
MINUTES OF THE FIFTY FIRST MEETING OF THE AUDIT & RISK COMMITTEE HELD IN THE BOARDROOM, STRAND ROAD CAMPUS ON TUESDAY, 17 SEPTEMBER 2019, COMMENCING 1205.

PRESENT:

Mr S Gillespie, Temporary Committee Chair
Mr P Canavan (via video conference)
Mr G Killeen
Mr L Murphy, Principal & Chief Executive
Mrs L Taggart

IN ATTENDANCE;

Mr P McKeown (Director of Finance & Economic Engagement)
Mr N Taylor (Internal Auditor, Grant Thornton)
Mr D Conliffe (DfE) – via video conference
Mrs É Doherty (Governance Secretary)

51.1 WELCOME & APOLOGIES

Apologies were received from Mrs C McFarland, Mr J McCallion (PwC), Mr T Wilkinson (NIAO) and Ms K Doey, (NIAO).

51.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

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

51.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 11 JUNE 2019**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 11 June 2019

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

PROPOSED: Mr G Killeen

SECONDED: Mr L Murphy

51.3.1 MATTERS ARISING – June 2019 Committee Meeting

50.4 Self-Assessment 2019 – The Director of Finance & Economic Engagement to respond on the query from the Assessment, (item no 27).

Update: The answer to the question in the checklist was no, however the Director of Finance & Economic Engagement stated that the College does receive fraud literature from DfE and the wider NICS, including Anti-Fraud Guidance notices, Fraud Proofing Guidance and information on actual frauds. Members were content with this response.

Members of the Audit & Risk Committee (June 2019) received a copy of the completed Self -Assessment on 9 September 2019.

- Internal Audit recommendations from reviews to go through the relevant Committees.
Action: noted

50.10 Any Other Business – suspected fraud

Update: The Director of Finance & Economic Engagement advised that the matter had been fully investigated internally and is now closed. The Department were advised on 3 September 2019.

51.4 COMMITTEE CHAIR'S BUSINESS

Mr Gillespie, Committee Chair apprised members that following his agreement to take on the role as the Committee Chair, unfortunately as a co-opted member to the Board he is unable to continue in this role.

Members were content for Mr Gillespie to preside over the meeting in order for business to be conducted. The Governance Secretary confirmed the Department were aware of this situation and were content with the arrangement.

Mr Gillespie added that a vacancy now occurs for a Chair and Vice Chair to the Committee. Members discussed the matter and it was agreed to refer the matter to the Governing Body meeting on 25 June 2019.

AGREED ACTION; to include in the Governing Body Agenda for September 2019

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Committee's Terms of Reference

The Committee Chair reported that in addition to the change to the Terms of Reference already noted in the papers (no 5), other amendments to no's 6, and 10 were proposed. Members were content with this.

PROPOSED; Mr G Killeen

SECONDED; Mrs L Taggart

AGREED ACTION; Governance Secretary to amend the Terms of Reference and the paper to progress to the Governing Body meeting for full Board approval.

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

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

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

- Report 1 Draft Annual Report & Accounts to 31 July 2019
- Report 2 Direct Award Contract Report
- Report 3 Prompt Payment – verbal

The Director of Finance & Economic Engagement reported that the Draft Annual Report & Accounts for Year End to 31 July 2019 presented to the Committee were the first draft. Amendments will be made to the narrative of the Report. The final draft is due to be submitted to the Department on 20 September 2019. The Draft Annual Report & Accounts will also proceed through the Resources Committee meeting on 18 September 2019. The final draft will be available to the Governing Body meeting on 25 September 2019. The Director of Finance & Economic Engagement confirmed the Financial Statements had been prepared in accordance with the Accounts Direction and relevant accounting standards.

In reply to Mr D Clonliffe's query the Director of Finance and Economic Engagement advised that further data in the areas of economic engagement and community had still to be added to the draft.

Continuing his report the Director of Finance & Economic Engagement reported that Price Waterhouse Cooper (PwC) on behalf of the NIAO had commenced the Audit of the Financial Statements to 31 July 2019. There were no Direct Award Contracts and prompt payment figure for 30 days to 31 August 2019 was 84%. The Director of Finance & Economic Engagement provided explanation for the reduction in this figure.

The Committee Chair thanked Mr McKeown and invited Mr Taylor, Grant Thornton to present the Internal Audit reports to members.

51.6 INTERNAL AUDIT

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

- Report 2 Sector Wide Review Hardship, Care to Learn and ASF Funds
- Report 3 IT Security Review
- Report 4 Internal Audit Annual Follow Up Report
- Report 5 Annual Assurance Report
- Report 6 Annual Plan 2019/2020

The Internal Auditor reported that a final management response was due on the GDPR review before issue of the final report. The review however received a satisfactory assurance rating with seven priority 2 findings and two priority 3 findings. The final report will be presented at the November 2019 Committee meeting.

The Sector Wide Review of the Hardship Fund, Additional Support Fund and Care to Learn review had received a satisfactory assurance in respect of administering the funding across these schemes. A small number of minor compliance points were identified.

The review on IT Security was awarded a satisfactory assurance rating. Four priority 2 and two priority 3 findings were identified. The Director of Finance & Economic Engagement reported that management accepted the issues identified, however some of the recommendations may not be implemented fully in line with recommendations given the constraints posed by the existing estate, however actions will be progressed to minimise the risks identified.

The Internal Auditor then referred to the Follow up Report, a review of management actions and the implementation of previous audit recommendations. For 2018/19 there were 25 outstanding audit recommendations with 2 fully implemented, 19 not yet due and 4 not implemented, leaving 23 outstanding audit recommendations to be carried forward to the 2019/2020 year. In reply to a member's question the Internal Auditor confirmed that he had no concerns with these matters.

The Internal Auditor then proceeded to the Annual Assurance Report, he reported that the College received no priority 1 ratings in any of the six audit areas reviewed during 2018/19. Eleven priority 2 and ten priority 3 ratings were awarded during 2018/19.

Based on the Internal Audit work which was performed during 2018/19 an overall internal audit opinion of satisfactory level of assurance had been awarded over the system of internal control in place within the College.

Progress against KPI's were discussed, two of the targets had not been achieved. These KPI's related to, '*Draft Audit Reports issued within 10 days of the Exit Meeting or date of last information received*' and '*all final Audit Reports presented to the June 2019 Audit Committee*'.

Improvement Actions were included within the Internal Auditor's Report for service delivery in 2019/20.

It was noted that the KPI's included in the Annual Report were not in line with those listed in the Audit Plan. The Internal Auditor agreed to review.

The Director of Finance & Economic Engagement indicated that he has some issues with aspects of the service provided by the Internal Auditor but indicated that NIFON would be discussing the matter with the Internal Auditor.

Discussion followed on the 2019/20 Audit Plan and the proposed review of the Funding Model which may be selected as the Sector Wide Review for 2019/2020.

The Internal Auditor stated he was currently drawing up Terms of Reference for this review.

AGREED ACTIONS;

- **The Internal Auditor to meet with the Director of Finance & Economic Engagement to finalise the 2019/20 Annual Audit Plan. The final Annual Audit Plan to come to the next Committee meeting for approval.**
- **The Internal Auditor and the Director of Finance & Economic Engagement to review the KPI's for 2019/20.**

51.7 CORRESPONDENCE

There was no correspondence received.

51.8 ANY OTHER BUSINESS

There was no any other business to discuss.

DATE OF NEXT MEETING – 5 November 2019

The Committee Chair thanked everyone for their attendance and closed the meeting at 1232.

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

Date: 5 November 2019

APPROVED