

**Pre-Meeting with Auditors**

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

**Minutes of the unreserved business meeting of the Audit & Risk Committee held on 3 May 2017 at Farm Lodge Campus, Ballymena commencing at 5.30pm.**

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

**In Attendance:** Mr Chris Andrews (DfE), Mr H Crossey, Mr D Hewitt, Mr M Higgins, Mrs C O'Hagan (NIAO), Ms E Patton (KPMG), Prof T Scott, Mr V Taggart, Mrs C Robinson (Secretary)

**51.1 Apologies**

Apologies from Dr S Brankin, Mr S Lavery and Mr W McCluggage were noted.

The Chair referred to the rescheduling of the meeting date and thanked everyone for attending. He introduced Mr Hugh Crossey, acting Chair of the Governing Body who was attending as an observer. Dr Lennox also welcomed Mr Vincent Taggart to the meeting and congratulated him on his appointment to the position of interim Vice-Principal Teaching & Learning. Dr Lennox advised that Mrs I Allison and Mr W McCluggage were joining the Audit & Risk Committee.

**51.2 Declaration of Interests**

There were no declarations of interests.

**51.3 Minutes of the Previous Meetings**

The minutes of the meeting held on the 9 March 2017 were considered. Ms O'Hagan drew attention to an amendment under item 50.6. She advised that the final report on the marking study was an internal report.

The Committee agreed that draft minutes would be amended to reflect the correct information. The revised minutes were approved.

**51.4 Matters Arising**

No matters arising.

**51.5 Chairperson's Communications**

Dr Lennox referred to the communication from the Department relating to an audit training session. He indicated that the invitation had been open to all Governing Body members and the uptake had been good. Dr Lennox confirmed that he would be attending the session.

Mr Andrews advised that the session would be facilitated through the On Board governance programme by David Nicholl.

**51.6 Correspondence**

Dr Lennox referred to the three related pieces of correspondence on organised crime and procurement circulated to members.

Mr Higgins advised that the documents were circulated to members for information. He reported that satisfactory mechanisms were in place at the College. A detailed assurance statement signed off by the Principal and submitted to the Department biannually to confirm adherence to procurement procurements was supplemented by an annual review of

procurement from Internal Audit. He was confident that any recommendations made were dealt with through this process.

Mr Higgins responded to Mr Crossey's enquiry on the use of the checklist indicating that the College would complete as necessary.

Members noted the correspondence.

### **51.7 Update on Student Numbers**

The Chair noted that it had previously been agreed that the Committee would receive an update on the management of risk surrounding student recruitment and noted this was recorded in the latest version of the Risk Register as a high (red) risk.

Mr Taggart provided data on the actual performance against targets for FLUs, enrolments, youth training and apprenticeships as at the end of April 2017. He advised that the target for 2016/17 was based on previous year trends and highlighted action taken to improve retention figures. He summarised progress on additionality noting the additional FLUs achieved across the College. He also reported on changes planned for the coming year and summarised controls which had been put in place.

In response to the Chair's query Mr Taggart and Prof Scott provided further information on how the risk based challenge sessions worked at various levels within the College.

Dr Lennox welcomed the structure, systems and processes that were in place to provide assurance.

Mrs Eve praised the considerable work already done on retention and raised the issue of attracting students noting its reference in the Departmental Health Check report. Prof Scott referred to work being done on understanding trends and noted the need to explore and innovate in response to demographic shifts.

Mrs Allison joined the meeting.

Mr Andrews commented on the trend across all Colleges noting that only one of the Colleges had been on target with full time courses. He indicated that the current FLU model was not very adaptable for a period of demographic change and an alternative approach was being investigated.

Dr Lennox welcomed Mrs Allison to her first A&R committee meeting and thanked Mr Taggart for the presentation.

### **51.8 Risk Register**

Mr Higgins spoke to the risk register report highlighting key issues. He advised that items in blue reflected changes made since the last report. He highlighted that enrolment had not met the SIP target and was recorded as red for the current year. In light of this, and the general lower trend in enrolment across all Colleges, the 2017/18 target had been revised downwards by 300 FLUs below the current year target, as this represented a more realistic and achievable target. He indicated, however, that the risk was expected to move to amber in the forthcoming year.

The STS project remained a red risk and was being monitored by the Resources Committee. Contingency plans for the various aspects of the project were under development. Mr Higgins also reported that the budget allocation would move to red in the next risk register. Although not yet confirmed, it was evident that the FE sector would have to make budget cuts for the coming year. The Resources Committee would review the budgets in due course.

Committee members noted the report and discussed the risks and actions associated with recruitment and the STS project. Mr Higgins provided additional information on the extension and timeline for the STS project, noting the cost and importance of continuity in the service. In addition, he reported that although a collaborative project, individual Colleges were

responsible to ensure their own contingency plans were in place. A change of wording to risk 7 and a correction to section 3 were noted.

The Committee was content to note the register and the Chair stated that the two red risks were deemed appropriate.

Prof Scott noted that these two risks were consistent with assessment of risks by other Colleges as referred to within the risk assessment section of the Health Check document. Five of the six Colleges had noted challenges in relation to student recruitment in their risk register. Prof Scott advised that DfE was working on new KPIs and targets for all Colleges across the sector.

### **51.9 External Audit Update**

Ms O'Hagan reported on the 2016/17 audit plan noting that NIAO officials had met with Mr Higgins, Mr Lavery and Ms Hamilton. She had received assurances that processes were in place to ensure the annual accounts and report for 2016/17 would be completed on schedule. The audit strategy for 2016/17 would be presented to the Committee at its June meeting.

Ms O'Hagan confirmed that material had been reviewed to inform the marking study and that it was with her for consideration. She indicated that the aim was to finalise the report within the next few weeks and that she would liaise with SLT on the findings and any recommendations. Following this a decision would be made on whether any further work would be required.

### **51.10 Internal Audit Progress Report against Annual Audit Plan 2016/17**

The Committee considered the progress report tabled and noted Ms Patton's comment that internal audit was on track to complete its work programme on schedule. She outlined work completed, reports on the agenda for consideration and identified reviews currently underway.

The report was noted by the Committee and the Chair commended the progress.

### **51.11 Internal Audit Reports**

#### **i) Procurement**

Ms Patton reported that a satisfactory assurance had been achieved with one good practice recommendation and one prior year issue still open.

Mrs Eve referred to the good practice recommendation and queried the likelihood of obtaining responses to any follow up. Prof Scott acknowledged that follow up did provide an opportunity to gain information on why suppliers did not submit tenders but as the procurement was being increasingly undertaken through CPD this was becoming less of an issue.

The Committee noted that the outstanding recommendation for reconciliation between the contracts register and the cumulative spend report was in progress.

The auditor's observations and recommendations were noted along with management responses.

#### **ii) Management of Third Party Contracts**

Ms Patton referred to the report summary which highlighted an overall satisfactory assurance rating along with a priority 2 recommendation relating to contract management procedures and a priority 3 recommendation on incomplete contract registers. She summarised the issues identified, the recommendations made and noted that these had been accepted by management. A good practice recommendation relating to performance reviews with supplier/providers had also been accepted by management.

### **iii) Student Fees: Financial Planning and Collection**

Ms Patton advised that there had been no issues in this area and a satisfactory assurance had been awarded.

The Chair acknowledged the importance of process and contract management. He commented on the positive reports returned and congratulated everyone involved.

Mr Higgins confirmed that management had accepted all the recommendations and would follow up on the recommendations.

### **51.12 Progress against Outstanding Recommendations**

Mr Higgins spoke to the document which reported on progress up to the end of April 2017. He reported on key recommendations highlighted within the report noting the position and action taken in relation to the: ownership of the Portrush site; the management of contract spend; timeline for production of annual accounts/reports; management of journals and debtors/creditors processes.

The Committee noted progress. A brief discussion on the removal of items from the document followed. It was noted that external auditors only actively followed up on priority one issues and that other issues may be considered for removal on completion.

**Action:** Mr Higgins undertook to update the register accordingly.

### **51.13 Registers**

#### **i) Direct Award Contracts**

The Committee noted the one award made.

#### **ii) Fol**

The nil return was noted by the Committee.

#### **iii) Gifts & Hospitality**

The report detailing the offers of gifts declined was noted by the Committee.

Mr Higgins reported that the G&H policy had been reviewed earlier in the year and new procedures had been issued to staff. Staff were reminded of the guidelines/requirements more frequently and compliance was monitored by Heads of Departments.

#### **iv) Fraud & Whistleblowing**

Mr Higgins advised that the two issues reported were currently being investigated and an update on the outcome would be provided to the Committee when the investigations had concluded.

### **51.14 DfE College Health Check Report 2016/17**

The Chair noted that the Quarter 1 report for 2016/17 had been discussed at the last Governing Body meeting as well as Committee meetings. He made reference to the useful comparators provided within the report.

Mr Andrews advised that the Quarter 2 report had been circulated the previous day and provided more up to date information.

Mr Higgins said that this report would be presented to the Governing Body at its next meeting in May and would follow to Committees thereafter.

### **51.15 Any Other Business**

No other business was raised.

**51.16 Date of Next Meeting**

The next scheduled meeting of the Committee was confirmed as Tuesday 6 June 2017. The meeting would be held at Farm Lodge campus and would commence at 5.30pm following a pre-meeting at 5.15pm.

Ms O'Hagan, Ms Patton and Mr Andrews left the meeting on conclusion of unreserved business.

The meeting ended at 6.30pm.

Dr D Lennox David Lennox Date 6/6/17  
Chair 6 June 2017

Mrs C Robinson Claire Robinson  
Secretary