
MINUTES OF THE SEVENTY FIRST MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS COMMENCING 11:30

PRESENT:

Mrs C Shongo, Committee Chair
Mr B Dougherty (from 11:47)
Mrs M Gormley
Mr F Smyth
Ms V Toland (until item 71.10)

ATTENDEES:

Mr L Murphy, Principal & Chief Executive
Mr P McKeown, Finance Director
Mr I McCartney, Internal Auditor, RSM (until item 71.10)
Ms P Wilson, DfE (until item 71.10)
Ms L Murphy, NIAO (until item 71.10)
Mr G McCole, IT Services Manager (for presentation item 71.0 only)
Mrs É Doherty, Secretary to the Governing Body

APOLOGIES:

Ms S McMahon

71.0 PRESENTATION – Mr G McCole, IT Services Manager

Mr McCole provided a comprehensive overview on Cyber Security and the importance of Cyber Security for the College. Cyber Essentials, a government backed program helps organisations protect against common cyber threats. During 2021-22 the Department (DfE) required the Sector Colleges to prepare for Cyber Essentials Plus certification. Mr McCole was pleased to report that the College received their Certificate of Assurance for Cyber Essentials Plus on 23 August 2024. IT Services will undertake annual re-certification process from August 2025 onwards.

Lessons learned will now be considered for further improvements and audits.

Mr McCole apprised the Committee on GovAssure, a UK Government cybersecurity assurance scheme designed to enhance the resilience and security of organisations. It mandates that public bodies and their supply chains meet specific cybersecurity standards. The Sector will commence work in achieving this standard.

A question and answer session followed.

Mr McCole left the meeting at this juncture.

71.1 WELCOME

The Committee Chair welcomed everyone to the meeting. A round of self-introductions took place to welcome Mr B Dougherty recently appointed Governing Body member and Ms P Wilson to her first Committee meeting as the Departmental (DfE) representative.

71.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

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

71.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 21 MAY 2024

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 21 May 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 F Smyth

Report 1 MATTERS ARISING – May 2024 Committee Meeting

69.6 At the May Committee meeting the Internal Auditor agreed to provide a report on the FE Sector benchmarking of Internal Audit findings for 2022/23 at the September 2024 Committee meeting.

Paper provided ref Agenda Item AC 71.6, Report 4.

70.4, Report 2 - Risk Assessment and Engagement Plan – Following reporting at the May Committee meeting (AC 70.4) correspondence was received from the Director of FE on 26 July 2024 (Agenda item AC 71.8, Report 1) referring to the Department's (DfE) three Internal Audit Team recommendations (Annex A).

No further communication has been received from the Department on the College's responses relating to the changes to the Risk Assessment correspondence of 7 May 2024.

70.69 Correspondence – Financial Year End – The Finance Director reported that following Sector discussion the preference is for the financial year end to move to 31 March. Discussions have taken place with the Audit Office as this will require additional resourcing. It is envisaged the earliest the 31 March year end will be implemented will be March 2026.

71.4 COMMITTEE CHAIR'S BUSINESS, Mrs C Shongo

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Action Plan from Self-Assessment Exercise – May 2024

Report 2 Review of Committee's Terms of Reference

Report 2.1 Summary of Proposed Changes to the Terms of Reference

Report 1 Action Plan from Self-Assessment Exercise – May 2024

The Committee Chair brought members through the updated progress on the actions from the Self-Assessment Exercise.

- **It was agreed that the Chair reply to the Director of FE that the Committee members agreed it would be useful to re-establish the DfE, Audit & Risk Chair's**

Forum. This would be an opportunity to share good practice and to facilitate collaboration with other fellow Colleges.

- **It was agreed to take time at the Strategy Workshop to discuss the College's approach to managing Climate change and ESG good practice.**
- **Report 2 Review of Committee's Terms of Reference**
Report 2.1 Summary of Proposed Changes to the Terms of Reference
 The Committee Chair stated that a further amendment was required to the Membership Section, (2) to the Terms of Reference. Mr B Dougherty recently joined the Committee and his name will be added to the Terms of Reference.

With this amendment members were content to approve the Terms of Reference to the Governing Body.

PROPOSED, Mr F Smyth

SECONDED, Mrs M Gormley

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

71.5 MANAGEMENT REPORT, Mr P McKeown, Finance Director

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Statement of Comprehensive Income and Expenditure

Report 2 Report to the Audit & Risk Committee

Report 1 Statement of Comprehensive Income and Expenditure

The Finance Director reported the Annual Report and Financial Statements have been prepared in accordance with the Accounts Direction and relevant accounting standards. The College intend to submit the Annual Report and Financial Statements to the Department (DfE) on 20 September 2024.

Some variances highlighted included the Department (DfE) Grants which showed a positive variance. This mainly related to the Voluntary Service Scheme and the Skill-Up Programme funding. Pension figures within the Statement of Comprehensive Income and Expenditure and the Statement of Financial Position relate to the NILGOSC Scheme. This is currently showing as a pension asset.

The Holiday Pay Provision has increased slightly to reflect different pension rates and National Insurance rates.

In terms of the March year end, audit work is in progress and the audit of the July year end will commence on 23 September 2024.

Report 2 Report to the Audit & Risk Committee

The Finance Director reported on the Corporate Risk Register with some minor proposed amendments.

Risk COR0001 – Impact on performance/availability of information relating to third part hosting

Upgrades have been made on the server to enhance processing performance and to future-proof the environment as new apps are added into future versions of EBS.

EBS has been working well during the busy enrolment period.

The 'likelihood' score has been reduced to 1. It is expected that this risk will be removed from the Risk Register at the next full review.

Risk COR0003 – Implementation of DfE Trainee Apprentice Management System (TAMS)

The TAMS data migration issue over the summer has been resolved. The College has been working with DfE recently in completing financial reconciliations of claims, to ensure all claims were correct during the period in which TAMS was not fully operational. September to October is a period of high volume of data input onto TAMS with new starts commencing the programme. This period will provide an opportunity to fully assess the functionality of TAMS. It is expected that this risk will be removed from the Risk Register at the next full review.

Risk COR0007 – Failure to Maintain Financial Stability

The College received the draft opening DfE funding allocation for the 2024/25 financial year on 5 June 2024 which outlines the initial budget allocation for the upcoming year (£32,891k). While the budget allocation appears encouraging, it is important to note that the public sector is likely to face a challenging financial environment going forward.

The score under this risk has therefore been reduced.

Evolving Matters – The Finance Director highlighted that following the signing off on 18 September 2024 for the new Strabane Campus – City Deal Project, this item will remove as an evolving risk. Risks specific to the project will form part of the Risk Register for the scheme and dealt with by the Project Board that will be set up to oversee the development.

Foodovation (Causeway Growth Deal) Grant Thornton have been appointed to prepare the OBC. Several meetings have taken place over the summer and a workshop was held on 4 September 2024. Target date for final draft of the OBC is November 2024.

The final Business Case for Holiday Pay was submitted to DfE in July 2024. This Business Case is seeking approval to commence the payment of holiday pay on Excess/Overtime. A separate Business Case is being prepared that is considering the back payment of holiday pay on Excess/Overtime on the back of the Supreme Court judgement (Agnew vs PSNI) in 2023. The College is currently carrying a provision for this. A discussion ensued on the challenges ahead relating to this complex issue.

Prompt payment for 30 days to 31 August 2024 was 95%.

In concluding his report, the Finance Director provided an update on the College Insurance matter. The addendum to the 2021 approved Business Case was approved by DfE in July 2024. This gave approval and additional budget cover to purchase full insurance for 2024/25. The Sector premium for 2024/25 totals £1,662k, up £73k (4.6%) on the 2023/24 premium of £1,589k.

The development of the Business Case for the 5-year period from 2025/26 is continuing. Meetings have been held with the NI Housing Executive regarding their management of self-insurance. The sector is seeking meetings with the Department of Health, the Education Authority and the NI Courts Service. The College has appointed ABL Insurance to prepare a report on the possible options available, including reviewing claims history and potential risks going forward.

A Draft Business Case will come to the Committee in due course.

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

71.6 INTERNAL AUDIT – Mr I McCartney, RSM

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

- Report 1 Internal Audit Review – Health & Safety
- Report 2 Internal Audit Report & Opinion Year Ended 31 July 2024
- Report 2.1 Follow Up on Previous Recommendations
- Report 3 Internal Audit Plan 2024/25 including Internal Audit Charter
- Report 4 FE Sector Benchmarking of Internal Audit Findings 2022/23
- Report 5 RSM Emerging Risk Radar – July 2024

Report 1 Internal Audit Review – Health & Safety

The Health & Safety review received a satisfactory assurance rating with eight low priority issues.

Report 2 Internal Audit Report & Opinion Year Ended 31 July 2024

The Internal Auditor reported that overall, there is a satisfactory system of governance, risk management and control within the College. During 2023/24 five reviews took place all receiving satisfactory assurance. Actions agreed were listed with three medium and thirteen low priority issues across the five assurance reviews.

Good governance observations and additional leadership papers prepared by the Risk Assurance Technical team (RSM) were noted.

The Committee Chair commented that it was encouraging to receive a positive report.

Report 2.1 Follow Up on Previous Recommendations

A review to follow-up on progress made by the College to implement previously agreed management actions was undertaken on three audit reviews.

It was reported that the College has demonstrated good progress in implementing the agreed management actions.

Report 3 Internal Audit Plan 2024/25 including Internal Audit Charter

Four proposed reviews and an advisory review will take place on Environment, Social and Governance (ESG) during 2024/25. The plan is agile.

It was suggested that the Finance Director have a discussion with the SAG Finance Directors on further advisory work to take place on specific areas such as emerging risks/further efficiencies.

Members were content to recommend approval of the Audit Plan 2024/25 and Charter to the Governing Body.

PROPOSED, Mrs C Shongo

SECONDED, Ms V Toland

Report 4 FE Sector Benchmarking of Internal Audit Findings 2022/23

Members noted the positive report. The 2023/24 Report will be available for the February 2025 Committee meeting.

Report 5 RSM Emerging Risk Radar – July 2024

Members noted the report.

The Committee Chair thanked Mr McCartney (RSM) and invited Ms L Murphy (NIAO), to report to the Committee.

71.7 EXTERNAL AUDIT – Ms L Murphy, NIAO

The External Auditor advised that work is well progressed with the March year end audit in relation to the Department's (DfE) group accounts. The 31 July 2024 College audit work will then commence.

The Committee Chair thanked Ms Murphy for her report.

71.8 CORRESPONDENCE**➤ PREVIOUSLY ISSUED TO ALL MEMBERS****Report 1 DfE Correspondence – Assurances on College Performance Data
26 July 2024**

Mr McKeown reported on the communication from the Department (DfE) on assurances on College Performance Data. This clarified the Department's position on the assurance requirement. An internal audit will be completed in 2025/26 to address the first internal audit requirements (Annex A).

71.9 ANY OTHER BUSINESS

There was no any other business to discuss.

71.10 RESERVED BUSINESS – taken separately.

The Committee Chair thanked everyone, the meeting ended at 11:25.

DATE OF NEXT MEETING: 12 November 2024

Signed:



Mrs C Shongo, Committee Chair

Date:

12 November 2024

APPROVED

Appendix 1

SUMMARY OF AGREED ACTIONS FROM THE SEPTEMBER 2024 COMMITTEE MEETING

NO	MINUTE REF	REPORT	ACTION	OWNER
1	71.4 Report 1	Committee Chair's Business	Chair reply to the Director of FE that the Committee agreed it would be useful to re-establish the DfE ARC Forum	CS/ed
2			It was agreed to take time at the Strategy Workshop to discuss the College's approach to managing climate change and ESG good practice	LM/ed
3	71.4 Report 2		To recommend approval of the Committee's ToR	CS/ed
4	71.6 Report 3	Internal Audit	Finance Director to have a discussion with the SAG FDs on further advisory work to take place on specific areas such as emerging risks/further efficiencies	PMCK/ed