

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**
held on Wednesday 9 November 2022 at 3:30 pm
via Microsoft Teams

PRESENT:	Ms Siobhan Breen Ms Alana Jones Campbell Ms Elaine Grier Mr Brian Ingram Mrs Patricia McCaffrey (Committee Chair)
IN ATTENDANCE:	Mr David Conliffe, DfE (<i>from item 4.0</i>) Dr Jill Cush, Deputy Chief Executive Mrs Joanne Lucas, Risk & Compliance Officer Ms Celine McCartan, Chief Executive Mr Ian McCartney, RSM Mrs Fiona McCauley, Secretary to the Governing Body Mrs Sharon McGrath, Head of Services (<i>item 8.0 only</i>) Mr Sean O'Donnell, Head of Finance Mr Brian O'Neill, NI Audit Office Dr Nicholas O'Shiel, Chair of the Governing Body

1.0 APOLOGIES

It was noted that all members were present and that Mr Conliffe had advised that he would be late in joining the meeting.

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 Minutes of the Audit & Risk Committee meeting held on Tuesday 21 September 2022.

Min Ref 12.0

The Secretary to the Governing Body reported that training for committee members and staff on the practical application of 'deep dives' of corporate risks is scheduled to be delivered by RSM on 11 January 2023 in the Erne Campus.

4.0 EXTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Cover Letter to Draft Report to Those Charged with Governance
- Paper 04.02 Draft Report to Those Charged with Governance.

Mr O'Neill advised that an unqualified audit opinion has been proposed following the audit of the College's Annual Report and Financial Statements for 2021/22. He

explained that the audit is substantially complete and that issue of the final Report to Those Charged with Governance is subject to the NI Audit Office's assessment of the actuarial assumptions regarding the NILGOSC pension scheme as well as its final review of the Annual Report & Financial Statements.

He then provided an overview of the draft Report to Those Charged with Governance confirming that no material issues of concern had arisen and that no uncorrected material misstatements had been identified. He advised that a number of suggestions had been made for amendments to the Remuneration Report and the Statement of Corporate Governance and Internal Control, which have now been addressed, and that one minor recommendation has been made in relation to assets with a nil net book value. He also referenced the Letter of Representation to be signed by the College's Chief Executive as well as the draft Audit Certificate to be signed by the Comptroller and Auditor General.

In response to a question on the assessment to be undertaken by the NI Audit Office of the actuarial assumptions regarding the NILGOSC pension scheme, Mr O'Neill explained that the pension liability has decreased significantly due to a change in assumptions and that an assessment of the appropriateness of this change will be undertaken.

Ms McCartan acknowledged the staff of the NI Audit Office for their work in undertaking the audit directly in a change to prior year arrangements. She commented on the amendments that were made to the Strategic Report and the Statement of Corporate Governance & Internal Control from those presented to the Committee at its September 2022 meeting to accurately reflect the College's current position and noted that she would review the Letter of Representation in detail before adding her signature.

Mr Conliffe joined the meeting at this juncture.

Mr O'Donnell also acknowledged the professionalism of the audit team in conducting the audit. Referring to the recommendation made in relation to assets with a nil net book value, he explained that a physical verification of assets has not been undertaken in recent years due to Covid-19 restrictions and that plans are in place to undertake this review next year.

The Committee Chair welcomed the unqualified audit opinion and commended the College's finance team and the NI Audit Office's audit team for their work in achieving this result.

5.0 INTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 05.01 Revised 2022/23 Internal Audit Plan
- Paper 05.02 Report on Progress of Internal Audit Plan
- Paper 05.03 Maximising Your Impact – Managing Risks and Building Resilience.

With reference to paper 05.01, Mr McCartney reported that an interim follow-up review of audit recommendations has been incorporated into the Internal Audit Plan and that the audit of the Lost Learning Fund will be undertaken in addition to the audits set out in the Internal Audit Plan presented to the Committee at its September 2022 meeting. He also reported that fieldwork is ongoing in relation to the audit of Repairs and Maintenance and that the scope of the audit of the Lost Learning Fund is currently under development, with a view to having the reports of both of these audits available for the February 2023 committee meeting.

Mr McCartney then drew attention to the value added report in paper 05.03 which provides an analysis of risk registers in NI and UK colleges. He highlighted the section on new and evolving risks and the Environmental, Social & Governance (ESG) risk in particular. It was noted that the evolving ESG area may in part influence future funding and Mr McCartney undertook to inform the College of any related emerging information. It was also noted that the declining enrolment to NI FE colleges had been referenced in the report.

In response to queries, the meeting was made aware of the funding arrangements for the Training for Success (TfS) programme as well as the challenges encountered with the new Trainee and Apprentice Management System (TAMS), the IT system to be used by TfS delivery agents, and the associated additional resource requirement to mitigate the associated risk posed.

AGREED: acceptance of the revised 2022/23 Internal Audit Plan.

6.0 FRAUD REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06 Fraud Report
- Paper 06b Fraud Risk Assessment.

Mrs Lucas explained that managers had been asked to provide a return regarding potential and known fraud, bribery and corruption in their area of responsibility in the prior three month period with no issues reported. She noted that no assurances had been received in relation to the Human Resources function due to the vacancy in the lead Human Resources role. In response to a comment on the need to attain assurances from the Human Resources department, it was noted that this could now be progressed following the recent introduction of interim arrangements to provide additional resource in the Human Resources function whilst the recruitment exercise for the Head of People & Culture role is undertaken.

Mrs Lucas went on to advise that paper 06b contains the fraud risk assessment returned to DfE and undertook to circulate an updated version of this document incorporating amendments made in response to DfE feedback. Following queries on the two risks with a high risk residual risk score, the meeting was advised of the mitigations in place in relation to the risks of theft of assets and employees undertaking external work whilst on sick leave. Members also sought an amendment to the fraud risk assessment to clarify the status of mitigating actions.

ACTION: Updated fraud risk assessment to be amended to clarify the status of mitigating actions and circulated to committee.

7.0 RAISING A CONCERN REPORT

PREVIOUSLY ISSUED to all members:

- Paper 07 Report on Raising a Concern.

Mrs Lucas confirmed that no concerns were raised with the Raising a Concern Champion or through the Work in Confidence platform since the previous committee meeting. She added that a number of concerns had been raised directly with the Chief Executive and, with reference to paper 07, provided an overview of these concerns. Ms McCartan provided further detail on the concern raised regarding access to support for trainees and apprentices with special educational needs and advised that the related awarding

body compliance certificate has been signed on the understanding that an action plan will be put in place to address the issue.

In response to a question regarding the concern raised in relation to the extended continuation of a temporary staffing arrangement, Ms McCartan confirmed that the matter would be reported to the Staffing Committee and a solution proposed.

8.0 TECHNICAL SERVICES IT SECURITY REPORT

PREVIOUSLY ISSUED to all members:

- Paper 08 Technical Services IT Security Report.

Mrs McGrath, Head of Services, joined the meeting for this item.

With reference to paper 08, Mrs McGrath reported on phishing training and testing, cyber security attacks, the progress of the Cyber Essentials Certification process, the College's Microsoft Secure Score and the effectiveness of the College's email security systems. She highlighted the progress made in implementing the recommendations made by Wolfberry Cyber Ltd following its cyber audit, noting that all but one of the recommendations had been actioned with implementation of the outstanding recommendation under review. She also reported significant progress in addressing the resourcing challenges faced by the Technical Services team.

The Committee Chair welcomed the progress made in IT security and drew attention to the related policies presented for the Committee's review. Ms Breen commented on the improvement in service observed from an end user perspective.

Mrs McGrath withdrew from the meeting at this juncture.

9.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 09 Management Report
- Paper 09.01 Report on Progress of Internal Audit Recommendations
- Paper 09.02 Corporate Risk Register
- Paper 09.03 Corporate Risk Register Review
- Paper 09.04 Report on Direct Award Contracts
- Paper 09.05 Annual Report and Financial Statements 2021-22
- Paper 09.06 Statement of Corporate Governance & Internal Control
- Paper 09.07 Mid Year Assurance Statement
- Paper 09.08 IT Acquisition & Disposal Policy
- Paper 09.09 ILT Security & Auditing Policy
- Paper 09.10 Internet & Email Usage Monitoring Policy
- Paper 09.11 Software Compliance Policy
- Paper 09.12 User Account Management Policy.

9.1 Audit Recommendations Follow Up Review – Management Schedule

Ref: Management report section 1.0 and Paper 09.01

Mrs Lucas reported that 35 out of 50 internal audit recommendations had now been fully implemented and that implementation had commenced in all remaining recommendations. She proceeded to provide a report on the progress of implementation of the three high priority recommendations as well as a report on the

progress of implementation of the recommendations made as a result of the two audits that had received a limited assurance rating.

Members raised concerns about the continued low level of staff compliance in relation to completion of the Data Security / GDPR corporate training module.

9.2 Corporate Risk Register Review

Ref: Management Report section 2.0 and Papers 09.02 & 09.03

With reference to paper 09.02, Mrs Lucas highlighted the amendments made to the Corporate Risk Register since the September 2022 committee meeting. Ms McCartan commented on the work to be done in relation to the Corporate Risk Register noting the need for incorporation of the risk in relation to physical health and safety.

In response to queries on the planning underway for anticipated budget cuts in 2023/24, Ms McCartan provided assurance that the related issues will be presented to the Finance & General Purposes Committee at its December 2022 meeting and acknowledged the potential for a moratorium on recruitment. It was agreed that an addendum to the Corporate Risk Register would be developed to consider emerging risks to include those identified in the report contained in paper 05.03.

ACTION: Addendum to the Corporate Risk Register to be developed to consider emerging risks.

The Chair of the Governing Body explained that the 16 November 2022 Governing Body meeting would focus on the issues raised in relation to 2023/24 budget and emerging risks and asked members to give attention to the Strategic Improvement Planning presentation which will be made available in advance of the meeting.

Members then considered the corporate risks to undergo close scrutiny at subsequent committee meetings following the training on the practical application of 'deep dives' of corporate risks and it was agreed that the risk associated with Learner Experience would be considered at the February 2023 meeting and that the risk associated with the introduction of TAMS would be considered at the May 2023 committee meeting.

AGREED: that the risk associated with Learner Experience would be considered at the February 2023 meeting and that the risk associated with the introduction of TAMS would be considered at the May 2023 committee meeting.

9.3 Report on Direct Award Contracts

Ref: Management Report Section 3.0 and Paper 09.04

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

9.4 Annual Report & Financial Statements 2021/22

Ref: Management Report section 4.0 and Papers 09.05 & 09.06

Mr O'Donnell reported on the amendments made to the Strategic Report and the Statement of Corporate Governance & Internal Control to accurately reflect the College's current position in terms of weaknesses identified, the plan in place to address these weaknesses and the progress made in implementing this plan. He noted that a number of further minor narrative changes will be made at the suggestion of the NI Audit Office.

AGREED: that the Annual Report & Financial Statements 2021/22 be recommended to the Governing Body for approval subject to the amendments referred to above.

9.5 Mid-Year Assurance Statement 2022/23

Ref: Management Report section 5.0 and Paper 09.07

The Mid-Year Assurance Statement 2022/23 was noted by the Committee.

9.6 Policy Reviews

Ref: Management Report Section 6.0 and Papers 09.08, 09.09, 09.10, 09.11 & 09.12

AGREED: that the IT Acquisition & Disposal Policy, ILT Security & Auditing Policy, Internet & Email Usage Monitoring Policy, Software Compliance Policy and User Account Management Policy be recommended to the Governing Body for approval.

10.0 AUDIT & RISK COMMITTEE ANNUAL REPORT

PREVIOUSLY ISSUED to all members:

- Paper 10 Draft Audit & Risk Committee Annual Report 2021/22.

AGREED: that the Audit & Risk Committee Annual Report 2021/22 be agreed for submission to the Governing Body, the Accounting Officer and DfE subject to the inclusion of relevant information relating to the current meeting.

11.0 ANY OTHER RELEVANT BUSINESS

No further business was raised.

12.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 12 List of Outstanding Actions

A review of the outstanding actions contained within paper 12 was undertaken. The resultant list of outstanding actions is contained within Appendix A.

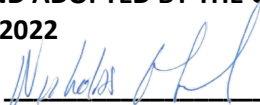
13.0 REFLECTION ON EFFECTIVENESS OF MEETING

Members conveyed their satisfaction with the proceedings of the meeting.

Ms Breen, Mr Conliffe, Dr Cush, Mrs Lucas, Ms McCartan, Mr McCartney, Mr O'Donnell and Mr O'Neill withdrew from the meeting at this juncture. The meeting then went into members only session.

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

CHAIRMAN



DATE 16/11/2022

SUMMARY OF OUTSTANDING ACTIONS

	Meeting Date	Minute Ref	Action
1	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.
2	09/11/2022	6.0	Updated fraud risk assessment to be amended to clarify the status of mitigating actions and circulated to the Committee.
3	09/11/2022	9.2	Addendum to the Corporate Risk Register to be developed to consider emerging risks.
4	09/11/2022	9.2	The risk associated with Learner Experience to be considered at the February 2023 meeting and the risk associated with the introduction of TAMS to be considered at the May 2023 committee meeting.