

**Pre-Meeting at 5.45pm**

Governing Body members of the Audit & Risk Committee met with representatives from DfE, and NIAO prior to the full committee meeting.

**Minutes of the meeting of the Audit & Risk Committee held on 9 November 2016 at Farm Lodge, Ballymena Campus commencing at 6.00pm.**

**Present:** Dr D Lennox (Chair), Cllr Jim Brown, Mrs J Eve, Cllr B Hutchinson

**In Attendance:** Mr Chris Andrews (DfE), Dr S Brankin, Mr M Higgins, Mr S Lavery,  
Ms C O'Hagan (NIAO), Prof T Scott.  
Mrs C Robinson (Secretary)

**48.1 Apologies**

Ms K Reilly, Prof M McKinney, Mr B O'Hara (KPMG)

**48.2 Declaration of Interests**

There were no declarations of interests.

**48.3 Minutes of the Last Meeting**

The minutes of the last meeting of the Audit & Risk Committee held on 5 October 2016 were considered and subject to several amendments suggested were agreed unanimously by the Committee.

**48.4 Matters Arising**

The Chair referred to actions raised and the Committee noted the following:

47.9 – the risk register associated with the New Build would be discussed at Project Board meetings for the new capital build and updates would be provided at the future A&R committee meetings. A statement on the escalation of risk would be included in the strategy.

47.7 – Mr Higgins had agreed to include a summary of any changes to risks within the content of the risk register. This would be considered at the next committee meeting.

47.13 – the reconciliation of outstanding audit recommendations would be considered at the next Committee meeting.

47.14 – actions relating to the Annual Report and financial statements would be considered later in the meeting under item 48.7.

47.16 – the committee noted that an annual report on gifts and hospitality would be presented to the Committee.

**48.5 Correspondence**

The Committee considered the following correspondence:

**i) DfE email - EFS Audit**

Mr Andrews provided background to the EFS audit and noted that the Department was aware of the issue and was working on moving matters forward.

The Principal outlined the issues arising from the audit, the difficulties experienced and advised that the College had undertaken a large volume of work in response to the audit

recommendations. She had alerted the Chair of the situation and was working towards providing the relevant assurance to the Governing Body on the matter.

In response to Mrs Eve's queries, the Committee was advised that the usual annual audits had been carried out and nominal adjustments had been made. However, no significant issues had been highlighted. Assurance was given to members that immediate action had been taken to ensure appropriate systems for maintaining training records were now in place.

Ms O'Hagan pointed out that although the issues had been discussed during the course of the audit, in light of the current conversation, she now had concerns about a possible irregular expenditure that could affect the audit opinion.

Cllr Brown noted that the issues were historic. He also expressed concern that the problem had not been given proper consideration, had never previously been highlighted in an audit and had not been brought to the attention of the Audit and Risk Committee. He enquired whether the problems would persist with the continuation of the scheme.

The Committee discussed the matter noting action already taken by the College, the Department's involvement in the implementation/management of the scheme and the difficulty arising from the delay in receiving comment from the management authority side on how claims would be addressed. The NIAO position and the impact on the 2015/16 accounts was acknowledged.

The Chair summarised the position and sought clarity on action required to ensure the completion of the accounts.

**Action: Mr Higgins undertook to provide potential figures for NIAO and to record as a contingent liability in the accounts. Mr Andrews agreed to press the managing authority for their views/decision.**

The Chair acknowledged the time and effort expended in addressing the issues and reiterated concerns that issues had not been picked up in previous internal/external audits. He pointed out the importance of using learning points identified in avoiding similar problems in the future.

#### **ii) Draft Article 16 Report summary**

Noted.

#### **iii) Draft Article 16 Inspection report**

Noted.

### **48.6 Chair's Communications**

The Chair drew attention to an email received from the Department advising of a half day Audit Committee training session scheduled for 24 January 2017. He indicated that committee members had attended a similar course during the previous year and recommended the course to others. It was noted that the invitation would be extended to all Governing Body members but priority would be given of Audit and Risk Committee members.

### **48.7 2015/16 Draft Annual Report and Financial Statements - Audited**

The Chair complimented staff on the presentation of the final draft version of the Annual Report and financial statements.

Mr Higgins reported that at its October meeting the Resources Committee had discussed and approved the draft financial statements. The draft accounts had since been audited by the NI Audit Office and a revised draft presented to the Audit & Risk Committee.

#### **i) Draft Annual Report & Financial Statements 2015/16**

The Committee considered the documents presented. Senior management responded to queries from members and noted the amendments proposed.

Mr Laverty reported that the substantive changes suggested by the auditor had been included and were all detailed in the Report to those Charged with Governance. He advised that some minor comments/amendments had still to be made. With regard to the summary of KPIs, Mr Laverty agreed to add an explanatory paragraph/key to clarify the red/amber/green classification.

The Committee accepted the Draft Annual Report & Financial Statements 2015/16 subject to amendments proposed and agreed to recommend approval by the Governing Body.

## **ii) Draft Report to those Charged with Governance**

Ms O'Hagan spoke to the draft report circulated which summarised the key issues arising from the audit of the 2015/16 financial statements. She indicated that the audit was substantially complete and the recommendation to the Comptroller and Auditor General would be an unqualified opinion without modifications.

Ms O'Hagan provided a summary of the four sections of the report.

Section 1 Audit Risks – one significant risk relating to FRS 102 and the restatement of the accounts had been identified. Following review NIAO was content with the outcome.

Section 2 Audit Findings – the auditor was content that the new accounting policies had been applied. Three issues had been identified and were discussed relating to one priority one and two priority three recommendations.

The chair referred to the discussion at the previous meeting and concern expressed by members in relation to the delay in the submission of accounts, which had subsequently led to the Priority one recommendation. It was noted that management had accepted the recommendation and the proposed action by management to ensure adherence to future timetables was noted.

It was also noted that management had accepted both priority 3 recommendations and the management responses were noted.

Section 3 Misstatements – details of adjusted and unadjusted misstatements outlined in the report were noted.

Section 4 Other Matters – no issues were identified.

The Letter of Representation and the proposed Audit Certificate/C&AG Report were highlighted.

The Committee's attention was drawn to the tabled report of the Comptroller and Auditor General.

The Chair ascertained that comments on the proposed wording of the report could be forwarded to the Comptroller and Auditor General for consideration and it was agreed that SLT would liaise with Ms O'Hagan on the matter.

The Chair reiterated the importance of finalising the reports in order to forward a recommendation to the Governing Body at its forthcoming November meeting.

The Committee noted the draft Report to those Charged with Governance and the tabled report of the Comptroller and Auditor General.

Mr Higgins thanked Ms O'Hagan and the audit team and stated that recommendations had been accepted by management and would be implemented.

In response to a member's query, Mr Higgins confirmed that the annual report and financial statements would be posted on the College website and hard copies would be provided to Governors.

#### 48.8 Committee Annual Report

The Audit and Risk Committee Annual Report for 2015/16 was considered and a number of amendments were highlighted.

The Chair pointed out that the report should reflect the name change to Audit and Risk Committee and that a comment on the review of the risk register at each committee meeting should also be included.

The Committee approved the annual report which would be forwarded to the Governing Body for its endorsement.

#### 48.9 Any Other Business

None.

#### 48.10 Date of Next Meeting

The Chair commended Mr Laverty on the work undertaken to get the reports to this stage and thanked everyone for attending and for their input to the discussion.

He advised that the next meeting would be held at Farm Lodge, Ballymena Campus on Wednesday 18 January 2017 at 5.15pm.

The meeting concluded at 8.10pm.

Dr D Lennox David Lennox Date 9/3/17  
Chair 9 March 2017

Mrs C Robinson Chaire Robinson  
Secretary