

**MINUTES OF THE SIXTY EIGHTH MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS COMMENCING 11:30**

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**PRESENT:**

Mrs C Shongo, Committee Chair  
Ms M Breslin  
Mrs M Gormley  
Mrs S McMahon  
Mr F Smyth  
Ms V Toland (from 11:32)

**ATTENDEES:**

Mr L Murphy, Principal & Chief Executive  
Mr P McKeown, Finance Director  
Mr I McCartney, Internal Auditor, RSM  
Mr D Conliffe, DfE  
Mr B O'Neill, NIAO  
Ms L Murphy, NIAO  
Mrs C O'Reilly, Boardroom Apprentice  
Mrs É Doherty, Secretary to the Governing Body

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**68.1 WELCOME & APOLOGIES**

The Committee Chair welcomed everyone to the meeting, no apologies were received.

**68.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS**

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

**68.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 12 SEPTEMBER 2023****➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 12 September 2023

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

**PROPOSED,** Mrs M Gormley

**SECONDED,** Mrs S McMahon

*Ms V Toland joined the meeting during this item.*

**Report 1 MATTERS ARISING – September 2023 Committee Meeting**

**67.4, Report 2** The Governing Body approved the proposed changes to the Committee's Terms of Reference at their meeting held on 26 September 2023.

**67.6, Report 2** The Audit Plan 2023/24 and Charter were approved at the Governing Body meeting held on 26 September 2023. The Governing Body Secretary noted that the Internal Audit Review dates were now confirmed and included within the Internal Audit Paper 68.6, Report 1, Internal Audit Progress Report.

#### **68.4 COMMITTEE CHAIR'S BUSINESS, Mrs C Shongo**

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

**Report 1 Audit & Risk Committee's Annual Report to the Governing Body**

Members were content to accept the Report which covered the period 1 August 2022 to 31 July 2023.

**PROPOSED**, Mrs M Gormley

**SECONDED**, Mr F Smyth

The Committee Chair then invited Mr McKeown, Finance Director to present his reports.

#### **68.5 MANAGEMENT REPORT, Mr P McKeown, Finance Director**

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Annual Report & Financial Statements Year Ended 31 July 2023

Report 2 Student Council Report & Financial Statements Year Ended 31 July 2023

Report 3 Report to the Audit & Risk Committee

Report 4 Direct Award Contracts – verbal report

Report 5 Prompt Payment – verbal report

**Report 1 Annual Report & Financial Statements Year Ended 31 July 2023**

The Finance Director reported that the External Audit was almost complete. There has been no change to the Statement of Comprehensive Income & Expenditure or Statement of Financial Position since the data was last presented to the Committee in September 2023. The 'Pension Asset' item has moved position within the Statement of Financial Position.

Some further amendments are required to the Annual Report and Financial Statements. These include;

- Page 35 - Statement of the Responsibilities of the Accounting Officer & Governing Body – further narrative to be added.

- Page 66 no 17 - Provision for Liabilities and Charges - following the Supreme Court Judgement on 4 October 2023 in relation to the PSNI v Agnew case, the note within the Annual Report & Financial Statements requires updating. This note relates to the provision as at 31 July 2023. Due to the uncertainty of many factors relating to this judgement NIFON are proposing not to change the accounting treatment of the Holiday Pay Provision for now.

Following the judgement, the Principal & CE as Accounting Officer stated he is not comfortable with the current practice. This requires the College to submit a Business Case to the Department (DfE). Going forward these payments must be paid in real time. A meeting has been arranged with the Department on 15 November 2023 to discuss this matter.

- Reform to Save Scheme – the College is still in discussion with NIAO and are proposing that a non adjusting disclosure is made in the Financial Statements.

The Finance Director added that once these matters are agreed with Sector Colleagues and the NIAO, the Annual Report & Financial Statements will be presented to the Board for approval on 21 November 2023.

Members were alerted that approval for the Annual Report & Financial Statements will be sought following receipt of the External Auditor's, Draft Report To Those Charged With Governance (Ref. Paper 68.7, Report 1).

### **Report 2      Student Council Report & Financial Statements Year Ended 31 July 2023**

**The Committee were content to recommend approval to the Governing Body for the Annual Report & Financial Statements Year Ended 31 July 2023,**

An independent auditor prepared the Accounts.

**PROPOSED,** Mrs S McMahon

**SECONDED,** Ms M Breslin

### **Report 3      Report to the Audit & Risk Committee**

The Finance Director reported on the evolving areas/developments that may present a risk to the College going forward. The College has appointed solicitors to assist with the legal contract with the PFI Handover of the Northland Building (January 2026). A report has been submitted from the College Project Board to the Department (DfE).

Consultants will undertake a survey of the College buildings to report on the potential prevalence of Reinforced Autoclaved Aerated Concrete (RAAC).

Referring to the Risk Register the Finance Director reported on the following risks:

- COR0002, Impact of Reduced Enrolment Numbers - there has been some increases in some enrolment areas.
- COR0003, Implementation of DfE Trainee Apprentice Management System (TAMS) - Ms M Breslin reported there are some issues remaining. Meetings continue with the Department (DfE) to work through the issues.
- COR0007, Failure to Maintain Financial Stability – the scoring of this risk has been increased to ‘severe’ on the back of the financial landscape as noted in the Budget letter for 2024/25. The Budget 2024/25 was showing a budget gap for the Sector of £35m of which £4.97m is the College’s share. This relates primarily to pay pressures and inflationary pressures. Tribal data was not considered by the Department (DfE) in the calculations of these figures. The Principal added pay pressures that are not baselined will be challenging. The Reform to Save Scheme will have some impact on savings.
- COR0011, Impact of Industrial Action - strike action continues by UCU members. Conversations are being held with awarding organisations to consider making adjustments. Savings have been made in relation to staff costs as a result of the strike action. College management are looking at additional hours of learning to be provided if required later in the academic year. Ms V Toland, Academic Staff Governor added that additional risks arising from the current circumstances may include challenges in recruiting and retaining staff to current pay levels if matters are not settled. The Finance Director reported that staff recruitment is included within risk COR0012 however the scoring of this risk may need to be reviewed.

The annual Health & Safety Report was presented to the Risk Management Committee. During 2022/23, 82 accidents/incidents were reported. These figures are in line with the annual figures recorded before the pandemic. The College recorded three injuries which were required to be reported to the Health & Safety Executive under the requirements of the RIDDOR regulations. Two personal injury claims were received by the College this year.

Access NI and NIFRS audits are planned for November 2023.

**It was agreed that the Finance Director bring an update to the next Committee meeting on the outcome of these audits.**

**Report 4      Direct Awards Contract – nil return**

**Report 5 Prompt Payment – verbal report**

The Prompt payment figure for the 30 days to October 2023 was 91% and for the year to date was 93%. The target is 95%. A staff member from the Finance Team has been absent which has impacted on these results.

The Committee Chair thanked Mr McKeown for his report and invited Mr McCartney to present the Internal Audit Report to the Committee.

**68.6 INTERNAL AUDIT – Mr I McCartney, RSM****➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Internal Audit Progress Report – November 2023

Report 2 RSM Emerging Risk Radar – July 2023

**Report 1 Internal Audit Progress Report – November 2023**

The Internal Auditor reported that fieldwork for the Admissions review has been agreed for week Commencing 27 November 2023. Fieldwork for the Learning and Development review has been agreed for the week commencing 11 December 2023. These reviews will be presented at the February 2024 Committee meeting.

**Report 2 RSM Emerging Risk Radar – July 2023**

The report highlighted those areas of emerging risks that boards have identified as 'emerging'. The Finance Director reported that most of the emerging issues identified in the RSM report are included in the College's Risk Register or the emerging matters list.

The Committee Chair thanked Mr I McCartney (RSM) and invited Mr B O'Neill (NIAO), to report to the Committee.

**68.7 EXTERNAL AUDIT – Mr B O'Neill, NIAO****➤ PREVIOUSLY ISSUED TO ALL MEMBERS****Report 1 Draft Report To Those Charged With Governance 2022/23**

The External Auditor reported that the Audit is substantially complete. The Draft Report To Those Charged With Governance proposed an unqualified audit opinion, without modification. Mr O'Neill referred to the matters outstanding that were previously reported by the Finance Director under item 68.5, Report 1. Once these matters are complete the Principal as Accounting Officer will sign the Annual Report & Financial Statements together with the Letter of Representation.

It was highlighted to the Committee that there were no uncorrected misstatements identified during the course of the audit. One Priority 3 recommendation was made for the College to review a significant number of fully depreciated assets.

Mr O'Neill thanked the Director of Finance and the Team for their support throughout both audits that took place for the March and July year end.

Following receipt of this report the Committee Chair returned to the Annual Report & Financial Statements Year Ended 31 July 2021 (68.5, Report 1) for approval.

**PROPOSED**, Mr F Smyth

**SECONDED**, Mrs S McMahon

The Committee Chair thanked Mr O'Neill for his report.

#### **68.8 CORRESPONDENCE**

There was no correspondence other than the Budget Letter received from the Department (DfE) that was previously mentioned under agenda item 68.5, Report 3.

#### **68.9 ANY OTHER BUSINESS**

The Finance Director referred to the two audits that took place this year for the year end March and July 2023. The Sector and the Department (DfE) are in discussions to consider setting the financial year end to 31 March, with a possible implementation for March 2025.

The Committee Chair thanked everyone and the meeting ended at 12:25.

**DATE OF NEXT MEETING** – 27 February 2024

Signed:   
Mrs C Shongo, Committee Chair

Date: 27 February 2024

## Appendix 1

**SUMMARY OF AGREED ACTIONS FROM THE NOVEMBER 2023 COMMITTEE**

<b>NO</b>	<b>MINUTE REF</b>	<b>TITLE OF REPORT</b>	<b>ACTION</b>	<b>OWNER</b>
1	68.5	Management Report	PSNI v Agnew Judgement - application for holiday pay on overtime payments must be paid in real time - meeting DfE on 15 Nov to discuss. Update to be provided at the February Committee meeting	PMCK/ED
2	68.5	Management Report	FD bring an update to the next Committee mtg on the outcome of audits (Access NI, NIFRS)	PMCK/ED
3	68.7	External Audit	To recommend the Annual Report & Financial Statements YE 31 July 2023 to the Governing Body	CS/ED