

MINUTES OF THE FIFTY SIXTH MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA VIDEO CONFERENCE ON 3 NOVEMBER 2020, COMMENCING 1130.

PRESENT:

Mr S Gillespie, Committee Chair
Ms M Breslin
Mr P Canavan
Mr G Killeen
Prof M O'Neill

IN ATTENDANCE;

Mr L Murphy (Principal & Chief Executive)
Mr P McKeown (Director of Finance & Economic Engagement)
Mr I McCartney (Internal Auditor, RSM)
Ms H Kelly (PwC)
Ms B Heenan (PwC)
Ms H Sampson (DfE)
Mr B O'Neill (NIAO)
Mrs C McGovern (Boardroom Apprentice)
Mrs É Doherty (Governance Secretary)

Due to restrictions associated with the COVID-19 pandemic all members and attendees were joining the meeting via video conference.

56.1 WELCOME & APOLOGIES

The Committee Chair welcomed everyone to the meeting with a special welcome to Ms M Breslin, Staff Governor and Mrs C McGovern, Boardroom Apprentice who were attending their first Committee meeting. Congratulations were passed to Governor, Mrs L Taggart on the recent birth of her son.

56.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

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

56.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 15 SEPTEMBER 2020**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 15 September 2020

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

PROPOSED; Mr G Killeen

SECONDED; Mr P Canavan

56.3.1 MATTERS ARISING – September 2020 Committee Meeting

- 55.4** Approval was received at the Governing Body meeting held on 30 September 2020 for the following;
- Committee's Terms of Reference
 - Ms M Breslin to serve on the Committee
 - Mrs C McGovern to join the Committee as an attendee
 - The Audit Strategy 2020/21 -2022/23, Audit Plan 2020/21 and the Audit Charter

56.4 COMMITTEE CHAIR'S BUSINESS**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Audit & Risk Committee's Annual Report to the Governing Body 2019/20

Members agreed to recommend to the Governing Body acceptance of the Committee's Report

PROPOSED; Mr P Canavan

SECONDED; Mr G Killeen

The Committee Chair then invited Mr McKeown, Director of Finance & Economic Engagement to present his report to members.

56.5 MANAGEMENT REPORT, Mr P McKeown, Director of Finance & Economic Engagement**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Risk Management Group Report 1, 2020/21

Report 2 Annual Report & Financial Statements Year Ended 31 July 2020

Report 3 Student Council Report & Financial Statements Year Ended 31 July 2020

Report 4 Direct Award Contracts Report

Report 5 Prompt Payment – verbal report

The Director of Finance & Economic Engagement referred to the Risk Management Group Report 1, 2020/21 and reported that all risks were reviewed in September 2020 and updated to reflect the impact of COVID-19. The scoring of the risks have remained the same since last reported to the Committee in June 2020 with 4 red risks and 5 amber risks.

In relation to Risk 1, 'Data Integrity of Combined Systems' – amber risk, despite the COVID-19 situation the STS Project is continuing online and working well, however there are a number of glitches with the new Educational & Business Systems (EBS) that create a slight risk within the Finance (online payments and Finance interface) and HR areas (timetabling of staff).

Risk 7, 'Failure to Maintain Financial Stability' - amber risk, the Director reported an identified pressure in the Budget. Following a request from the Department (DfE) a bid was made on 30 September 2020 for just over £700K.

Risk 8, 'Risk of CPD & PD Processes' – red risk, actions are on target to exit CPD on 1 April 2021.

Following on, the outstanding matters from Internal Audit were reported on, the Director highlighted that some matters were now complete since the last report to the Committee. In the matters that were not complete, in almost all situations, the target date has not been reached or the target date has been extended, mainly due to the COVID situation.

In respect to the Health & Safety aspects the Director reported that in October 2019 Grant Thornton, the previous Internal Auditor carried out an internal audit review of the Health and Safety Processes and Controls within the College. This review received a 'Satisfactory' assurance rating. During 2019/20, 74 accidents/incidents were reported which is a reduction on last year's total of 94. Part of this reduction would be due to the College closing to the COVID-19 situation. The College was not required to report any accidents under RIDDOR nor received any claims for compensation for 2019/20. The Springtown Redevelopment Project had no major incidents reported during the construction phase which was a live site. The Health & Safety Team did great work to manage the safe reopening of the main College Campuses for the return of students and staff in August/September 2020.

The Director reported that the audit of the Financial Statements was almost complete, there were a number of items to be finalised. This was a virtual audit. The Director wished to thank PwC staff for the way the audit was managed. There was no further material changes to the Accounts that were presented to the relevant Committees and the Governing Body Board meetings in September 2020.

Members were content to recommend approval to the Governing Body of the Annual Report & Financial Statements Year Ended 31 July 2020.

PROPOSED; Prof M O'Neill

SECONDED; Ms M Breslin

Members were content to approve the Student Council Report & Financial Statements to 31 July 2020. The Accounts were prepared by an independent auditor.

PROPOSED; Prof M O'Neill

SECONDED; Ms M Breslin

There was one Direct Award Contract to note.

The Director advised that the prompt payment figure for the 30 days to 31 October 2020 was 97% and for the year to date was 96%.

The Committee Chair thanked the Mr McKeown and invited Mr I McCartney, Internal Auditor to report to the Committee.

56.6 INTERNAL AUDIT

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

- Report 1 Board Assurance; A Toolkit for FE Colleges
- Report 2 Internal Audit Progress Report 2020/21
- Report 3 Review – Risk Management Framework

The Internal Auditor provided to the Committee, for information, the Report on Board Assurance: A Toolkit for FE Colleges. RSM propose to facilitate a workshop to include the Audit & Risk Committee members to help prepare an effective board assurance framework. The Committee Chair welcomed this.

The Internal Audit Progress Report noted that the review of the Risk Management Framework was completed in October 2020 and the next review of Appeals & Complaints and Cyber Security will be completed and reported to the next Committee meeting in February 2021. The Risk Management Framework review which had been conducted remotely was awarded a 'Satisfactory' assurance rating. Two, low priority issues were identified with respect to risk appetite and the Corporate Risk Register. Management accepted the recommendations, which when implemented will further enhance the system of internal control.

The Principal stated it would be useful if the Department (DfE) might consider an appropriate risk appetite guidance framework for the Sector. Ms H Sampson (DfE) replied that work was currently being undertaken in this area and the Department (DfE) will report back to the Colleges.

The Committee Chair thanked Mr I McCartney, Internal Auditor and invited the External Auditor to the Committee.

56.7 EXTERNAL AUDIT

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

- Report 1 Draft Report To Those Charged with Governance 2019/20 (RTTCWG)

Ms B Heenan (PwC) reported that the audit which was conducted remotely, was substantially completed with a few areas outstanding. One area relates to ensure the disclosure and accounting treatment is appropriate with regards to the holiday pay position following on from the PSNI ruling. The College Financial Statements currently show this as a Contingent Liability Note. However PwC position is now that following guidance from the DoF it should be treated as a provision and a disclosure rather than a Contingent Liability Note in the 2019/20 accounts. The Committee voiced their reservations on this proposal. A robust discussion took place and it was agreed that as this was a Sector issue the College continue discussions with PwC, the Department (DfE) and NIFON to come to an agreed position.

Ms B Heenan (PwC) continued reporting on the remaining key areas outstanding. These relate to the testing of pension assets, liabilities and assumptions and the review of budgets for going concern assessment.

Ms H Kelly (PwC) then brought members through the remaining sections of the RTTCWG including the audit scope, the significant risks and audit findings. The External Auditor (PwC) propose to issue an unqualified audit opinion without modification. There were no adjusted or unadjusted misstatements identified during the audit process. There were three, priority 3 recommendations in relation to prompt payment, third party assets and incorrect application of Euro translation.

The Committee Chair thanked the External Audit team for managing the audit during these challenging times. The Principal wished to thank Ms Kelly and Ms Heenan for the professional nature for which their teams conducted their work in the College.

56.8 CORRESPONDENCE

There was no correspondence to report on.

56.9 ANY OTHER BUSINESS

There was no any other business to discuss.

The Committee Chair thanked everyone and closed the meeting at 1227.

DATE OF NEXT MEETING – 8 February 2021

SIGNED; _____ **Committee Chair**
Mr S Gillespie

DATE; 8 February 2021