

NORTHERN REGIONAL COLLEGE

AUDIT & RISK COMMITTEE

Minutes of the unreserved business meeting of the Audit & Risk Committee held on 22 September 2021 on Microsoft Teams, commencing at 5.00pm.

Present: Dr P Graham, Mrs M Hamilton (70.1-70.7), Mr W Hutchinson, Mr W McCluggage (Chair), Mr T Montgomery

In Attendance: Ms K Beattie (NIAO), Mr D Conliffe (DfE), Ms D Kerr (70.1-70.6), Ms D Kearney, Mr M Higgins, Mr S Laverty, Mr I McCartney (RSM NI), Mr J Ross (70.1- 70.4), Ms J Small

Mrs K Wallace (Secretary)

70.1 Apologies

Apologies were received for Mrs Brown.

The Chair welcomed Ms Kearney, Acting Head of Finance, to the meeting.

70.2 Declaration of Interests

None.

70.3 Minutes of the Last Meeting

The minutes of the meeting held on 2 June 2021 were approved.

Proposed: Mrs Hamilton Seconded: Dr Graham

70.4 Matters Arising

- HR taking forward the review of payroll workflow processes and ensuring all contracts are signed.

Action: To be closed off by next meeting of Audit & Risk Committee on 17 November 2021.

- Correspondence on the Covid-19 audit had been shared with the Chair and an update on the draft Terms of Reference between Internal Audit and the Department will be covered under agenda items.
- The Chair welcomed Mr Ross, who was in attendance to update Committee on cyber security. Members noted the current global position including the increased prevalence of Phishing and Ransomware attacks. Mr Ross outlined lessons learned from previous incidences within FE sector and actions taken to mitigate same, including putting in place cyber security insurance, multi-factor authentication and training. He reported the biggest challenges for the College as being the volume of 'patching' which had to be undertaken and the need for cultural change through mandatory and ongoing training for staff.

Committee noted management's focus on cyber security and that training would also be rolled out to students, to comply with the requirements of the 6-monthly assurance statement to the Department.

The Chair welcomed the introduction of cyber security exercises for staff and recommended that exercises would also include business continuity.

70.5 Chair's Communication / Correspondence

The Chair advised that the annual Audit & Risk Committee self-assessment survey, which feeds into Committee's Annual Report, would be circulated this week. He encouraged members to complete and return it.

Members were reminded that Governors' pre-meeting with Internal and External Auditors would take place prior to the November meeting.

Consideration was given to a list of actions and responses arising from the ALB Risk Assessment previously carried out by the Department. Mr Higgins updated Committee on progress on 2 specific actions which the Department had asked for a report on. This information was reviewed alongside correspondence between the Deputy Secretary and the Chair of the Governing Body in relation to the risk assessment. Committee noted that Internal Audit had recorded satisfactory assurance on governance issues.

70.6 Information Governance

Ms Kerr presented the Information Governance Report 1 May 2021 – 31 August 2021 and outlined work on data protection, FOI Publication Scheme and documenting compliance. Ms Kerr emphasised the need for face-to-face information governance training for staff and outlined lessons learned from raising concerns issues.

Ms Kerr responded to a number of questions raised by the Chair, who commended her for the content of the report.

70.7 Internal Audit

The following audit reports were considered by Committee:

- Business Continuity and Disaster Recovery. Satisfactory assurance was noted alongside four low priority findings. Mr McCartney clarified the rationale for reporting 'by exception'. On this basis, the Chair was happy to note that the report covered the business continuity plan although the focus was on disaster recovery issues.

Members noted that NIFON would be organising a face-to-face workshop with auditors to consider risk appetite at College level. This would feed down into operational and manual risks etc to ensure they were strategically aligned.

Mr McCartney advised that information on key points identified across the sector, with a focus on local issues, would be shared when bringing future benchmarking reports.

- Follow Up. Good Progress in implementing 13 agreed management actions (11 'Low' and 2 'Medium' priority) was noted, with 9 having been implemented and 4 not yet due for implementation. Good Progress was the highest grading available.

Dr Graham referred to the inclusion of the entrepreneurial hub under business engagement in the curriculum planning action. In relation to risk, Mr Higgins advised this was included in the Corporate Risk Register.

- Annual Report. An overall Satisfactory system of governance, risk management and control was recorded. Members noted that report of internal reporting standards was carried out in 2016 and would be reviewed this year.

The Chair was comfortable with the Annual Report.

- Internal Audit Plan. After a result of discussion with Committee, Mr McCartney agreed to include changes relating to TAGs and Covid-19 funding in the audit plan.

Ms Beattie and Mr Conliffe confirmed that NIAO and the Department were content with the Internal Audit timeframe in relation to the audit on Student Funding initiatives and noted that reports would be shared with the Committee once management had sight of feedback and in advance of the relevant meeting.

Mr Laverty highlighted that the Covid audit would be carried out as an additional piece of work.

Action: Committee approved the Internal Audit Strategy 2020/21 – 2022/23.

- NRC Outstanding Audit Issues at 31 August 2021. Mr Laverty reported good progress on outstanding issues with 13 of 18 issues implemented, 3 partially implemented and 2 not yet due.

The Chair commended the clarity of the Internal Audit reports.

70.8 Draft Annual Report and Financial Statements 2021

Mr Laverty presented the draft Annual Report which had been completed in accordance with the College PID and NIAO Audit Strategy, with no new governance issues or policy changes to highlight. He drew members' attention to a number of key areas, as listed in the Summary of Key Points, and highlighted the 'Satisfactory' assurance by Internal Audit.

Members noted that the draft accounts would be submitted to DfE and NIAO on 24 September, and would be reviewed by the Resources Committee on 13 October. The audited accounts would be brought back to the Audit & Risk Committee on 17 November, prior to forwarding to Governing Body for signing on 24 November.

Members considered and questioned the financial statements. Recurring issues with the LMS system were discussed, with a view that the system is still not fit for purpose, and serious concerns noted.

Mr Laverty extended thanks to those involved in contributing to the Annual Report and Committee acknowledged the extent of the work involved in achieving Satisfactory assurance.

70.9 External Audit

Ms Beattie reported work was ongoing on preparations to start audit at the College on 27 September. She referred to potential for impact on calculation arising from results of mediation on a sector wide financial transaction but otherwise foresaw no problem with quality and completeness of accounts.

70.10 Risk Register

Mr Higgins took members through the Risk Register to August 2021. He advised significant downward pressure on HE provision across the sector and highlighted factors involved in increased risk on enrolment targets and the estates rationalisation programme; reduced risk on compliance in estates delivery; and the addition of cyber security as a new risk.

The Chair acknowledged sectoral issues around enrolments but noted concern on risk for financial health.

70.11 Registers

Mr Lavery advised nil returns to the Direct Awards Contracts (DAC) and Gifts & Hospitality registers during the 3-month period February - July 2021.

70.12 Any Other Business

None.

70.13 Date of Next Meeting

The next meeting would be held on 17 November 2021 and would be preceded by the official annual meeting of Governors with Internal and External Audit

There being no other business, the meeting concluded at 6.49pm.

Mr W McCluggage



Chair

Date 17 November 2021

Mrs K Wallace



Secretary