
MINUTES OF THE SIXTY SEVENTH MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS COMMENCING 1130 HOURS

PRESENT:

Mrs C Shongo, Committee Chair
Ms M Breslin
Mrs M Gormley
Mrs S McMahon
Ms V Toland

ATTENDEES:

Mr L Murphy, Principal & Chief Executive
Mr P McKeown, Finance Director
Mr G McCole, IT Services Manager (for item 67.0)
Mr I McCartney, Internal Auditor, RSM
Mrs H Sampson, DfE (from 1142)
Ms L Murphy, NIAO
Mr B O'Neill, NIAO
Mrs É Doherty, Secretary to the Governing Body

The Committee Chair welcomed Mr McCole, IT Services Manager to the meeting and invited him to present to the Committee.

67.0 PRESENTATION

The IT Services Manager reported to members on the Cyber Security work within the College. This included an overview on the users and computer profile. At August 2023 there were 5,500 devices. Work is currently underway to migrate from Windows 10 to Windows 11. There were 5,700 active users on Microsoft 365, a decrease of 2% on the same period last year. For the same period there was a 11% increase on Microsoft Teams activity.

£170k capital expenditure was spent on a firewall upgrade in March 2023. A smaller firewall was deployed to Limavady Campus. Statistics were provided showing the number of attacks prevented by the firewall system. The firewall licences expire on 30 March 2028. Email continues to be the number one threat with 7.4m incoming emails for 2022/23, following scanning 3.75m emails were delivered. A data classification review is currently in progress at sector and College level.

A phishing simulation exercise took place in January 2023 with improved outcomes on the previous year. Mr McCole reported that an additional Cyber Security Officer was appointed in April 2023 which has brought new skillsets to the team.

Details were shared on the various cybersecurity enhancements planned for 2023/24.

A question and answer session followed.

The Committee Chair thanked Mr McCole for his presentation.

Mrs H Sampson, (DfE) joined the meeting during this item.

Mr McCole left the meeting at this juncture.

67.1 WELCOME & APOLOGIES

The Committee Chair welcomed everyone to the meeting. A round of self-introductions was made to welcome the new Committee members, Mrs S McMahon and Ms V Toland to their first Committee meeting. An apology was received from Mr F Smyth.

67.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

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

67.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 23 MAY 2023

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Draft Minutes of the Committee Meeting held on 23 May 2023

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

PROPOSED, Ms M Breslin

SECONDED, Mrs M Gormley

Report 1 MATTERS ARISING – May 2023 Committee Meeting

The Governing Body Secretary reported on the actions arising from the May 2023 meeting.

66.5, Report 1 - It was agreed that Staffing issues be placed on the Risk Register. New risks on the Risk Register now include COR0012 – Staffing – Impact of Staff Recruitment, Staff Retention, Pay Levels and Sickness on College Business. A further risk COR0011 – Impact of Industrial Action has also been added. These risks will be further discussed under agenda item 67.5, Report 2.

66.5, Report 2 - The Governing Body approved the Fraud Policy at their meeting held on 27 June 2023.

66.4 - Actions were noted from the Self-Assessment Exercise 2022/23 and will be discussed further under agenda item 67.4, Report 1.

67.4 COMMITTEE CHAIR'S BUSINESS, Mrs C Shongo**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

- Report 1 Action Plan from Self-Assessment Exercise May 2023
Report 2 Review of Committee's Terms of Reference

Report 1 Action Plan from Self-Assessment Exercise May 2023

The Committee Chair brought members through an update on the agreed actions from the self-assessment exercise.

Report 2 Review of Committee's Terms of Reference

The Committee Chair reported that the proposed changes to the Committee's Terms of Reference relate to no 2.1 and 2.2 with an update on the named chair and membership of the Committee.

Members were content to approve the changes to the Governing Body.

PROPOSED, Mrs M Gormley

SECONDED, Ms M Breslin

The Committee Chair then invited Mr McKeown to present his reports.

67.5 MANAGEMENT REPORT, Mr P McKeown, Finance Director**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

- Report 1 **Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2023**
Report 2 **Report to the Audit & Risk Committee**
Report 3 **Direct Award Contracts**
Report 4 **Prompt Payment – verbal report**

Report 1 Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2023

The Finance Director reported that annually at this meeting the draft Annual Report & Financial Statements for Year ended 31 July are normally presented to the Committee. The Annual Report & Financial Statements are very much draft therefore the Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2023 has been provided. To give comfort to the Committee the Finance Director reported that the Annual Report & Financial Statements have been prepared in accordance with the Accounts Direction and relevant accounting standards. The figures are much in line with the projections reported at the Resources Committee and Board meetings throughout the year. The Draft Annual Report & Financial Statements are due to be submitted to the Department (DfE) by 29 September 2023. The College intend to submit these on 22 September 2023. The final Annual Report and Financial Statements will be brought to the Committee at the November 2023 meeting.

Referring to the Statement of Comprehensive Income and Expenditure for the Year Ended 31 July 2023 (Report 1), Staff Costs - this figure has been impacted by the actuarial assumptions used in the valuation of the NILGOSC FRS pension adjustments for support staff. £727K was charged to Staff Costs in 2022/23 whereas £2.88m was charged in 2021/22. The NILGOSC Pension scheme is showing a surplus of £3.4m as at 31 July 2023.

The Statement of Financial Position for the Year Ended 31 July 2023 was showing an estimated Holiday Pay Provision of £988K. This relates to backdated holiday pay (pre 2020) on overtime payments. The Sector and their legal advisors continue to monitor the PSNI v Agnew case. The Department (DfE) has approved the Business Case to pay 2020/21. The Business Case for 2021/22 and 2022/23 has to be submitted to the Department (DfE).

Report 2 Report to the Audit & Risk Committee

The Finance Director reported that going forward this Report will be issued to all Audit & Risk Committee meetings.

Referencing the risk update he reported that Ms L McKean, Data Protection and Information Compliance Officer joined the Risk Management Group in August 2023. The Director brought members through the College Risk Summary. Risk COR0003 – Non-Compliance with Work Based Learning Regulations and Procedures - compliance in this area is now very good. The risk profile has been lowered and once the TAMS issue has been resolved it is likely this risk will be removed.

New risks that were previously reported under item 66.5, Report 1 were noted; COR0012 – Staffing – Impact of Staff Recruitment, Staff Retention, Pay Levels and Sickness on College Business. Risk COR0011 – Impact of Industrial Action is a separate risk due to the nature of this risk.

Following advice from Risk Management professionals at RSM the scoring matrix has been updated from a 3x3 to a 5x5 system.

The Finance Director highlighted a number of key areas/developments that may present a risk to the College going forward. This included the Reinforced Autoclaved Aerated Concrete (RAAC) building material concerns.

Members noted the outstanding matters from Internal Audit reviews which were progressing well.

The Finance Director provided background information on Environmental, Social and Governance (ESG) standards. The College is already doing many things that sit within ESG and management are currently reviewing if an overarching ESG Strategy should be developed together with ESG related policies.

Report 3 Direct Awards Contract

Two Direct Award Contracts were awarded relating to the Springtown Redevelopment Project. An adjudication took place and the Adjudicator ruled that the contractor OHMG had not provided sufficient evidence to support their claim. A Notice of Dissatisfaction was subsequently received by the College whereby OHMG enquired if the College wished to engage in dialogue, stating that if they did not receive a positive response within 7 days they would serve the Notice of Arbitration upon the College.

Report 4 Prompt Payment – verbal report

Prompt payment figure for 30 days to 31 August 2023 was 95% and for the year to date was 95%.

The Committee Chair thanked Mr McKeown for his report and invited Mr McCartney to present the Internal Audit Report to the Committee.

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

Report 1 Internal Audit Report & Opinion Year Ended 31 July 2023

Report 2 Internal Audit Plan 2023/24 including Internal Audit Charter

Report 1 Internal Audit Report & Opinion Year Ended 31 July 2023

The Internal Auditor reported that overall there is a satisfactory system of governance, risk management and control within the College. During 2022/23 five reviews took place all receiving satisfactory assurance and one advisory review. Actions agreed to address previous years' internal audit findings shows that the College has made good progress in implementing these. Good governance observations and additional leadership papers prepared by the Risk Assurance Technical team (RSM) were noted. The Committee Chair congratulated and thanked all the teams involved in receiving a positive report.

Report 2 Internal Audit Plan 2023/24 including Internal Audit Charter

The proposed five reviews for 2023/24 and Charter were noted.

The Finance Director reported that following completion of the three year contract with RSM the Sector agreed to appoint RSM for a further year (2023/24). There is an increase in the daily rate fee, now at £425.

Members were content to approve the Audit Plan 2023/24 and Charter to the Governing Body.

PROPOSED, Mrs C Shongo

SECONDED, Mrs M Gormley

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

67.7 EXTERNAL AUDIT – Ms L Murphy, NIAO

The External Auditor advised the Committee that work is progressing well on the audit to 31 March 2023. The NIAO hopes to complete the audit by the end of the month. The audit for 31 July 2023 will then commence.

Discussion took place on the movement to setting the year end to 31 March. Two end of year accounts (March and July) and two external audits are very resource intense. The view of management is that this matter needs to be expediated.

The Committee Chair thanked Ms Murphy for her report.

67.8 CORRESPONDENCE

No correspondence was received.

67.9 ANY OTHER BUSINESS

There was no any other business.

The Committee Chair thanked everyone and the meeting ended at 1308 hours.

DATE OF NEXT MEETING – 8 November 2023 – amended thereafter to 14 November 2023

Signed: 

Mrs C Shongo, Committee Chair

Dae: 14 November 2023

Appendix 1

SUMMARY OF AGREED ACTIONS FROM THE MAY 2023 COMMITTEE

NO	MINUTE REF	TITLE OF REPORT	ACTION	OWNER
1	67.4 Report 2	Terms of Reference	To recommend to the Governing Body the proposed amendments to the Committee's Terms of Reference – 2.1, 2.2 update on the Chair and membership	CS/ED
2	67.6 Report 6	Internal Audit Plan & Charter 2023/24	To recommend to the Governing Body the Internal Audit Plan & Charter 2023/24	CS/ed

APPROVED