

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of a meeting of the **Audit & Risk Committee**
held on Wednesday 10 May 2023 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 Patrick Barr, NI Audit Office
Mr David Conliffe, DfE
Mrs Joanne Lucas, Risk & Compliance Officer
Ms Celine McCartan, Chief Executive
Mr Ian McCartney, RSM
Mrs Sharon McGrath, Head of Services (*items 9 & 10 only*)
Ms Suzanne Murphy, NI Audit Office
Mrs Nicola Nugent, Executive Support Officer
- APOLOGIES:** Dr Jill Cush, Deputy Chief Executive
Mr Sean O'Donnell, Head of Finance

1.0 APOLOGIES

An apology was tendered on behalf of Dr Cush, Deputy Chief Executive and Mr O'Donnell, Head of Finance.

Noted that the meeting would be recorded for minuting purposes.

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 8 February 2023

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 04.02 Audit of Business Continuity & Disaster Recovery Report
- Paper 04.03 Audit of Framework for Compliance with Legal and Regulatory Requirements: Fraud, Whistleblowing and Bribery Report

- Paper 04.04 Audit of Key Financial Controls including Payroll Report
- Paper 04.05 Audit of Email Access Controls Report
- Paper 04.06 Sectoral Advisory Audit of Use of Lost Learning Funding Report

4.1 Internal Audit Progress Report

With reference to the papers, Mr McCartney advised that the reviews of Business Continuity & Disaster Recovery, Framework for Compliance and Key Financial Controls including Payroll had all been finalised and each received Satisfactory assurance. He added that the review of Email Access Controls had been finalised and received Limited assurance. He further advised that the final advisory report for the sectoral review of Lost Learning has been issued with two Low priority management actions arising.

The Committee Chair welcomed the reports prepared by RSM and commended Ms McCartan and her team on the work completed in delivering the Internal Audit work plan to date. Ms McCartan advised that she was assured through the summary report that the planned programme of work, including an additional audit proposed, was on schedule for the year.

In response to a query from Ms Jones-Campbell, Ms McCartan advised that the importance of undertaking mandatory training was reiterated at the staff briefings held the previous week where she had highlighted to staff the core modules to be completed within the highlighted compliance areas. Ms Lucas added that a reporting dashboard had been developed to easily identify staff's completion of the relevant modules.

4.2 Audit of Email Access Controls Report

With reference to paper 04.05, Mr McCartney reported that based on the systems in place when the testing was undertaken, there was an overall Limited Assurance with regard to the issue of appropriate access controls to emails within South West College. As well as highlighting a number of positive controls, he outlined the three areas identified for improvement namely:

- Standard user day-to-day accounts were used for privileged administrative access (High) – noted that this issue had since been rectified;
- 'User Account Management Policy' – no formal process and control were in place for the request and approval of delegated access to mailboxes and access retained for longer than required (High) – noted that this issued had since been addressed;
- Process for review of privileged user activity logs (Medium) – noted that this had since been completed for the first time and would be reviewed on a regular basis.

The Committee Chair welcomed the report and commended those involved in ensuring a quick and prompt effort to rectify the issues highlighted.

In response to a query from Mr Ingram, Ms McCartan confirmed that she was now confident in the area of email access control and had been provided with the relevant level of assurance.

5.0 EXTERNAL AUDIT

PREVIOUSLY ISSUED to all members:

- Paper 05.01 NIAO Letter on Change of Director
- Paper 05.02 Audit Strategy Cover Letter
- Paper 05.03 Strategy for Audit 2022/23 Financial Statements

The Committee Chair welcomed Mr Barr, Director, NI Audit Office to his first meeting of SWC

Audit & Risk Committee.

With reference to Paper 05.03, Ms Murphy outlined the Strategy for Audit 2022/23 Financial Statements and requested that Members consider whether the assessment of the risk of material misstatement to the financial statements were complete; whether management had plans in place to address the risks identified by NIAO and if they were adequate; if the proposed audit response addressed the risks identified; and whether Members had any knowledge of fraud, non-compliance or irregularities affecting South West College.

The Committee Chair welcomed the Strategy for Audit 2022/23 Financial Statements and thanked the NI Audit Office for their considerations. It was noted that there were no specific issues that the Committee wished to highlight and that the Audit Timetable aligned with the 2023/24 schedule of meetings for the Audit and Risk Committee.

AGREED: acceptance of the Strategy for the Audit of the 2022/23 Financial Statements.

6.0 FRAUD AND RAISING A CONCERN REPORT

PREVIOUSLY ISSUED to all members:

- Paper 06.01 Report on Fraud and Raising a Concern
- Paper 06.02 Fraud Risk Assessment

Mrs Lucas outlined Paper 06.01 and advised that no fraud concerns were reported by managers following enquiry and all had confirmed awareness of their duties regarding disclosures of fraud. It was noted the Anti-Fraud and Corruption Policy had been reviewed and updated.

She provided an update on previous issues of concern raised and advised of two new concerns which had been raised, namely a staff matter which was currently being investigated by a third party, and an expression of concern that some managers were not teaching their commitment which would be further considered through the Management Realignment process.

It was noted that the Gifts and Hospitality Register had since been published on the College website and a digital form had been developed to record the receipt of gifts and hospitality.

7.0 GOVERNANCE REPORT

PREVIOUSLY ISSUED to all members:

- Paper 07 Governance Report
- Paper 07.01 Draft Partnership Agreement Between DfE and SWC
- Paper 07.02 SWC Risk Assessment
- Paper 07.03 Accountability Meeting Agenda
- Paper 07.04 Accountability Meeting Presentation
- Paper 07.05 End Year Assurance Statement
- Paper 07.06 Mid-Year Assurance Statement Non-Compliance Follow-Up
- Paper 07.07 DfE Letter on Change Management Process

Ms McCartan provided a summary of information within the Governance Report which provided an overview of various elements that contribute to the College's governance framework.

She advised that Paper 07.01 – Draft Partnership Agreement between DfE and SWC was a new approach for public bodies, setting out the terms of the relationship and also included

an Annual Engagement Plan. This had previously been considered by the Governing Body.

It was noted that within Paper 07.02 that the Department had assessed SWC as having a 'Medium' governance risk profile, compared to 'Medium-High' the previous year. In response to a query from Mr Ingram, Mr Conliffe confirmed that the assurance ratings and the actions within the Strategic Improvement Plan would be reviewed periodically by the Department in conjunction with Governing Body reporting.

Ms McCartan advised that the process of collating information for the End of Year Assurance Statement 2022/23 (Paper 07.05) had evolved to promote accountability at all levels. This involved a hierarchy of assurance, whereby key managers provided assurance statements for their area, addressing the risk and internal control framework.

In response to a query from Ms Jones Campbell, Ms McCartan agreed that a summary of the duties and responsibilities of the Governing Body within the Partnership Agreement could be drafted and considered in future training/strategic planning and that the Governance Report could be considered as a standing item biannually at future Governing Body meetings (suggested December and May). Ms McCartan further advised that a draft Strategic Improvement Plan was currently being drafted for consideration by the Governing Body.

8.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 08 Management Report
- Paper 08.01 Legacy Internal Audit Actions
- Paper 08.02 Update on Progress of Actions from 2022/23 Internal Audit
- Paper 08.03 Annual Corporate Risk Register Review
- Paper 08.04 Corporate Risk Register Review
- Paper 08.05 Corporate Risk Register
- Paper 08.07 Annual Procurement Report
- Paper 08.08 List of Contracts
- Paper 08.09 Data Protection Policy
- Paper 08.10 Access to Information Policy
- Paper 08.11 Special Category Data Appropriate Policy Document
- Paper 08.12 Records Management Policy
- Paper 08.13 Conflict of Interest Policy
- Paper 08.14 Anti-Fraud and Corruption Policy
- Paper 08.15 Declaration and Handling of Criminal History Disclosures Policy and Procedures (Students)
- Paper 08.16 Business Continuity Management Policy
- Paper 08.17 Risk Management Policy
- Paper 08.18 User Account Management Policy
- Paper 08.19 FE Sector Publication Scheme
- Paper 08.20 Risk Management Procedure and Guidance for Staff

8.1 Internal Audit Actions

Ref: Management Report sections 1.1 and 1.2 and Papers 08.01 and 08.02

Mrs Lucas advised that 31 out of the 33 Legacy Internal Audit Actions had been implemented and the 2 remaining actions were partially completed and would be completed in advance of the Follow-Up Audit.

In response to a query from the Committee Chair, Mrs Lucas confirmed that a digital form

was currently being further developed to support the Return-To-Work process.

Mrs Lucas advised that 2 low Internal Audit recommendations relating to the Lost Learning Internal Audit were not included as it was not possible to implement these unless a similar scheme operated. It was noted that the 27 recommendations (2 high, 5 medium and 20 low) reported in the current year had since been implemented.

8.2 Corporate Risk

Ref: Management Report section 2 and Papers 08.03, 08.04 and 08.05

Mrs Lucas provided a summary of the Annual Corporate Risk Register Review and provided an overview of the Risk Review process. She advised that the format of the Risk Register had been revised to reflect the adoption of RSM's scoring method, with descriptions amended and further information on lines of assurance provided.

Ms McCartan provided assurance that the Risk Management process was continuing to embed within the College and confirmed that scores within the Risk Register had been reviewed and updated following the Risk and Compliance meeting held the previous day. Ms McCartan highlighted the Risks within Table 1 of Paper 08.04 and shared her concerns, in particular, on the uncertainty surrounding financial budgets and the current ongoing industrial dispute.

In response to a query from Mr Conliffe, Ms McCartan confirmed that Risk 1 "Inability to meet the terms of the College's contract with learners and DfE", referred to implications in the event that industrial actions resulted in the withholding of qualifications to learners, notably in relation to Apprenticeship contracts and students themselves.

In response to a query from Ms Murphy, Mrs Lucas undertook to confirm and provide an update on the assurance given that a full review of TAMS would be undertaken by DfE regarding Risk 3 "Implementation of Skills for Life and Work and Apprenticeships NI (TAMS)".

8.3 Policy Review

Ref: Management Report section 5 and Papers 08.09 – 08.20

NOTED: that a number of policy updates were as a result of previous Audit recommendations and also to reflect changes to good practice or other guidelines.

In response to queries from Ms Jones Campbell and Ms Grier, Mrs Lucas confirmed that the FE Sector Retention and Disposal Schedule was available to all staff within the Gateway. It was noted that the previous outstanding action regarding Subject Access Requests had now been rectified to include a statement on more sensitive information requiring additional identification within the Subject Access Procedure (paragraph 3.3.2).

In response to a query from the Committee Chair, Mrs Lucas confirmed that training and oversight with regards to the Records Management Policy would be rolled out to all staff upon approval of the policy.

Mr McCartney advised, in response to a query from the Committee Chair, that the RSM contract expired on 3 August and sectoral procurement discussions were in progress.

AGREED: that the Policies detailed in Papers 08.09 – 08.20 were approved for submission to the Governing Body.

9.0 TECHNICAL SERVICES IT SECURITY REPORT

PREVIOUSLY ISSUED to all members:

- Paper 09 Technical Services IT Security Report

Mrs McGrath, Head of Services, joined the meeting at this juncture.

Mrs McGrath highlighted the main issues within the Technical Services IT Security Report, noting progress in a number of respects.

In response to a query from the Committee Chair, Mrs McGrath advised that Web and Mail checks, along with Early Warning, were industry standards carried out through The National Cyber Security Centre. She further advised that the active directory hardening involved controlling access to sensitive data, removing unnecessary objects, enforcing password policies and monitoring for suspicious activity.

10.0 DEEP DIVE OF RISK ASSOCIATED WITH HEALTH & SAFETY

PREVIOUSLY ISSUED to all members:

- Paper 10 Health & Safety Risk Register.

Mrs McGrath outlined the Health and Safety Deep Dive exercise and highlighted the Risk descriptor agreed as “Failure to provide a safe and healthy environment for staff, students and visitors”. She outlined the causes and effects, the inherent risk score, existing mitigation/controls, assurance/evidence, assurance level, residual risk, planned action and progress on action.

In response to a query from the Committee Chair, Mrs McGrath advised that the College had an Estates Officer with specific Health and Safety expertise and responsibility, who worked as part of the team led by the Estates and Sustainability Manager.

In response to a query from Mr Ingram, Mrs McGrath confirmed that whilst the College had assurances on ISO 18001, it was beneficial to have a gap analysis carried out by an external company in order to develop an action plan in consideration of certification of ISO 45001.

Mrs McGrath withdrew from the meeting at this juncture.

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

PREVIOUSLY ISSUED to all members:

- Paper 11 Partially Completed Audit & Risk Committee Self-Assessment Checklist 2022/23.

With reference to Paper 11, the Committee Chair advised 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 at Appendix A.

Ms McCartan acknowledged that this was the Committee Chair’s last Audit and Risk Committee meeting and thanked her for her commitment during her term as a Board of Governor.

12.0 SCHEDULE OF MEETINGS 2023/23

PREVIOUSLY ISSUED to all members:

- Paper 12 Schedule of Meetings 2023/24.

AGREED: acceptance of the proposed schedule of Audit & Risk Committee meetings for 2023/24.

13.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 14 List of Outstanding Actions

A review of the outstanding actions contained within Paper 14 was undertaken. The resultant list of outstanding actions is contained within Appendix A.

Discussion ensued and it was agreed that deep dives would be carried out on Risk 6 – Protection of student mental health and safeguarding (suggested November 2023) and Risk 9 – Poor Governance and loss of faith in College Management (suggested February 2024).

14.0 ANY OTHER RELEVANT BUSINESS

No further business was raised.

15.0 REFLECTION ON EFFECTIVENESS OF MEETING

It was noted that the inclusion of the Governance Report was of great benefit to the Audit and Risk Committee. It was agreed that a similar report would be scheduled bi-annually to future Audit and Risk Committee Meetings.

As this was the Committee Chair's final meeting, she acknowledged the hard work and commitment of the members of the Audit and Risk Committee and thanked everyone. She extended her well wishes to Dr Cush for her contribution over the years and wished her well in her new career.

The meeting then went into confidential session and concluded at 5.33 pm.

CHAIRMAN



DATE 21/06/2023

AUDIT & RISK COMMITTEE SELF ASSESSMENT 2022/23

		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 comply with the model terms of reference provided in the Department of Finance's Audit & Risk Assurance Committee Handbook (NI)?	✓			
3	Are the terms of reference approved by the Governing Body and reviewed annually?	✓			Reviewed by the Committee in September 2022 and approved by the GB in November 2022.
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?	✓			All members have received Audit & Risk Committee training.
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?		✓		Due to lack of relevant finance, accounting or auditing experience going forward, the Chair of the Governing Body would consider options eg co-opting.
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 21/09/2022, 09/11/2022, 08/02/2023 & 10/05/2023.
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?	✓			Average 82.5% attendance.
20	Did the Committee agree a programme of business for the academic year?	✓			At 21/09/2022 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?		✓		
24	Is there any additional business that members feel should be included next year?		✓		
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?	✓			External members have observed no concerns.
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 2022.
30	Does the Committee review internal audit reports and management responses to issues raised?	✓			Internal audit reports reviewed as they become available.
31	Does the Committee consider the external auditor's audit strategy before work commences?	✓			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?	✓			

		YES	NO	N/A	COMMENT
33	Does the Committee consider the Report to Those Charged with Governance and management responses to issues raised?	✓			Considered in November 2022 for 2021/22 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 audit service?	✓			
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?	✓			Internal controls operating effectively and efficiently and acknowledge that the College are moving towards a much more embedded governance and internal control frameworks.
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?	✓			2021/22 financial statements considered in November 2022.

		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 accompanied by the internal auditor's annual report and external auditor's Report to Those Charged with Governance?	✓			
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 82.5% attendance.
48	Did Committee meetings generally last no more than two hours?	✓			
Additional Comments					
49	Additional Comments – Two deep dives were completed, and as a result Committee Members and staff have a better understanding of how risks are managed. A Governance Report would be considered bi-annually by the Audit and Risk Committee.				

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 could be drafted and considered in future training/strategic planning.
2	10/05/2023	7.0, 11.0 & 15.0	The Governance Report could be considered as a standing item biannually at future Governing Body meetings (suggested December and May)
3	10/05/2023	8.2	Mrs Lucas undertook to confirm and provide an update on the assurance given that a full review of TAMS would be undertaken by DfE regarding Risk 3 "Implementation of Skills for Life and Work and Apprenticeships NI (TAMS)".
4	10/05/2023	13	A presentation on a deep dive of Protection of student mental health and safeguarding would be provided at the November 2023 committee meeting.
5	10/05/2023	13	A presentation on a deep dive of Poor Governance and loss of faith in College Management would be provided at the February 2024 committee meeting.