

MINUTES OF THE SEVENTY SECOND MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS COMMENCING 12:00

PRESENT:

Mrs C Shongo, Committee Chair
Mr B Dougherty
Mrs M Gormley
Mrs S McMahon
Mr F Smyth
Ms V Toland (until item 72.10)

ATTENDEES:

Mr L Murphy, Principal & Chief Executive
Mr P McKeown, Finance Director
Mr I McCartney, Internal Auditor, RSM (until item 72.10)
Ms P Wilson, DfE
Ms L Murphy, NIAO (until item 72.10)
Mr B O'Neill, NIAO (until item 72.10)
Mr C Bradford, NIAO (until 72.10)
Mrs É Doherty, Secretary to the Governing Body

APOLOGIES:

N/A

72.1 WELCOME

The Committee Chair welcomed everyone to the meeting.

72.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

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

72.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 10 SEPTEMBER 2024**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 10 September 2024

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

PROPOSED, Mrs M Gormley

SECONDED, Mr B Dougherty

Report 1 MATTERS ARISING – September 2024 Committee Meeting

71.4, Report 1 The Committee Chair read out the Draft Letter to be sent to the Director of FE in supporting the re-establishment of the DfE, ARC Forum.

Governor, Mr F Smyth suggested it would be helpful in the interim to informally reach out to the Sector Audit & Risk Committee Chairs for their views on this matter.

- It was noted that at the Strategy Workshop discussions took place on the College's approach to managing climate change and ESG good practice.
- Report 2/2.1 The Committee's Terms of Reference were approved at the Governing Body meeting held on 25 September 2024.

72.4 COMMITTEE CHAIR'S BUSINESS, Mrs C Shongo

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

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

The Committee Chair provided a summary of the key items within the Report. Members were content to accept the Report and present it to the Governing Body.

PROPOSED, Mr F Smyth

SECONDED, Mrs M Gormley

The Committee Chair then invited Mr McKeown to present his report.

72.5 MANAGEMENT REPORT, Mr P McKeown, Finance Director

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

- Report 1 Annual Report & Financial Statements Year Ended 31 July 2024
Report 2 Student Council Report & Financial Statements Year Ended 31 July 2024
Report 3 Report to the Audit & Risk Committee
Report 4 Bribery Policy – October 2024
Report 5 Raising Concerns Policy

Report 1 Annual Report & Financial Statements Year Ended 31 July 2024

The Finance Director reported the audit was almost complete and thanked the NIAO team. There is one outstanding issue – the accounting treatment of the Pension Asset/Surplus relating to the NILGOSC pension scheme. This will be reported in further detail under item 72.7.

Following agreement received for the Support Staff pay rise from April 2024, the accrual will be adjusted accordingly.

Governor, Mr Smyth asked for clarification on the College PFI building and the arrangements in place to manage the planned handover in January 2026. The Finance Director provided detail and indicated that the matter is referred to in Report 3 – 'Report to the Audit & Risk Committee' under 1.3, 'Evolving Matters', however he assured the Committee that this transition is progressing well.

The Finance Director also provided detail to the question in relation to costs for the maintenance and up-keep of the College estates.

Report 2 Student Council Report & Financial Statements Year Ended 31 July 2024

Members were content to recommend approval of the Student Council Report & Financial Statements to the Governing Body.

PROPOSED, Mrs C Shongo

SECONDED, Mrs M Gormley

Report 3 Report to the Audit & Risk Committee

Referring to the eleven Corporate Risks the Finance Director highlighted;

Risk COR001 – Impact on performance/availability of information relating to third party hosting

– this risk is likely to be removed at the next review.

Risk COR003 – Implementation of DfE Trainee Apprentice Management System (TAMS)

- has been removed from the Corporate Risk Register. However, following discussion in Committee, it was agreed to keep this matter under review.

Risk COR0011 – Impact of Industrial Action

- currently showing a medium residual priority. Although there is currently no industrial action at the College it was agreed to keep this matter on the Risk Register.

Risk COR0012 – Staffing – Impact of Staff Recruitment, Staff Retention, Pay Levels & Sickness on College Business

– the scoring of this risk has been reduced to a low residual priority.

The Finance Director updated the Committee on the work ongoing including, in response to DfE's, 3 year information gathering exercise, submission of a number of funding bids submitted to DfE for additional resources. Two of these bids relate to Artificial Intelligence and Sustainability and may go some way to mitigating the risks relating to;

COR0013 – Inefficient and Inappropriate use of Artificial Intelligence and Risk

COR0014 – Lack of Resources and funding to progress Sustainability/ESG Agenda.

The Finance Director apprised the Committee on the evolving matters and responded to a Governor question on the Holiday Pay matter.

The Finance Director added that for the next Committee meeting it would be timely to provide information to the understanding of risk appetite.

The College submitted data towards the biennial National Fraud Initiative exercise. Results from this matching exercise are expected in December 2024.

There were no Direct Award Contracts to report.

The Prompt Payment figures for 30 Days for October 2024 was 93% and year to date was 95%.

Members noted the extract from the Health & Safety Annual Report for 2023/24. No injuries were required to be reported to the Health & Safety Executive under the requirements of the RIDDOR regulations for 2023/24. The positive feedback from audits were highlighted.

Report 4 Bribery Policy – October 2024

The Bribery Policy was reviewed in October 2024, the amendments to the Policy were listed on page 2.

The Committee were content to approve the Policy to the Governing Body.

PROPOSED, Mr F Smyth

SECONDED, Mrs M Gormley

Report 5 Raising Concerns Policy

The Raising Concerns Policy was reviewed in May 2024 there were no amendments.

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

72.6 INTERNAL AUDIT – Mr I McCartney, RSM

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Report 1 Internal Audit Progress Report – November 2024

Report 2 Chartered Institute of Internal Auditors (CIIA) Internal Audit Code of Practice

Report 1 Internal Audit Progress Report – November 2024

The Internal Auditor stated that no final reports have been issued for this meeting. Fieldwork dates have been arranged for the reviews on the HR Pre-Employment Process and Safeguarding.

Report 2 Chartered Institute of Internal Auditors (CIIA) Internal Audit Code of Practice

The Report shared relates to the introduction of the revised Internal Audit Code of Practice effective from January 2025. The Code aligns with the new Global Internal Audit Standards and the revised UK Corporate Governance Code.

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

72.7 EXTERNAL AUDIT – Mr B O’Neill, NIAO**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 **Cover Letter to Principal re the Draft Report To Those Charged with Governance**

Report 2 **Draft Report To Those Charged with Governance 2023-24**

The External Auditor brought Governors through the Report. He stated that subject to a satisfactory resolution of issues identified in the valuation of the pension asset it is proposed that the Comptroller and Auditor General will certify the 2023-24 Financial Statements with an unqualified audit opinion, without modification. No irregular expenditure for 2023-24 was identified.

Most of the audit work is substantially complete however the External Auditor referred to the pension asset matter. This issue impacts all colleges. Colleges have accounted for the pension asset in 2023/24 the same way as the asset was accounted for in 2022/23. The College’s pension asset included in the draft Accounts for the Year Ending 31 July 2024 is showing a value of £5.7m.

To manage this issue to the auditor’s satisfaction, the sector will now seek updated valuations for March 2024 and July 2024 from the actuary. There may be a prior year adjustment required for the July 2023 Accounts. Due to this delay approval will not be sought for the Annual Report & Financial Statements Year Ended 31 July 2024 (Ref AC 72.5, Report 1).

The Audit & Risk Committee, Resources Committee and the Governing Body will need to reconvene when the audit is complete to approve the Annual Report & Financial Statements.

A discussion ensued with the Committee noting their concerns in receiving the necessary reports from the actuary and the timeline for presenting the Accounts to the NI Assembly by 30 November 2024.

Continuing with his Report the External Auditor highlighted the actions for the Audit & Risk Committee. There was no evidence of fraud through management override of controls or fraud in revenue recognition arising from the two significant risks identified.

There were no uncorrected misstatements identified during the course of the audit. One Priority 2 recommendation was made for the College to review a significant number of fully depreciated assets. Management have accepted this action.

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

72.8 CORRESPONDENCE

There was no correspondence to report.

72.9 ANY OTHER BUSINESS

There was no any other business to discuss.

72.10 RESERVED BUSINESS – taken separately.

The Committee Chair thanked everyone; the meeting ended at 12:55

DATE OF NEXT MEETING: 25 February 2025

Signed: *Charlene Shongo*
Mrs C Shongo, Committee Chair

Date: 25 February 2025

APPROVED

Appendix 1

SUMMARY OF AGREED ACTIONS FROM THE NOVEMBER 2024 COMMITTEE MEETING

NO	MINUTE REF	REPORT	ACTION	OWNER
1	71.4	Matters Arising	Governor, Mr F Smyth suggested it would be helpful to informally reach out to the Sector Audit & Risk Committee Chairs for their views on re-establishing ARC Forum.	CS/ed
2	72.4	Committee Chair's Business	ARC Annual Report to the GB - to present the Report to the GB	CS/ed
3	72.5 R2	Management Report	Student Council Report & Financial Statements YE 31/07/24 - to recommend approval to the GB	CS/ed
4	R3	Management Report	FD to provide info to the understanding of risk appetite at the next meeting	PMcK/ed
5	R4	Management Report	Bribery Policy Oct 2024 – to recommend approval to the GB	CS/ed