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**MINUTES OF THE FORTY FOURTH MEETING OF THE AUDIT & RISK COMMITTEE OF THE GOVERNING BODY OF THE NORTH WEST REGIONAL COLLEGE HELD IN THE BOARDROOM, NORTHLAND BUILDING, STRAND ROAD CAMPUS ON TUESDAY 7 NOVEMBER 2017 AT 1700.**

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**PRESENT:**

Mr P Laughlin (Chair)  
Mrs R Dougherty  
Dr N Hand  
Dr M O'Neill

**IN ATTENDANCE;**

Mr L Murphy (Principal & Chief Executive)  
Mr P McKeown (Director of Finance & Economic Engagement)  
Ms C O'Hagan (NIAO)  
Mr W Smyth (DfE)  
Mr N Taylor (Internal Auditor, Grant Thornton)  
Mrs É Doherty (Governance Secretary)

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The Chair opened the meeting at 1710 and welcomed everyone.

**44.1 APOLOGIES**

Apologies were received from Mr S Atcheson, Mr G Killeen and Mr A McKibbin, (Grant Thornton).

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

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

**44.3 MINUTES OF THE MEETING HELD ON 26 SEPTEMBER 2017**➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Meeting held on 26 September 2017

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

**PROPOSED:** Mr P Laughlin

**SECONDED:** Mr S Atcheson\*

**44.3.1 MATTERS ARISING – meeting on 26 September 2017**

43.6 **Management Report** - To recommend approval of the Draft Internal Audit Strategy 2017/18 - 2019/20, Annual Plan 2017/18 & Charter, subject to further discussion between the Internal Auditor and the Director of Finance & Estates finalising the Strategy and timetable.

**Update:** Approved at the Governing Body meeting on 10 October 2017.

42.9 **Committee's Terms of Reference** – Amendments were noted by the NIAO, with these amendments, it was agreed to recommend approval of the Terms of Reference to the Governing Body.

**Update:** Approved at the Governing Body meeting held on 10 October 2017.

**44.4 CHAIR'S BUSINESS**


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\*Mr P Laughlin (Chair) proposed the Minutes of 26 September 2017 as a true and accurate record, however no other Governor was present at the meeting of 7 November 2017 to second the Minutes that was in attendance at the 26 September 2017 meeting.

Post meeting - Mr S Atcheson (Committee member) was content to second the Minutes of 26 September 2017 which he attended, as a true and accurate record. Mr Atcheson verbally agreed to this on 8 November 2017 and email confirmation was received from him on 10 November 2017.

The Department (DfE) also received confirmation of this arrangement on 13 November 2017. This was considered the best way of resolving the issue.

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Paper AC 44.4 Annual Report to the Governing Body 2016-17

The Chair referred to the Report which included details on membership of the Committee for the year 2016-17, attendance at meetings, the Terms of Reference that were last approved by the Governing Body on 10 October 2017, reporting procedures, the work of the internal/external auditors and the opinions stated.

**It was agreed to recommend to the Governing Body acceptance of the Committee's Report.**

**PROPOSED;** Mrs R Dougherty

**SECONDED;** Mr P Laughlin

**44.5 MANAGEMENT REPORT, Mr P McKeown, Director of Finance & Economic Engagement**

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 - Risk Management Group Report 1, 2017/18

Report 2 - Annual Report & Financial Statements Year End 31 July 2017

Report 3 - Student Council Report & Financial Statements Year Ended 31 July 2017

Report 4 - Direct Awards Contract

Verbal Report - Prompt Payment

The Chair invited the Director to present his report to the Committee.

The Director reported on the adjustments to the College Corporate Risk Register since the Report was last presented to the Committee in June 2017. A new risk had been added to the College Corporate Risk Register. This risk is to highlight and address the issues around the requirement to use Properties Division for the procurement and delivery of all estates capital and maintenance works and CPD for the procurement and delivery of all major works. The risk is titled, *'Risk of CPD & PD Processes – including implications of resource shortfall – achieving value for money and statutory compliance – impact on curriculum'*.

The risk has been scored a six (RED/high category). There are a number of actions in place to try and manage the risk. Historically the College had no high category risks; however, there are currently three in the College Corporate Risk Register. The other two high risks are, *'Impact of reduced enrolment numbers & reductions in FLU'* and *'Failure to maintain financial stability'*.

The Director provided members with details on the budget deficit. He added that the College now faced significant financial pressures. Coupled with the current political instability and the possibility of Direct Rule being implemented it was not clear what implications this will have on the budget. The Director added the College Corporate Risk Register was discussed at the recent Accountability Meeting with the Department.

The Director then referred members to the Outstanding Matters from Internal Audit (KPMG) and from External Audit (NIAO) and provided an update on the four items listed.

The Annual Health and Safety Audit 2017 Report stated 83 accident/incidents were reported during 2016/17. This represents an increase on 59 cases reported in 2015/16. The Director was not overly concerned with this increase, which may be partly down to staff being encouraged to report all incidents.

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Only one of those incidents in 2016/17 was reportable under RIDDOR. One Claim had been received during the year which related to an incident in the 2014/15 year. Continued investment has taken place in the Estates which has had a positive impact on Health & Safety built environment.

#### **Annual Report & Financial Statements Year Ended 31 July 2017**

The Director reported there were no changes to the Accounts that were last presented to the Committee in September 2017. The Annual Report & Financial Statements were presented to the Finance & General Purpose Committee on 6 November 2017. At this meeting, the Committee agreed to recommend approval to the Governing Body subject to the Audit & Risk Committee approving same.

Before approval was sought it was decided to take item 47.7, External Audit next.

#### **44.7 EXTERNAL AUDIT**

##### **➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Paper AC 44.7 NIAO Draft Report to Those Charged with Governance, Annex A, B, C

The External Auditor reported that they would be recommending to the Comptroller and Auditor General (C&AG) that he certifies the 2016-17 Financial Statements with an unqualified audit opinion. As a result of the audit, no adjustments were made and there were no unadjusted errors above the clearly trivial threshold.

The External Auditor wished to thank the Director and the Management Accountant for their assistance and support throughout the Audit process. The Principal also wished to record thanks to the External Auditor and Audit Team, the Director and the Finance Team for their good work.

##### **Agreed Actions**

**Members recommended approval to the Governing Body of the Annual Report & Financial Statements Year End 31 July 2017.**

**PROPOSED;** Dr N Hand

**SECONDED;** Mrs R Dougherty

The Chair returned to the Management Report, 44.5.

##### **Members approved the Student Council & Financial Statements to 31 July 2017**

**PROPOSED;** Mr P Laughlin

**SECONDED;** Dr N Hand

In concluding his Report, the Director added there was one Direct Award Contract. Prompt payment for the year to date (1 August 2017) was 84% and for October 2017 was 96%.

The Chair thanked Mr McKeown for his report.

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**44.6 INTERNAL AUDIT****➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1	Three Year Internal Audit Strategy 2017-18 – 2019-20 - Final
Report 2	Internal Audit Plan 2017/18 - Final
Report 3	Internal Audit Charter - Final

The Internal Auditor brought members through a few minor changes that had been made to the Three Year Internal Audit Strategy and the 2017/18 Annual Audit Plan. The Internal Audit Reviews will commence in December 2017, with the first reporting of these reviews at the next Committee meeting.

Members were content with the changes.

The Director requested Committee approval for a contingency day to be granted to allow for some training. This was approved.

**44.7 EXTERNAL AUDIT**

Item already reported on earlier in the Agenda.

**44.8 CORRESPONDENCE**

No correspondence had been received.

**44.9 Any Other Business**

There was no any other business to discuss.

**DATE OF NEXT MEETING – 18 April 2018**

The Chair thanked everyone for their attendance and closed the meeting at 1740.

**SIGNED;** \_\_\_\_\_ **CHAIR**  
**Mr P Laughlin**

**DATE; 18 APRIL 2018**