

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**
held on Wednesday 10 November 2021 at 3:30 pm
via Microsoft Teams

- PRESENT:** Ms Siobhan Breen
Mrs Monica McGeary (*From item 4.0*)
Mrs Joanne Moore
Mr Michael Skuce (Presiding Committee Chair)
- IN ATTENDANCE:** Ms Karen Beattie, NI Audit Office
Mr David Conliffe, DfE
Mr Colin Lewis, Interim Chief Executive
Mrs Joanne Lucas, Risk & Compliance Officer
Ms Emily Mahon, PwC
Mr Ian McCartney, RSM
Mrs Fiona McCauley, Secretary to the Governing Body
Mr Sean O'Donnell, Head of Finance
Dr Nicholas O'Shiel, Chair of the Governing Body
Ms Carol Viney, Head of Faculty (Professional & Social Sciences) (*Item 11.2 only*)
- APOLOGIES:** Dr Jill Cush, Deputy Chief Executive
Mrs Patricia McCaffrey, Committee Chair
Mrs Sharon McGrath, Head of Services

1.0 PRELIMINARIES AND APOLOGIES

Mr Skuce welcomed all present and advised that he would preside over the meeting in the absence of the Committee Chair, Mrs McCaffrey. He extended a particular welcome to Mr Lewis on his first attendance at a meeting of the College's Audit & Risk Committee.

An apology was tendered on behalf of Dr Jill Cush, Mrs Patricia McCaffrey and Mrs Sharon McGrath.

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 2021.

There were no matters arising from the minutes.

4.0 EXTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Draft Annual Report & Financial Statements 2020/21

- Paper 04.02 Cover Letter to Draft Report to Those Charged with Governance
- Paper 04.03 Draft Report to Those Charged with Governance.

Ms Beattie advised that an unqualified audit opinion has been proposed following the audit of the College's Annual Report and Financial Statements for 2020/21. With reference to the draft Report to those Charged with Governance, she advised that no material issues of concern had arisen and that no uncorrected material misstatements had been identified. He explained that a Letter of Understanding would issue to the Interim Chief Executive as the new Accounting Officer.

Ms Mahon then reported that three matters remain outstanding in the audit, noting that two involve final review by PwC representatives and that one is a sectoral issue regarding bank confirmations. Regarding the latter issue, she discouraged signing of the accounts until bank confirmations have been received.

Ms Mahon went on to highlight the two presumed significant risks of fraud through management override of controls and fraud in revenue recognition and confirmed that no instances of fraud had been identified following testing in these areas. She also highlighted the testing undertaken with regards to classification of expenditure in the Erne Campus development and confirmed that no issues had been found.

Ms Mahon concluded by thanking Mr O'Donnell and his team for their support and co-operation throughout the course of the audit and it was noted that the audit would be undertaken directly by the NIAO next year.

Mrs McGeary joined the meeting at this juncture.

Members welcomed the clean audit report received and commented on the assurance provided therein on the budgetary management system and the controls in place.

5.0 INTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 05.01 Proposed 2021/22 Internal Audit Plan
- Paper 05.02 Internal Audit Annual Progress Report
- Paper 05.03 Report on Review of Human Resources.

5.1 Proposed 2021/22 Internal Audit Plan

Mr McCartney reminded the meeting that the Committee Chair had considered an amendment to the Internal Audit Plan presented at the September 2021 meeting but that it had subsequently been agreed that this was not required, hence the re-presentation of the proposed plan for the Committee's acceptance

AGREED: acceptance of the Internal Audit Plan 2021/22.

5.2 Internal Audit Progress Report

Mr McCartney reported that one internal audit review had been undertaken since the last committee meeting and would be presented forthwith. He advised also that fieldwork on the DfE mandated review of Covid-19 student funding initiatives is underway and that a report on the JISC / EDUCAUSE digital transformation leadership event has been made available for information.

5.3 Report on Internal Audit Review of Human Resources

With reference to paper 05.03, Mr McCartney reported that a satisfactory assurance rating had been awarded following an internal audit review of Human Resources and

went on to highlight the two medium priority and four low priority recommendations made as well as the areas of good practice identified.

In response to a comment on the implementation of the performance appraisal scheme, Mr McCartney advised that although 40% of appraisals were outstanding at the time of review, the deadline for completion had not yet been reached. It was noted that it was unlikely that all appraisals would be completed on time and a discussion then ensued during which the importance of the performance appraisal scheme was emphasised, the responsibility of all managers and staff to engage in the process was noted, the Staffing Committee's focus on the issue was highlighted and the need for a refresh of the process was acknowledged.

6.0 FRAUD REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06 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 07 Raising a Concern Report.

With reference to paper 07, Mrs Lucas provided an analysis of the concerns raised both through the Work in Confidence platform and directly with the Raising a Concern Champion. She went on to draw attention to the amendments proposed to the Freedom to Speak Up: Raising a Concern Policy. She also made the Committee aware of a suggestion from a member of staff that the Raising a Concern Champion should not hold any other role within the College to ensure independence and it was agreed that this would be discussed internally in the first instance.

Suggestions were made for further revisions to the Freedom to Speak Up: Raising a Concern Policy and the assistance of DfE's Fraud and Raising Concerns Branch was offered in reviewing the policy. Mrs Lucas undertook to revisit the policy to consider the suggestions made. In response to a query on the Work in Confidence platform, Mrs Lucas explained that the outcome of investigations into concerns raised can be communicated to those raising the concern anonymously allowing them to feedback their views on the outcome.

8.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 08 Management Report
- Paper 08.01 Update on Progress of Outstanding Internal Audit Recommendations
- Paper 08.02 Corporate Risk Register 2021 – 22
- Paper 08.03 Corporate Risk Register Review Report
- Paper 08.04 Technical Services Report
- Paper 08.05 Direct Award Contracts Report
- Paper 08.06 Mid-Year Assurance Statement to DfE (April 21 – September 21)
- Paper 08.07 Freedom to Speak Up: Raising a Concern Policy.

8.1 Audit Recommendations Follow Up Review – Management Schedule

Ref: Management report section 1.0 and Paper 08.01

Mrs Lucas advised that the recommendations made as a result of the internal audit of Human Resources had not yet been added to the list of outstanding actions. She noted that the target completion dates for recommendations 6 and 8 had passed, requested extensions to December 2021 and March 2022 respectively and outlined the reasons for the delay in implementation. The extension requests were accepted by the Committee.

8.2 Corporate Risk Register Review

Ref: Management Report section 2.0 and Papers 08.02 & 08.03

Mrs Lucas reported that two new risks had been added to the Corporate Risk Register; the first relating to the implications of failure to meet awarding body requirements and the second relating to failure to meet retention and achievement targets. She added that the risk of an external breach of cyber security had been escalated due to the identification of vulnerabilities by the College's cyber security testing consultants and the shortage of resources to address these matters. She advised that the risk of failing to meet enrolment targets had been de-escalated and that the risk relating to the handling of academic appeals had been removed. Mrs Lucas also drew attention to the mitigating actions listed for all risks and, in response to a query on the risk relating to resourcing of the technical services team, informed the meeting that recruitment for the vacant posts is underway.

8.3 Technical Services Data Security Report

Ref: Management Report section 3.0 and Paper 08.04

With reference to the Technical Services Report, Mrs Lucas highlighted the concerns raised regarding the resource shortage referred to previously as well as the need for further staff training on phishing emails due to the failure of some staff to identify such emails as fraudulent. She reported that one distributed denial of service attack had occurred and that this had been mitigated. She also explained that an audit had found a number of obsolete college email addresses on the dark web, provided assurances that these accounts no longer exist, and noted the consequent need for awareness raising on the correct use of college email addresses.

8.4 Report on Direct Award Contracts

Ref: Management Report Section 4.0 and Paper 08.05

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

8.5 Annual Report & Financial Statements 2020/21

Ref: Management Report section 5.0 and Paper 04.01

AGREED: that the Annual Report & Financial Statements 2020/21 be recommended to the Governing Body for approval.

8.6 Mid-Year Assurance Statement 2020/21

Ref: Management Report section 6.0 and Paper 08.06

Mrs Lucas drew attention to the mid-year assurance statement to DfE for the financial year ending 31 March 2022.

8.7 Policy Review

Ref: Management Report Section 7.0 and Paper 08.07

Members agreed to defer the review of the Website Management Policy and Protocol to the May 2022 meeting. Mrs Lucas undertook to further review the Freedom to Speak Up: Raising a Concern Policy to consider the comments made earlier in the meeting with a view to seeking approval at the 17 November 2021 Governing Body meeting.

9.0 RISK MANAGEMENT IN THE ERNE CAMPUS DEVELOPMENTS

PREVIOUSLY ISSUED to all members:

- Paper 09 Update on Risk Management in the Erne Project.

Mr Lewis referenced the update on risk management in the Erne Campus Development provided in paper 09, highlighting the closure of all risks with the exception of the resources risk, for which mitigations are in place. He commented on the work to be done on the realization of benefits, on the anticipation of a within-budget financial outturn and on his satisfaction with the management of this major capital project.

10.0 AUDIT & RISK COMMITTEE ANNUAL REPORT

PREVIOUSLY ISSUED to all members:

- Paper 10 Draft Audit & Risk Committee Annual Report 2020/21.

With reference to paper 10, the Secretary to the Governing Body explained that the Audit & Risk Committee Annual Report summarizes the Committee's work in the 2020/21 year for the attention of the Governing Body and the Accounting Officer. She advised that the report would be updated to reference the discussions held during the meeting.

AGREED: that the Audit & Risk Committee Annual Report 2020/21 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 DEPARTMENTAL RISK REGISTER REPORTS

PREVIOUSLY ISSUED to all members:

- Paper 11.01 Professional and Social Sciences Faculty Risk Register Report
- Paper 11.02 Services Risk Register Report.

11.1 Services Department Risk Register Update

It was noted that the Head of Services, Mrs McGrath, was unavailable to present her risk register report and that any comments or questions may be directed to the Secretary to the Governing Body for forwarding to Mrs McGrath.

11.2 Professional and Social Sciences Risk Register Update

Ms Viney, Head of Professional & Social Sciences Faculty, joined the meeting for this item.

With reference to paper 11.01, Ms Viney took the Committee through the four risks on the Professional and Social Sciences Risk Register as well as the associated mitigations. She highlighted the use of Learning Support Workers to supervise on-site classes were lecturers need to teach remotely due to self-isolation requirements, the resourcing challenges presented by the return of students who were unable to complete their qualification in 2020/21 due to pandemic related government restrictions, and the need for clear communications to students on tuition fee payment processes.

In response to questions from members, Ms Viney, supported by Mr O'Donnell, provided further details of the limitations of the new EBS student management platform in relation to the collection of fees and the associated risk of increased student debt and reduced retention.

Ms Viney was thanked for her presentation and withdrew from the meeting at this juncture.

12.0 ANY OTHER RELEVANT BUSINESS

No further business was raised.

13.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 13 List of Outstanding Actions

It was noted that the Board Assurance Framework will be discussed at a sectoral workshop being held during the week commencing 15 November 2021 and an update provided at the next committee meeting.

14.0 REFLECTION ON EFFECTIVENESS OF MEETING

No comments were made on the effectiveness of the meeting.

Ms Beattie, Ms Breen, Mrs Lucas, Ms Mahon and Mr O'Donnell withdrew from the meeting at this juncture. The meeting then went into confidential session and concluded at 5.00 pm.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
17 NOVEMBER 2021**

CHAIRMAN



DATE 17/11/2021

SUMMARY OF OUTSTANDING ACTIONS

	Meeting Date	Minute Ref	Action
1	04/11/2020	5.0	Management to review the proposal of a Board Assurance Framework in terms of added value and resource.
	10/02/2021	10.0	Board Assurance Framework to be reviewed by Senior Management in September 2021.
	21/09/2021	7.7	Board Assurance Framework to be considered following sectoral workshop.