

MINUTES OF THE SIXTY FIFTH MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS ON 28 FEBRUARY 2023, COMMENCING 1130.

PRESENT:

Mr P Canavan, Committee Chair
Ms M Breslin
Mrs M Gormley
Prof M Ó Néill (until 1245)
Mr F Smyth

IN ATTENDANCE;

Mr L Murphy, Principal & Chief Executive
Mr P McKeown, Finance Director
Mr A Mulcahy, Head of Finance (for item 65.5, Report 5)
Mr I McCartney (Internal Auditor, RSM)
Mr D Conliffe (DfE)
Ms L Murphy (NIAO)
Mrs É Doherty (Secretary to the Governing Body)

65.1 WELCOME & APOLOGIES

The Committee Chair welcomed everyone to the meeting. Apologies were received from Mrs C Shongo. A round of self-introductions were made to welcome Ms L Murphy, NIAO representative to her first Committee meeting.

65.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

There was no conflict of interest declarations. The Finance Director indicated he wished to discuss a matter in relation to the NIAO audit of the College Accounts as at 31 March 2023 under Any Other Business (item 65.9). The Committee Chair was content with this.

65.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 8 NOVEMBER 2022**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 8 November 2022

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

PROPOSED, Ms M Breslin

SECONDED, Mr F Smyth

65.3.1 MATTERS ARISING – November 2022 Committee Meeting

Members were referred to Appendix 1 of the Draft Minutes of 8 November 2022 which listed a summary of the agreed actions. The Committee Chair indicated that a workshop is planned for May 2023 to cover the matters in relation to risks. This workshop for Committee members will take place immediately after the Committee

meeting on 23 May. Members will also get an opportunity to see the risk software package in operation.

64.5 Report 3 An updated report was provided for this Committee meeting in relation to all Internal Audit recommendation and progress made to date (Ref 65.5, Report 6)

64.9 The Secretary to the Governing Body advised members that she will commence a full Skills Audit for the whole Board in April/May 2023.

65.4 COMMITTEE CHAIR'S BUSINESS, Mr P Canavan

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Proposed Amendments to the Articles and Instrument of Government
Report 1.1 Articles of Government – November 2019
Report 1.2 Instrument of Government – June 2020

The Department (DfE) had permitted the College to make temporary changes to the Articles and Instrument of Government to support continuity of the Committee/Board during the period that no public appointments were made. The proposed amendments to the Articles and Instrument of Government will bring these documents back to the previous versions.

Members were content to recommend approval of the proposed amendments to the Articles and Instrument of Government to the Governing Body.

PROPOSED; Mr P Canavan

SECONDED; Mrs M Gormley

65.5 MANAGEMENT REPORT, Mr P McKeown, Finance Director

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 Direct Awards Contract
Report 2 Prompt Payment – verbal report
Report 3 Conflict of Interest Policy
Report 4 Risk Register
Report 5 Fraud Risk Assessments
Report 6 Internal Audit – Update on Outstanding Recommendations

Report 5 Fraud Risk Assessments

The Head of Finance provided information on the developments on the Fraud Risk Assessments across the College, this covered four initial areas; Cash and Accounting, Payroll, Travel & Subsistence, Procurement & Contract and Grant Funding. All the risks were rated low due to the robust controls in place. The assessments will progress over time to include non-financial areas.

The Committee Chair stated that this was a useful document and members should consider it in advance of the workshop in May.

Mr A Mulcahy left the meeting at this juncture.

Report 1 Direct Awards Contract

The Finance Director provided further detail on the Direct Award Contracts.

Report 2 Prompt Payment – verbal report

Prompt payment figure for 30 days to 31 January 2023 was 94% and for the year to date was 94%.

Report 3 Conflict of Interest Policy – January 2023

The Finance Director reported that following a recent internal audit review one of the recommendations was to extend to middle management the requirement to complete the Register of Interest form (Ref 7.1). The College are content to implement the recommendation.

Members were content to recommend approval of the Conflict of Interest Policy to the Governing Body.

PROPOSED; Mr P Canavan

SECONDED; Mrs M Gormley

Report 4 Risk Register

The Finance Director referred to the Risk Register, Risk 7, Failure to Maintain Financial Stability, currently a red risk. Following a meeting on 27 February 2023 with the Department (DfE) attendees were notified of potential cuts to budgets for the financial year 2023/24. The actual percentage cuts have not been confirmed. It is unclear what the base line will be for the College starting position for 2023/24. Risk 7 will now be amended to a residual risk from 2:3 =6 to 3:3 =9.

The Principal reported that if the proposed cuts come to fruition, it will provide a lot of challenges for 2023/24. Even a modest percentage drop on the baseline budget will make it very difficult to balance the budget in year.

It was highlighted that the Tribal data within the Sector should be considered by the Department (DfE) in the calculation of these budget cuts. It is expected that the confirmed budget may be notified to the College within the next few weeks.

The Finance Director agreed to draft a briefing paper for presenting at the Governing Body meeting on 8 March 2023.

Continuing with the Risk Register the Finance Director reported that a new risk, Risk 8, Cyber Security has been added to the Register. This is a red risk.

Report 5 Fraud Risk Assessments

Item already taken earlier in the meeting.

Report 6 Internal Audit – Update on Outstanding Recommendations

The Finance Director confirmed there were no concerns with the Report.

Mrs Gormley, Governor welcomed the updated report.

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

65.6 INTERNAL AUDIT – Mr I McCartney, RSM**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1	Internal Audit Progress Report – Feb 2023
Report 2	Internal Audit Review – Repairs & Maintenance
Report 3	Internal Audit Review – Key Financial Controls
Report 4	Internal Audit Review – Business Development & Employability Arrangements
Report 5	Internal Audit Review – Lost Learning
Report 6	RSM Emerging Risk Radar – December 2022

Report 1 Internal Audit Progress Report – Feb 2023

The Internal auditor reported that four final reports were issued for this meeting. Internal Audit reviews on the Framework for Compliance with Legal and Regulatory Requirement, Fraud, Whistleblowing and Bribery as well as Business Continuity Planning & Disaster Recover will be presented at the May Committee meeting.

Report 2 Internal Audit Review – Repairs & Maintenance

The Review received a Satisfactory assurance rating with one low priority finding. Areas of good practice were identified.

Report 3 Internal Audit Review – Key Financial Controls

The Review received a Satisfactory assurance rating with two low priority findings.

Report 4 Internal Audit Review – Business Development & Employability Arrangements

The Review received a Satisfactory assurance rating with one low and one medium priority finding.

Report 5 Internal Audit Review – Lost Learning

This was a sectoral review following a request from the Department (DfE). This was a factual report to determine whether internal controls were operating as prescribed. The report does not provide a level of assurance of internal audit opinion however there were no management actions in relation to the review. Areas of good practice were identified.

Report 6 RSM Emerging Risk Radar – December 2022

The Internal Auditor provided this report for information. The report outlined current, short -medium term and medium– longer term emerging risks. The Committee Chair indicated that this paper could be also considered by members in advance of the Risk Workshop.

The Committee Chair thanked Mr I McCartney and invited Ms L Murphy (NIAO), to report to the Committee.

65.7 EXTERNAL AUDIT, Ms L Murphy, NIAO**➤ PREVIOUSLY ISSUED TO ALL MEMBERS****Report 1** Final Report To Those Charged With Governance

The External Auditor reported that the final report now included details that the Financial Statements for 2021/22 had been certified with an unqualified audit opinion, without modification on 30 November 2022. No issues were identified during the course of the audit requiring recommendation to be made. The Audit Certificate had been inserted into the Report.

65.8 CORRESPONDENCE**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 NIAO ISA 315 Audit Approach Briefing for Management and Those Charged with Governance

Report 2 NIAO ISA 315 Changes to Audit Approach for the 2022-23 Audit Cycle Note to Accounting Officers

Report 3 Copy Email from Ms D McKim, NIAO to Mr P McKeown – January 2023

Referring to the three Reports the External Auditor highlighted the key changes to the International Standards on Auditing (UK) (ISAs) with the introduction of ISA 315, Identifying and Assessing the Risks of Material Misstatement and the potential impact on the College. The revised standards will require extra resources and it is anticipated this will result in increased audit fees estimating in the region of between 10-20% .

Following a review of financial processes, the Department (DfE), have indicated that an audit will take place to 31 March 2023. Currently the College Accounts are audited annually for year end 31 July. The Finance Director reported concerns on the management and financial aspect of this change with no information provided on the strategy/materiality levels/fees/reporting framework.

The External Auditor reported that the Audit Strategy was a DfE document and the March audit should not involve the same amount of work as the July year end audit. She indicated that the materiality level was likely to be in the region of £5m.

Mr D Conliffe agreed to make enquiries regarding the Audit Strategy, any associated fee to the College and what documents were required to be presented to the College Committees and Board.

65.9 ANY OTHER BUSINESS

The Finance Director referred to recent correspondence from the Department (DfE) again in relation in the March audit and the submitting of College Accounts by 28 April 2023. The NIAO had informed the DfE Audit & Risk Committee it may not have sufficient resources available to finalise the Department's (DfE) consolidated financial statements as a result of the additional Standard ISA 315. The Finance Director asked was there any impact to the College itself in relation to this. The External Auditor replied that this was solely a Departmental matter.

The Committee Chair thanked everyone and the meeting ended at 1300.

DATE OF NEXT MEETING – 23 May 2023

Signed 

Mr P Canavan, Committee Chair

Date 23 May 2023

APPROVED

Appendix 1

SUMMARY OF AGREED ACTIONS FROM THE FEBRUARY 2023 COMMITTEE MEETING

NO	MINUTE REF	TITLE OF REPORT	ACTION	OWNER
1	64.4	Committee Chair's Business	Members were content to recommend approval of the proposed amendments to the Articles and Instrument of Government to the Governing Body.	PC/ed
2	65.5 R3	Management Report	Conflict of Interest Policy – January 2023 Members were content to recommend approval of the Conflict of Interest Policy to the Governing Body.	PC/ed

3	65.5 R4		The Finance Director agreed to draft a briefing paper for presenting at the Governing Body meeting on 8 March 2023.	PMcK/ed
4	65.8	Correspondence - NIAO	Mr D Conliffe agreed to make enquiries regarding the Audit Strategy, any associated fee to the College and what documents were required to be presented to the College Committees and Board.	DC/ed

APPROVED