

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**
held on Wednesday 11 May 2022 at 3:30 pm
via Microsoft Teams

- PRESENT:** Ms Siobhan Breen (*items 1.0 – 7.0 only*)
Ms Elaine Grier (from *item 4.0*)
Ms Alana Jones Campbell
Mrs Patricia McCaffrey (Committee Chair)
Mrs Joanne Moore
Mr Michael Skuce
- IN ATTENDANCE:** Mr David Conliffe, DfE
Dr Jill Cush, Deputy Chief Executive
Dr Barry McCarron, Senior Business Development Officer (*item 9.2 only*)
Mr Ian McCartney, RSM
Mrs Fiona McCauley, Secretary to the Governing Body
Mrs Sharon McGrath, Head of Services
Mr Pdraig McNamee, Head of Automotive, Computing & Engineering Faculty (*Item 9.1 only*)
Mr Leo Murphy, Interim Chief Executive
Ms Suzanne Murphy, NI Audit Office
Mr Sean O'Donnell, Head of Finance
Dr Nicholas O'Shiel, Chair of the Governing Body
Mrs Nicola Quinn, Business Development Support Officer (*item 9.2 only*)
- APOLOGIES:** Mrs Joanne Lucas, Risk & Compliance Officer

1.0 APOLOGIES

An apology was tendered on behalf of Mrs Lucas.

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 Wednesday 9 February 2022.

There were no matters arising from the minutes.

4.0 INTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 04.01 Internal Audit Progress Report
- Paper 04.01a NI FE Benchmarking Report 2020/21
- Paper 04.01b Conformance with the IIA Standards and Codes of Practice
- Paper 04.02 Report on Audit of Procurement & Contract Management
- Paper 04.04 Report on Audit of Marketing & Employability Arrangements.

4.1 Internal Audit Progress Report

With reference to paper 04.01, Mr McCartney began by explaining that reports on the Internal Audits of Procurement & Contract Management and Marketing & Employability Arrangements have been provided along with a sectoral benchmarking report and a report on collaboration between colleges and universities. He advised that the report on the advisory audit of Data Protection / GDPR and the progress of internal audit recommendations will be presented at the September 2022 committee meeting.

The Committee Chair welcomed the achievement of all Key Performance Indicators by the Internal Auditors, noted the sectoral benchmarking report and commented on the high proportion of findings regarding policies and procedures and non-compliance thereof. Mr Murphy reflected on the significant number of outstanding low priority recommendations and explained that a focus will be placed on addressing these recommendations. He also noted the phased nature of the review of Data Protection / GDPR and recommended a reflection on the combination of areas included in each audit.

Ms Grier joined the meeting during the above report.

4.2 Report on Internal Audit of Procurement & Contract Management

Mr McCartney explained that the above audit had found a good system of control to be in place for procurement and a lack of arrangements for contract management and concluded that a limited assurance had therefore been awarded.

Mr O'Donnell acknowledged the need to formally document the contract management arrangements in place in the College, confirmed that higher value contracts are managed by the Central Procurement Directorate (CPD) and spoke of the need to balance resource to risk. In response to a query regarding adherence to CPD guidelines, Mrs McGrath confirmed that the College's guidance aligns with CPD guidance, noted the need to refresh the College's guidance and provided assurance on the diligent management of high value contracts.

4.3 Report on Internal Audit of Marketing & Employability Arrangements

With reference to paper 04.04, Mr McCartney reported on the limited assurance awarded following the Internal Audit of Marketing & Employability Arrangements noting that satisfactory assurance may have been awarded should the audit have entailed a standalone review of marketing arrangements. He then provided an overview of the five medium priority recommendations made and drew attention to the areas of good practice identified.

The Committee discussed concerns regarding student safeguarding initiatives on work placement in particular and it was noted that the recommendation to develop a formal procedure to document the required arrangements to support student safeguarding and wellbeing on work placement has been implemented. In response to a query on the scope of the audit, it was confirmed that the audit covered Further Education

mandatory placements only and that apprenticeship placements are tightly regulated by DfE.

It was agreed that a follow-up audit of Employability Arrangements would be included in the 2022/23 Internal Audit Plan.

AGREED: that a follow-up audit of Employability Arrangements is to be included in the 2022/23 Internal Audit Plan.

5.0 EXTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 05 Strategy for Audit of 2021/22 Financial Statements.

With reference to paper 05, Ms Murphy took the meeting through the Strategy for the Audit of the College's 2021/22 Financial Statements during which she drew particular attention to the materiality and error reporting thresholds to be applied, the two presumed significant risks of material misstatement and the four other risk factors identified, noting that the College's contract management arrangements will now also be considered. She went on to highlight the audit timetable, audit fee, audit team, the lists of relevant good practice guides and public reports, the lack of prior year misstatements and disclosure deficiencies and the documented 'Actions for the Audit Committee'.

In response to a query from the Interim Chief Executive on the NIAO's capacity to adhere to the timetable set in light of the audits of the financial statements of all six colleges being undertaken directly by the NIAO, Ms Murphy expressed her confidence that the agreed timetables will be met.

The Committee Chair reflected on the requirement within the Model Terms of Reference for the Audit & Risk Committee, included within the Audit Code, to monitor and report annually on the performance and effectiveness of the NIAO as well as on the recent correspondence with the NIAO regarding the appropriateness of this requirement in light of the NIAO's statutory appointment and independence. Mr Conliffe then confirmed that the Audit Code will be withdrawn following the forthcoming introduction of new Partnership Agreements and that this duty does not require implementation.

AGREED: acceptance of the Strategy for the Audit of the 2021/22 Financial Statements.

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.

Dr Cush reported that all seven concerns raised in the reporting period had now been closed and provided an overview of the nature of the concerns raised. She also advised

that the Committee Chair will be provided with access to the Work in Confidence portal to provide independent oversight and, in response to a query, explained the process for consideration of improvement suggestions.

Ms Breen withdrew from the meeting at this juncture.

8.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 08 Management Report
- Paper 08.01 Internal Audit Actions
- Paper 08.02 Update on Progress of Implementation of IA Recommendations
- Paper 08.03 Corporate Risk Register 2021 - 22 (April)
- Paper 08.04 Corporate Risk Register Review
- Paper 08.05 Technical Services Report
- Paper 08.06 Direct Award Contracts
- Paper 08.07 Annual Corporate Risk Register Review
- Paper 08.08 End of Year Assurance Statement 1 April 2021 - 31 March 2022
- Paper 08.09 Procurement Update
- Paper 08.09a Procurement Report Appendix
- Paper 08.10 Conflict of Interest Policy
- Paper 08.11 Information Governance Policy
- Paper 08.12 Web Management Policy
- Paper 08.13 Fraud Response Plan.

8.1 Audit Recommendations Follow Up Review – Management Schedule

Ref: Management Report section 1.0 and Papers 08.01 & 08.02

Dr Cush explained that 19 of the 30 recommendations have been implemented, that 11 remain open and that the recommendations arising from the internal audit of Procurement and Contract Management have yet to be added to the schedule.

In response to a query from the Committee Chair, Mrs McGrath explained that the Stakeholder Working Group was developed in response to the Covid-19 pandemic and has now been stood down and provided assurance that the work of this group continues through the Management Forum.

8.2 Corporate Risk Register Review

Ref: Management Report section 2.0 and Papers 08.03 & 08.04

With reference to papers 08.03 and 08.04, Dr Cush provided an overview of the risks added to the Corporate Risk Register since the February 2022 committee meeting as well as those removed, those escalated and those de-escalated in the period.

8.3 Technical Services IT Security Report

Ref: Management Report section 3.0 and Paper 08.05

In response to a query on the implementation of the recommendations of the Wolfberry Cyber Audit, Mrs McGrath explained that 50% of the critical findings have been addressed and that consideration is being given to outsourcing patch management due to resourcing pressures, and undertook to provide an update on the progress of the implementation of recommendations at the September 2022 committee meeting. Mrs McGrath also confirmed that just one vacancy remains within the Technical Services

team and that a review of the current team structure has been undertaken resulting in the submission of a resourcing proposal to the forthcoming Staffing Committee meeting. The difficulty in attracting staff to IT posts within the College due to competition from industry and other sectors was noted as was the need to review the presentation and promotion of vacancies and to raise awareness of the non-monetary benefits offered by the College.

9.0 **DEPARTMENTAL RISK REGISTER REPORTS**

PREVIOUSLY ISSUED to all members:

- Paper 09.01 Automotive, Computing & Engineering Faculty Risk Register Register Report
- Paper 09.02 Business Development Risk Register Report.

9.1 **Automotive, Computing & Engineering Faculty Risk Register Report**

Mr McNamee, Head of Automotive, Computing & Engineering Faculty, joined the meeting for this item.

With reference to paper 09.01, Mr McNamee provided an overview of the four highest scoring risks on the Automotive, Computing & Engineering Faculty Risk Register and detailed the mitigations in place in each case.

In response to questions from members, he reported that lost learning due to the pandemic has resulted in a risk to the achievement of KPIs and that mitigations have been put in place to reduce any impacts for students. He also explained the enhanced sampling protocol adopted to ensure compliance with Awarding Body requirements.

Mr McNamee was thanked for his presentation and withdrew from the meeting at this juncture.

9.2 **Business Development Risk Register Report**

Dr McCarron, Senior Business Development Officer, and Mrs Quinn, Business Development Support Officer, joined the meeting for this item.

Mrs Quinn began the report on the Business Development Risk Register by providing an overview of the six risks listed in paper 09.02 as well as the mitigations in place for each identified risk. She advised that these six risks were on the Risk Register at the last update report provided to the Committee in May 2021 and that the former risks relating to the Renewable Engine Project and the STEM Centre have been removed due to the closure of these projects.

Dr McCarron then drew attention to the highest scoring risk related to the impact of changes in EU funding arrangements and provided detail on the background to this risk, the current controls in place and their effectiveness and the further actions required.

In response to a question from the Committee Chair on the opportunity to attract funding for new initiatives given the forthcoming end of many of the projects currently being delivered, Dr McCarron confirmed that applications have been submitted for new projects and provided assurance that staff costs are covered without additional funding. Mr Murphy commented on the success of the Business Development activity within the sector and of the significant contribution made by the Business Development Unit in building a strong brand for the College within the business community.

Dr McCarron and Mrs Quinn were thanked for their presentation and withdrew from the meeting at this juncture.

10.0 MANAGEMENT REPORT (CONTINUED)

10.1 Report on Direct Award Contracts

Ref: Management Report Section 4.0 and Paper 08.06

In response to a query on the Report on Direct Award Contracts, the Committee was informed that the listed Supply of HR Services relates to the Change Management Team and it was noted that the value against the Change Management Team services represents a maximum spend, which may not be drawn down in its entirety.

At the suggestion of Ms Murphy, it was agreed that an additional column is included in future reports to detail the reason for the direct award of the contracts.

AGREED: that the reason for the direct award of contracts is listed in future Direct Award Contract Reports.

10.2 Annual Corporate Risk Register Review Report

Ref: Management Report Section 5.0 and Paper 08.07

The Annual Corporate Risk Register Review Report was noted.

10.3 End of Year Assurance Statement 2021/22

Ref: Management Report Section 6.0 and Paper 08.08

It was noted that the challenges currently faced by the College are documented within the End Year Assurance Statement including the Change Management Process and the Technical Services Action Plan. With reference to the Change Management Process, Dr O'Shiel confirmed that regular updates are communicated to staff and Trade Unions as a mitigation to the risk posed and noted that Trade Unions have expressed their satisfaction with the level of engagement provided.

10.4 Procurement Report

Ref: Management Report Section 7.0 and Papers 08.09 & 08.09a

Mr O'Donnell advised that no changes had been made to procurement arrangements from prior years.

10.5 Policy Review

Ref: Management Report Section 8.0 and Papers 08.10, 08.11, 08.12 & 08.13

AGREED: that the Conflict of Interest Policy, the Information Governance Policy and the Web Management Policy be recommended to the Governing Body for approval.

11.0 ANNUAL AUDIT & RISK COMMITTEE SELF-ASSESSMENT / REVIEW OF EFFECTIVENESS

PREVIOUSLY ISSUED to all members:

- Paper 10 Partially Completed Audit & Risk Committee Self-Assessment Checklist 2021/22.

With reference to paper 11, the Committee Chair explained 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 as Appendix A.

12.0 SCHEDULE OF MEETINGS 2022/23

PREVIOUSLY ISSUED to all members:

- Paper 11 Schedule of Meetings 2022/23.

AGREED: acceptance of the proposed schedule of Audit & Risk Committee meetings for 2022/23.

13.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 13 List of Outstanding Actions

It was noted that the Fraud Response Plan was reviewed by DfE and resubmitted to the Committee. A revised list of actions is included in Appendix B.

14.0 ANY OTHER RELEVANT BUSINESS

No further business was raised.


15.0 REFLECTION ON EFFECTIVENESS OF MEETING

No comments were made on the effectiveness of the meeting.

Dr Cush, Mr McCartney, Mrs McGrath and Mr O'Donnell withdrew from the meeting at this juncture. The meeting then went into confidential session and concluded at 5.50 pm.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
22 JUNE 2022**

CHAIRMAN



DATE 22/06/2022

AUDIT & RISK COMMITTEE SELF ASSESSMENT 2021/22

		Yes	No	N/A	Comment
Terms of Reference					
1	Does the Audit & Risk Committee have written terms of reference?	✓			
2	Do the written terms of reference follow the model provided in DfE's Audit Code of Guidance?	✓			
3	Are the terms of reference approved by the Governing Body and reviewed annually?	✓			Reviewed by the Committee in September 2021 and approved by the GB in November 2021.
4	Has the Committee complied with the provisions of its terms of reference in its proceedings throughout the year?	✓			
Membership					
5	Has the membership of the Committee been formally agreed by the Governing Body and has a quorum been set?	✓			Yes, 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.
Skills, Knowledge and Competences of Members					
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?		✓		Awaiting formal Audit & Risk Committee training. Audit Code provided to new members.
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?	✓			Two new governors with legal and mediation skills appointed to Committee in year.
Meetings					
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 21/09/2021, 10/11/2021, 09/02/2022 & 11/05/2022.
13	Are separate, private meetings, held with the internal and external auditors?	✓			Private meetings held immediately prior to each Audit 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, Deputy Chief Executive, Risk & Compliance Officer and Head of Finance 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
Programme of Business					
19	Are members attending meetings on a regular basis and, if not, is appropriate action taken?	✓			88% attendance year to date.
20	Did the Committee agree a programme of business for the academic year?	✓			At 21/09/2021 meeting.
21	Did the Committee cover all business listed in the programme of business?	✓			
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?	✓			Replace departmental risk register presentations with deep dives of CRR risks.
24	Is there any additional business that members feel should be included next year?	✓			As above. Also add Technical Services Report to main agenda and invite Head of Services to attend meetings.
Relationships					
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?	✓			
Scope of Work – Internal and External Audit					
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 2021.
30	Does the Committee review internal audit reports and management responses to issues raised?	✓			Internal audit reports reviewed as they become available.

		YES	NO	N/A	COMMENT
31	Does the Committee consider the external auditor's audit strategy before work commences?	✓			2020/21 strategy reviewed and accepted in May 2021. 2021/22 strategy reviewed and accepted in May 2022.
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 management letter and management responses to issues raised?	✓			Considered in November 2021 for 2020/21 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 and external audit service?	✓			Query as to whether we will have KPIs for NIAO this year.
Scope of Work – Internal Control					
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?	✓			
Work of the Committee – Financial Reporting and Regulatory Matters					
41	Does the Committee consider the College's annual financial statements prior to submission to the Governing Body?	✓			2020/21 financial statements considered in November 2021.

		YES	NO	N/A	COMMENT
42	Does the Committee specifically consider: <ul style="list-style-type: none"> any changes in accounting policy major judgemental areas significant audit adjustments the going concern assumption 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?	✓			
Communication					
44	Does the Committee submit an annual report to the Governing Body in the format prescribed by the Audit Code and accompanied by the internal auditor's annual report and external auditor's management letter?	✓			
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?	✓			
Compliance with Relevant Governing Body Key Performance Indicators					
47	Did attendance levels at Committee meetings average at least 65%?	✓			Average 80% year to date.
48	Did Committee meetings generally last no more than two hours?	✓			
Additional Comments					
49					

SUMMARY OF OUTSTANDING ACTIONS

	Meeting Date	Minute Ref	Action
1	11/05/2022	4.3	Follow-up audit of Employability Arrangements to be included in the 2022/23 Internal Audit Plan.
2	11/05/2022	8.3	An update on the progress of the implementation of recommendations made following the Wolfberry Cyber Audit to be provided at the September 2022 committee meeting.
3	11/05/2022	10.0	Reason for the direct award of contracts to be listed in future Direct Award Contract Reports.
4	11/05/2022	11.0	Add Technical Services Report to main agenda and invite Head of Services to attend meetings.