

MINUTES OF THE EIGHTH 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 MONDAY 23 MARCH 2009 COMMENCING AT 5.30P.M.

PRESENT: Mr D McMahon (Chair)
Miss E Cavanagh
Prof F Monds

IN ATTENDANCE: Mr S Murphy (Director)
Mr P McKeown (Assistant Director, Finance)
Mrs H Smyth (PWC, Internal Auditor, Manager)
Mr R Monds (DEL Observer)
Mr S McCormick (NIAO, External Auditor)
Mr D McClelland (Secretary)

Prior to the Director and Assistant Director joining the meeting the following issues were discussed

- The Chair pointed out that the Director was a member of the NORIBIC Board although this was not specifically stated in the report provided for the meeting. The Secretary confirmed that the declaration had been made in the Governing Body's Register of Interests since it had been established.
- The Internal Auditor reported that the further review of procurement and contracting requested by the Governing Body following the KPMG report was now complete and the report on it was at draft stage. She indicated that there was a high degree of confidence that appropriate controls were in place.
- The External Auditor expressed his concern that the wording of aspects of the Annual Report and Financial Statements needed to reflect any residual risks which may still be inherent as a result of potential issues raised in the KPMG report.
- The DEL Observer intimated that a request for disclosure of the KPMG report had been received under Freedom of Information legislation.

The Director and Assistant Director then joined the meeting.

8.1 APOLOGIES

An apology had been received from Mr A Smyth.

8.2 MINUTES OF MEETING HELD ON 19 JANUARY 2009

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

8.3 MINUTES OF THE SPECIAL MEETING HELD ON 16 FEBRUARY 2009

A member queried the accuracy of the minutes. After some discussion and taking into account minute GB11.5 of the Governing Body meeting held on 25 February 2009 including an acknowledgement that some of issues recorded there had previously been mentioned at the

Audit Committee's special meeting, it was proposed by Prof Monds seconded by Miss Cavanagh and agreed that the minutes were an accurate record of the meeting.

8.4 MATTERS ARISING

- From meeting of 19 January 2009
 - **7.3 (6.3) (5.7) Appointment of Staff.** The Director reported that the job description for the post was still under review and that it was unlikely that an appointment would be made before September.
 - **7.12 Code of Conduct for Governors.** It was agreed that a copy of the Code should be sent to DEL as a possible means of distributing to the sector.
- From meeting of 16 February 2009
 - **Action Plan in relation to the KPMG report.** The Assistant Director reported that all actions listed had been completed with the exception of the Register of Interests/Conflict of Interest Policy which was in draft stage. He distributed copies of the registers of interests for SMT members, for line managers and for members of the Governing Body. He also drew members' attention to a letter from the College's VAT advisor confirming the College's position in regard to the VAT issue. It was agreed to seek advice on the issue relating to EU threshold tendering. The External Auditor mentioned again the need for a qualifying note to be made in the Annual Report. The Director said that he had written to the Permanent Secretary of DEL requesting that the report be revised for accuracy before any further circulation took place. It was proposed by Prof Monds seconded by Miss Cavanagh and agreed to recommend to the Governing Body that the action plan satisfactorily addressed DEL concerns and the additional concerns of the Governing Body in relation to the KPMG report.
 - **Paper on NORIBIC.** Members noted that the paper set out the role played by NORIBIC within the FE/HE sectors. It was also noted that the policy on conflicts of interest currently being developed should include the requirement for staff, both present and future, to have Governing Body approval for their seats on company Boards.

8.5 CHAIRMAN'S BUSINESS

No business was discussed under this heading.

8.6 ANNUAL REPORT AND FINANCIAL STATEMENTS (Ref: paper AC6.6)

The Chair outlined the problems which had arisen in seeking to recommend approval of the accounts for 2007/08. He expressed the desire that the matter be now brought to a conclusion. The Assistant Director tabled adjustments to the accounts following the inclusion of accounts relating to PFI and re-valuation of land and buildings. Members agreed that the wording of the paragraph on Significant Internal Control Problems (p.12) should reflect knowledge of any perceived liability arising from potential issues identified in the KPMG report which was considered to have an impact on the College and that a reference to the SIC paragraph should be made under the Related Party Transactions paragraph (p.45). It was proposed by Miss Cavanagh seconded by Prof Monds and agreed that, subject to these amendments, the annual report and financial statements for 2007/08 be recommended to the Governing Body for approval.

The External Auditor expressed his appreciation to the Assistant Director for the work he had done in seeking to resolve the problematic issues.

8.7 AUDIT & RISK COMMITTEE ANNUAL REPORT (Ref: paper AC6.7)

It was proposed by Miss Cavanagh seconded by Prof Monds and agreed to recommend the report to the Governing Body.

8.8 RISK MANAGEMENT REPORT (Ref: paper AC8.8)

The Assistant Director referred to the risks contained in the register and listed in the report drawing members' attention to those risks whose scoring had been amended after a recent review by the Risk Management Group. He mentioned that the scoring for Risk 13 – failure to achieve a balanced budget – had been increased due to the possibility of a reduction in overall FE budget. A member suggested that, in the present economic climate, dealing with certain external organisations may also pose a risk. It was agreed that this suggestion should be considered by the Group at its next meeting. Members noted the report.

8.9 INTERNAL AUDIT: STATUS REPORT (Ref: Paper AC8.9)

The Internal Auditor referred members to the 2 items reviewed since the last Committee meeting. She indicated that the Audit Plan for the year was on schedule. In relation to topics for a 'value for money' review she made the following suggestions

- Use of marketing consultants for advertising and public relations
- Use of College transport
- Estates and use of service providers.

Members agreed that the use of marketing consultants should be the issue to be reviewed this year.

**8.10 INTERNAL AUDIT: PRESENTATION OF FINDINGS (Ref: Paper AC8.10)
Review of Student Support Services with a focus on Student Support Funding Arrangements**

The Internal Auditor indicated to members that this was a non-assurance review and referred to the executive summary which set out the three main areas of the review. She said that the College's Student Support Unit had welcomed the report. A member suggested that it would be useful to share its findings across the sector.

The Chair thanked the Auditor for providing such a comprehensive report.

8.11 ANY OTHER BUSINESS

None.

Date of next meeting: It was agreed to meet again on Monday 15 June 2009 in Strand Road Campus.

This being all the business the Chair closed the meeting at 8.00pm