

MINUTES OF THE FIFTY FOURTH MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA VIDEO CONFERENCE ON 2 JUNE 2020, COMMENCING 1130.

PRESENT:

Mr S Gillespie, Committee Chair
Mr P Canavan
Mr G Killeen
Mr L Murphy (Principal & Chief Executive)
Mrs L Taggart (from 1155)

IN ATTENDANCE;

Mr P McKeown (Director of Finance & Economic Engagement)
Mr A McKibbin (Internal Auditor, Grant Thornton)
Mr A Sarwar (PwC)
Ms L Paterson (PwC)
Ms H Sampson (DfE)
Mr B O'Neill (NIAO)
Mrs É Doherty (Governance Secretary)

Due to restrictions associated with the COVID-19 pandemic all members and attendees were joining the meeting via video conference.

54.1 WELCOME & APOLOGIES

The Committee had full attendance. For the assistance of the new attendees the Committee Chair requested a round of self introductions.

54.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

There was no conflict of interest declarations and no declarations of any other business.

54.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 10 FEBRUARY 2020**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 10 February 2020

The Draft Minutes were taken as read and agreed as a true and accurate record of the meeting.

PROPOSED; Mr G Killeen

SECONDED; Mr S Gillespie

54.3.1 MATTERS ARISING – February 2020 Committee Meeting

- 53.6, Report 2 - Internal Audit issued an amended Review Report on the Procurement & Management of Contracts. This was forwarded to members on 21 May 2020.

54.4 COMMITTEE CHAIR'S BUSINESS

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Self-Assessment Exercise 2020

The Committee Chair indicated he would take this agenda item at the end of the meeting.

The Committee Chair requested approval for Dr M O'Neill to join the Committee.

PROPOSED; Mr S Gillespie

SECONDED; Mr P Canavan

The Committee Chair invited Mr P McKeown, Director of Finance & Economic Engagement to present his report to members.

54.5 MANAGEMENT REPORT, Mr P McKeown, Director of Finance & Economic Engagement

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Risk Management Group Report 2, 2019/20

Report 2 Direct Award Contracts Report – nil return

Report 3 Prompt Payment – verbal report

The Director of Finance and Economic Engagement reported that since the last Risk Management Group Report was brought to the Committee in November 2019, Mrs D McElwee had since left the College. Dr C O'Mullan, recently appointed Head of Curriculum & Operations will join the Group in due course.

Due to the current COVID-19 pandemic a new Risk, (Risk 9, COVID-19) had been added to the Risk Register as a red risk. Most of the other risks on the register had also been impacted by the pandemic crisis.

Risk 1, 'Data Integrity of Combined Systems' the Principal reported that as SRO for the project the STS Board decided to continue with the role out of the implementation of the LMS system in August 2020.

In respect to Risk 2, 'Impact of Reduced Enrolment Numbers' although it is not clear what impact if any, that COVID-19 will have on the enrolment numbers for September 2020, there are real concerns that numbers will be adversely impacted. To date enrolments for 2020/21 were in line with the same time last year however HE applications were down. Part-time FE enrolments open shortly and concerns exist on the risks associated with delivering programmes in community based centres.

The Principal added that there will be particular challenges regarding Work Based Learning and the Apprenticeship programmes. There is a possibility of a 'tail of assessment' going into 2020/21. This is to accommodate current students to undertake the practical elements of their programmes to gain their qualifications.

Risk 7, 'Failure to Maintain Financial Stability' (amber risk) the Director of Finance & Economic Engagement reported that the College had received the indicative Budget for 2020/21 however due to the COVID-19 crisis the College continues to review the financial impact and the risk score may increase – possibly to red. The Director indicated that as a result of remote working additional investment in IT infrastructure will be required. A Sector bid is currently with the Department (DfE). Reporting on Risk 8, 'Risk of CPD & PD Processes' (red risk) the Director stated that significant progress had been made with the planned exit in April 2021 by the Sector from the CPD frameworks to new frameworks. This risk will in due course be removed from the Risk Register.

Returning back to the new Risk 9, 'COVID-19' the Director reported that an Operational Recovery Group has been set up and chaired by the Principal. This Group has 3 sub-groups reporting to it; Physical Estates & Digital Infrastructure Committee, Teaching, Learning & Students Committee and the People, Compliance & Communications Committee. A suggestion was made to keep a separate Risk Register specific for the COVID-19 items.

The Director brought members through the outstanding matters from Internal Audit 2018/19. Work was progressing on items and several issues had not reached the target dates for completion. The timeframe for some items have been revised due to the COVID-19 crisis. There were no matters outstanding from the 2019/20 Internal Audit recommendations. The last Audit review for 2019/20 on Business Continuity Planning/Disaster Recovery had not taken place due to the current circumstances. It was agreed the Sector Wide audit across all six FE Colleges planned for 5 days was not required. The next review date of the Risk Register had been brought forward. The Director indicated that the College is currently carrying four red risks but this is likely to increase given the issues already highlighted. Members discussed the risks and were content that the College was managing their best in the current challenging landscape.

In concluding his report, the Director stated that the Prompt Payment for the 30 days to 31 May 2020 was 95% and for the year to date was 91%.

The Committee Chair thanked Mr McKeown for his report and invited Mr A McKibbin, Internal Auditor to present his report to the Committee.

Mrs L Taggart joined the meeting during this item.

54.6 INTERNAL AUDIT

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

- Report 1 Internal Audit Progress Report 2019/20
- Report 2 Follow up and Annual Assurance Report 2019/20

The Internal Auditor referred to the Internal Audit Progress Report 2019/20, which outlined the number of follow-up recommendations which had been identified. He noted the good progress the College had made in their implementation.

There were 19 audit recommendations brought forward from the 2018/19 year with 13 recommendations fully implemented and 5 partially implemented. For the 2019/20 year, 2 recommendations were made with these both been fully implemented. Six open recommendations will be carried forward to the 2020/21 academic year. There were no outstanding matters from External Audit as at June 2020.

The Internal Audit Annual Assurance Report summarised the profile of work undertaken throughout the year. Three internal audit reviews were completed all receiving satisfactory assurance ratings. There were two priority 3 findings raised. Based on the Internal Audit work which was performed during 2019/20 an overall internal audit opinion of 'Satisfactory' level of assurance had been awarded over the system of internal control in place within the College.

In respect to the Annual Audit Plan, 40 days were planned with 29 actual audit days. This was partially due to the Sector Wide audit and the Business Continuity Planning and Disaster Recovery audit not taken place as previously reported on earlier in the meeting.

The Committee Chair stated it was encouraging to receive this level of assurance.

In concluding his report the Internal Auditor added that this was the final meeting for Grant Thornton to attend as the contract with the Sector was due to complete. He wished to thank the College for their help and support. The Principal and Committee Chair in turn took the opportunity to thank Mr McKibbin and the Internal Audit Team.

The Committee Chair then invited Ms L Paterson (PwC) to present the External Audit report.

54.7 EXTERNAL AUDIT

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Report 1 Audit Strategy 2019/20

The External Auditor brought members through the Audit Strategy 2019/20 which included the key messages, materiality thresholds, the audit approach, significant audit risks the audit timetable, fees and the individuals within the audit engagement team. The External Auditor reported that one of the risks which had been identified to be given special consideration during the audit process was the expenditure relating to the Springtown Redevelopment Project. The Director of Finance & Economic Engagement reported that a recent update from the consultants of the Project stated that the forecasted final account difference had increased to approximately £900k and not the figure of £600k as stated in the Audit Strategy.

The External Auditor reported that a further risk factor, 'COVID-19' will be monitored throughout the audit, on the risk and impact of this upon the College operations and finances as well as the practicalities of conducting the audit under the current restriction associated with the COVID-19 pandemic.

Members were in agreement with the Strategy.

The Committee Chair thanked Ms Paterson for her comprehensive report.

54.8 SCHEDULE OF MEETINGS 2020/21

PREVIOUSLY ISSUED TO ALL MEMBERS

Report 1 Schedule of Committee Meetings 2020/21

Members noted the schedule.

54.9 CORRESPONDENCE

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Report 1 NIAO Correspondence Feb 2020

The Committee Chair referred to the correspondence from the NIAO confirming the change in the arrangements for the audit of the College accounts. Mr Patrick Barr as from (28 February 2020) is the Director with responsibility for approval of the Audit Plan and scrutiny of the Report to Those Charged with Governance and overall responsibility for the audit.

54.10 ANY OTHER BUSINESS

There was no any other business to discuss.

DATE OF NEXT MEETING – 15 September 2020.

The Committee Chair then thanked everyone for their attendance and invited those required to leave the meeting to do so at this juncture. The Committee Chair returned to Agenda item 54.4.

Mr A McKibbin, (IA), Mr B O'Neill, (NIAO), Mr A Sarwar, Ms L Paterson (PwC) and Ms H Sampson (DfE) left the meeting at his juncture.

54.4 COMMITTEE CHAIR'S BUSINESS (continued)

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Report 1 Self-Assessment Exercise 2020

The Committee went through the Effectiveness Checklist and completed each Section. A few actions were noted and the final report will be issued to all members.

The Committee Chair then thanked everyone for their attendance and invited those required to leave the meeting to do so at this juncture. Reserved Business matters then followed.

Signed: _____ Committee Chair
Mr S Gillespie

Date: 15 September 2020

APPROVED