reform to Save scheme since the review of the Corporate Risk Register in January 2024 and on her expectation of the removal of this risk from the Corporate Risk Register upon the successful implementation of the scheme.

A discussion then ensued on the wider impact of the challenging industrial relations environment, including reputational damage and the potential inability of the sector to maximise opportunities presented by the re-establishment of the NI Executive and Assembly, and it was agreed that the risk associated with the impact of industrial action is incorporated into the Corporate Risk Register.

In response to questions and comments from members, it was also noted that the next review of the Corporate Risk Register will take account of the impact of the Reform to Save Scheme on the balance of staff skills, and of the impact of the re-establishment of the NI Executive and Assembly on college budgets including the long term funding of any agreed pay rises.

**AGREED: removal of the risk associated with failure to meet social inclusion objectives from the Corporate Risk Register.**

**ACTION: addition of the risk associated with the impact of industrial action to the Corporate Risk Register.**

## **8.0 DEEP DIVE OF RISK ASSOCIATED WITH POOR GOVERNANCE AND LOSS OF FAITH IN COLLEGE MANAGEMENT**

PREVIOUSLY ISSUED to all members:

- Paper 08                      Deep Dive of Risk Associated with Poor Governance and Loss of Faith in College Management.

With reference to paper 08, Ms McCartan reminded the meeting of the circumstances which led to the identification of the risk associated with poor governance and loss of faith in college management, and of the actions taken to address the issues identified, including the establishment of external and internal change teams, the appointment of a Change Manager, the realignment of the organisational structure, the development of a Strategic Improvement Plan and an Employee Engagement Plan, the introduction of a new meetings framework, the instigation of staff engagement surveys, the reform of the College's IT services and the review of key policies, committees' terms of references and the College's mission, vision and values. She also advised of the forthcoming commencement of a Leadership Development Programme, of the proposal to transition the Change Team to a Culture & Engagement Working Group at the end of its tenure, and of the work underway to commission a review of the effectiveness of the change programme. She concluded by noting continuing morale issues within the College, potentially affected by external factors.

Members then commented on the assurance offered by the report provided on the risk associated with poor governance and loss of faith in college management. Following a discussion on a suggestion to remove this risk from the Corporate Risk Register, it was agreed to retain the risk pending the report on the effectiveness of the change programme.

## 9.0 **GOVERNANCE REPORT (CONTINUED)**

PREVIOUSLY ISSUED to all members:

- Paper 07 Governance Report
- Paper 07.02 Tracking Actions from Audits and Assurance Statement 2023/24
- Paper 07.03 Cybersecurity Update Report
- Paper 07.04 Customer Complaints and Compliments Policy
- Paper 07.05 Social Media Policy
- Paper 07.06 Penetration Testing and Vulnerability Management Policy
- Paper 07.07 Strategic Improvement Plan Progress Report
- Paper 07.08 DfE Partner Organisation Governance and Performance Update
- Paper 07.09 Partnership Agreement.

### 9.1 **Audit Recommendations Follow Up Review**

*Ref: Governance Report Section 2.0 and Paper 07.02*

Mrs McGrath referenced the report on the status of the recommendations arising from internal audit reviews, the audit of the College's Annual Report & Financial Statements and Assurance Statements to DfE in paper 07.02, and undertook to circulate an updated report incorporating the recommendations arising from the internal audit reviews of Quality Management Processes and Safeguarding.

**ACTION: Management to circulate an updated report on the status of the audit recommendations incorporating the recommendations arising from the internal audit reviews of Quality Management Processes and Safeguarding.**

### 9.2 **Cybersecurity**

*Ref: Governance Report Section 3.0 and Paper 07.03*

Mrs McGrath reported on the continuation of progress towards achievement of the Cyber Essentials accreditation, on the satisfactory outcome of the annual external penetration test conducted in January 2024 and on the ongoing awareness raising of phishing attacks amongst staff.

In response to questions from members, Mrs McGrath commented on the balance to be achieved between the security and accessibility of systems and explained that additional training is provided to staff who fail simulated phishing attacks.

### 9.3 **Report on Direct Award Contracts**

*Ref: Governance Report Section 4.0*

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

### 9.4 **Policy Review**

*Ref: Governance Report Section 6.0 and Papers 07.04, 07.05 & 07.06*

Mrs McGrath provided an overview of the amendments made to the Customer Complaints & Compliments Policy, the Social Media Policy and the Penetration Testing & Vulnerability Management Policy.

In response to questions from members, she referenced the 2022/23 Annual Complaints Report tabled at the 8 November 2023 committee meeting and acknowledged the Committee's oversight of the management of complaints.

**AGREED: that the Customer Complaints & Compliments Policy, the Social Media Policy and the Penetration Testing & Vulnerability Management Policy be recommended to the Governing Body for approval.**

#### **9.5 Communications and Assurances Provided to DfE**

*Ref: Governance Report Section 7.0 and Paper 07.07, 07.08 & 07.09*

Mrs McGrath reported that all actions listed in the Strategic Improvement Plan have been achieved or are on track to be achieved on time with the exception of the action concerning the development of sustainability curriculum, which is now expected to be progressed by June 2024.

Ms McCartan reminded members of the Governing Body's endorsement of the Partnership Agreement and of its function to replace the previous Management Statement / Financial Memorandum in documenting the responsibilities of all parties in relation to the College's delivery of services on behalf of DfE. She highlighted the extensive Annual Engagement Plan within detailing the returns required to DfE and noted the need to review internal policies and procedures to ensure compliance and alignment with the Partnership Agreement.

Mr Ingram highlighted the Committee's function as outlined in section 6 of the Partnership Agreement. He also spoke of the requirement for further discussion with DfE and RSM on the approach to be taken in fulfilling the requirements of paragraph 21.5 in relation to the receipt of regular, periodic self-assessments of the internal audit function in light of the confidential and commercially sensitive nature of the information contained within such assessment reports, and it was agreed to establish key performance indicators to assess the performance of the internal audit function in undertaking audits in South West College in the meantime. Mr McKeown commented on the level of compliance required by colleges under the Partnership Agreement irrespective of the risk level posed to DfE by individual colleges.

**ACTION: key performance indicators to be established to assess the performance of the internal audit function in undertaking audits in South West College.**

#### **10.0 REVIEW OF OUTSTANDING ACTIONS**

PREVIOUSLY ISSUED to all members:

- Paper 09 List of Outstanding Actions

A review of outstanding actions was undertaken by the Committee during which it was noted that:

- a review of HR processes would be incorporated into the 2024/25 Internal Audit Plan;
- the status of recommendations arising from external audits had been incorporated into the Audit Recommendations Follow Up Report;
- support from the Innovation Lab had been raised sectorally;
- the information provided in the IT Security Report had been simplified;
- a special meeting will be held on Thursday 23 May 2024 at 12 noon to consider the strategy for the audit of the 2023/24 Annual Report & Financial Statements; and

- the 2022/23 Annual Report & Financial Statements and the revised Risk Appetite Statement had been reviewed by the Committee at a special meeting held in November 2023 and approved by the Governing Body in December 2023.

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

**11.0 ANY OTHER RELEVANT BUSINESS**

At the suggestion of the Committee Chair it was agreed that the next committee meeting, scheduled for Wednesday 24 April 2024, will be held in person in the Dungannon campus.

**12.0 REFLECTION ON EFFECTIVENESS OF MEETING**

Members commented on the assurance received through the reports provided to the Committee.

*The meeting concluded at 17:30.*

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON THURSDAY 11 APRIL 2024**

CHAIRPERSON 

DATE 11/04/2024

## 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	07/02/2024	7.1	The risk associated with the impact of industrial action to be added to the Corporate Risk Register.
3	07/02/2024	9.1	Management to circulate an updated report on the status of the audit recommendations incorporating the recommendations arising from the internal audit reviews of Quality Management Processes and Safeguarding.
4	07/02/2024	9.5	Key performance indicators to be established to assess the performance of the internal audit function in undertaking audits in South West College.