
MINUTES OF THE NINTH MEETING OF THE AUDIT AND RISK COMMITTEE OF THE GOVERNING BODY OF THE NORTH WEST REGIONAL COLLEGE HELD IN THE BOARDROOM, STRAND ROAD CAMPUS, ON THURSDAY 3 SEPTEMBER 2009 COMMENCING AT 5.00P.M.

PRESENT: Mr D McMahon (from 5.20pm – Chair from item 9.6)
Miss E Cavanagh
Mr L Gallagher
Prof F Monds (Chair for items 9.1 to 9.5 incl.)
Mr W McBride

IN ATTENDANCE: Mr S Murphy (Director)
Mr P McKeown (Assistant Director, Finance) (until 6.10pm)
Mr M Pitt (PwC, Internal Auditor, Partner)
Mr R Monds (DEL Observer)
Mr S McCormick (NIAO, External Auditor)
Mr D McClelland (Secretary)

Members agreed that in the temporary absence of the Committee Chair, Prof Monds would chair the meeting.

9.1 APOLOGIES

An apology had been received from Mr A Smyth.

9.2 MINUTES OF MEETING HELD ON 23 MARCH 2009

It was proposed by Miss Cavanagh seconded by Prof Monds and agreed that the minutes were an accurate record of the meeting.

9.3 MATTERS ARISING

8.4 (7.3) (6.3) (5.7) Appointment of Staff. The Director reported that a Quality Manager had now been appointed.

8.4 (7.12) Code of Conduct for Governors. The Secretary reported that a copy of the document had been sent to DEL.

8.4 Advice on EU tendering. The Assistant Director reported that enquiries had not identified any known case where a penalty had been applied.

8.8 Risk Management Report. The Director intimated that the Group would be reviewing the risk of failure to achieve a balanced budget at its next meeting.

9.4 CHAIRMAN'S BUSINESS

The Secretary suggested that it would be appropriate to deal with item 9.14 at this point in the meeting. Members were informed of the letter of engagement received from the Internal Auditors for 2009/2010. Members were content that it should be signed.

9.5 RISK MANAGEMENT REPORT

The Assistant Director reported that there were no matters of significance to report and that a full report would be presented to the Committee in November.

Mr McMahon joined the meeting at this point. He apologised for his unavoidable delay. He thanked Prof Monds for chairing the meeting thus far. He then assumed the chair.

9.6 EXTERNAL AUDITORS' REPORT 2007/2008 (Ref: paper GB12.5)

The External Auditor mentioned that it had been a difficult year for audit due to a range of circumstances. He suggested that the incoming year might be less problematic. He noted that all recommendations contained in the report were being taken forward.

Members noted the report.

9.7 INTERNAL AUDIT: STATUS REPORT (Ref: paper AC9.7)

The Internal Auditor pointed out that this paper (prepared for the inquorate meeting of 15 June 2009) had now been superseded by further work which had now been completed.

9.8 INTERNAL AUDIT: PRESENTATION OF FINDINGS

9.8.1 Financial Controls Review (Ref: paper AC9.8). The Internal Auditor reported that the review has received a 'substantial' assurance rating. Three housekeeping recommendations had been accepted by management.

9.8.2 Data Protection and Freedom of Information. (Ref: paper AC9.8.2) This review had received a 'limited' assurance rating. The Internal Auditor reported that

- College policy and procedure needed to be formally put in place as a matter of urgency
- Staff training was essential so that staff understood their personal liability when handling sensitive data
- Action should be taken to encrypt laptops and USB sticks containing sensitive data. The Assistant Director reported that significant progress had already been made on this matter

In answer to a member's question the Director stated that staff were not allowed to use their own personal computers to access College data from home.

Members agreed that a further report on implementation of the recommendations should be brought to the November Committee meeting.

9.8.3 Risk Management, Corporate Governance and Budgetary Control (Ref: paper AC9.8.3) The Internal Auditor reported that this review had received a 'substantial' assurance rating. He acknowledged that considerable progress had been made in the development of both corporate and Departmental risk registers. He recommended that there should be further development in aligning the two types of register.

9.8.4 Value for money review. (Ref: paper AC9.8.4) The focus of this review was on College advertising and marketing. The Internal Auditor advised that it was a 'non-assurance' review. He referred members to the key findings and recommendations made in the report. A member commented on her expectation that the review would have included an assessment of the degree to which the College had obtained good value for its expenditure. In reply to another member's question the Director indicated that designing of advertising material was carried out 'in-house'.

9.8.5 Follow-up review (Ref: paper AC9.8.5) The Internal Auditor explained that this review covered a range of audits whose recommendations made to the College had not been fully implemented since the last follow-up review. He referred members to the executive summary which showed that 86 out of 111 recommendations had now been fully implemented. It was agreed that the Committee should receive an update on progress on the implementation of estates issues at its November meeting.

The Assistant Director left the meeting at this point.

9.9 INTERNAL AUDIT ANNUAL REPORT 2008/2009 (Ref: paper AC9.9)

The Internal Auditor explained that the report was a summary of the work carried out throughout the year. The College had been awarded an overall 'satisfactory' assurance rating having achieved 4 'substantial', 1 'satisfactory' and 1 'limited' ratings in the areas reviewed. The Director suggested that, considering the College was only two years into merger, the outcome achieved reflected the dedication of staff involved. Members noted the report.

9.10 INTERNAL AUDIT PLAN 2009/2010 (Ref: paper AC9.10)

The Internal Auditor presented the outline plan. Some adjustments would be made to timings. The Director suggested that the Value for Money review could look at fees charged to the College by external organisations. Further discussion on the matter would take place with management. It was proposed by Prof Monds seconded by Mr McBride and agreed to recommend to the Governing Body the acceptance of the plan.

9.11 EXTERNAL AUDIT STRATEGY 2008/2009 (Ref: paper AC9.11)

The External Auditor outlined the strategy for the forthcoming review including the key areas to be audited and additional areas to be examined (Section 5). He anticipated that the timetable arrangements should be met. Members noted the strategy.

9.12 CONFLICTS OF INTEREST POLICY (Ref: paper AC 9.12)

The Director indicated the changes which had been made to the first draft. A member felt that, because of the dual purpose of the policy seeking to embrace both staff and governors, the wording needed, in some sections, to be clarified. Another member pointed out the inconsistencies in definitions of close family relationships within particular sections of the document. It was agreed that a further draft should be brought to the next meeting of the Committee.

9.13 NIPAC REPORT ON FINANCIAL MANAGEMENT IN THE FE SECTOR (Ref: paper AC 9.13)

The Chair invited comments on the report. The Director advised that the recommendations were primarily for DEL to consider. He commented on the need for colleges to be able to retain sufficient reserves to deal with a number of issues as and when they arise e.g. major planned maintenance. In reply to a member's question he indicated that the Colleges may seek a common procurement service. However he felt that there was the potential for the local

economy to suffer as a result. The DEL Observer intimated that DEL would be organising a workshop for senior management to consider the implications of the report. Members noted the report.

9.14 REVIEW OF PROVISION ON INTERNAL AUDIT SERVICES FOR 2009/2010

This matter had been dealt with under Chairman's Business.

9.15 ANY OTHER BUSINESS

Whistleblowing Policy and Procedures (Ref: paper AC9.15)

The Director reported that the policy had been revised following recent guidelines issued by DEL. It was proposed by Mr Gallagher seconded by Mr McBride and agreed to recommend the revised policy to the Governing Body.

Date of next meeting: Monday 23 November 2009 at 5.30pm in the Strand Road Campus.

There being no other business the Chair closed the meeting at 6.55pm.

Signed: _____ (Chair)

Date: _____