

## **NORTHERN REGIONAL COLLEGE**

### **AUDIT COMMITTEE**

Minutes of the meeting of the Audit Committee held on 14 May 2012 at the Farm Lodge, Ballymena Campus of the Northern Regional College.

Present Mrs A Rankin (Chairperson), Mr I Goldsworthy, Alderman PJ McAvoy, Mr S McCartney.

In Attendance Mr T Neilands (Director), Dr C Farrington (DEL), Mrs C Moore, Mr M Pitt (PwC), Mr R Ross (NIAO) and Mr J A Hunter.

#### **Pre-Meeting with Auditors**

The Audit Committee, less staff representatives, met with the Internal Auditor and representatives from DEL and NIAO prior to the meeting. They stated that he had had full co-operation from College Management and had no points to raise.

### **UNRESERVED BUSINESS**

#### **24.1 Departmental Risk Register**

The Committee received a presentation from Mrs S Kennedy, Head of Quality Improvement, regarding the Quality Improvement Unit (QIU) Risk Register

At the outset Mrs Kennedy provided an overview of the structure of the QIU and outlined the planning process leading to the production of the QIU Risk Register, which informs the Corporate Risk Register.

She referred to a number of factors, which influenced the QIU operational objectives and the development of the QIU Risk Register, mentioning in particular whole college self evaluation reports, DEL performance data, external reports and feedback from staff and students.

Mrs Kennedy described her Risk Management Cycle commencing with the identification of operational objectives and the analysis as to the level of risk, and leading to the implementation and monitoring of the actions identified to minimise the risks.

By way of example she highlighted two areas of risk from the QIU Risk Register: Operational Objective 1, proactive monitoring of actions arising from QAA and Eti Inspections and Surveys; and Operational Objective 2, the embedding and enhancing of feedback from all key stakeholders – students, staff and employers. She explained that 'failure to achieve Investors In People (IIP) status' had been identified as a risk identified for Operational Objective 2. She advised the Committee that the IIP assessor had recommended earlier in the day, that the College be recognised as an IIP organisation. This risk would now be removed from the QIU Risk Register.

In response to a number of queries regarding the development of a staff survey, Mrs Kennedy informed the Committee that the survey had been developed in-house and had been managed through survey monkey. She advised the Committee that there had been a good response to the survey (35%), as all members of staff had had access to computers. Mr McCartney confirmed that he was encouraging staff members to participate in the survey.

The Chairperson thanked Mrs Kennedy for an informative presentation.

## **24.2 Apologies**

Apologies were received from Mr A Cole (DEL), Mr S McCormick (NIAO) and Mrs R Peters-Gallagher (Moore Stephens).

## **24.3 Declaration of Interests**

There were no declarations of interests.

## **24.4 Minutes of the Last Meeting**

The minutes of the last meeting of the Audit Committee held on 15 February 2012 were approved.

## **24.5 Matters Arising**

There were no matters arising from the meeting of the Audit Committee held on 15 February 2012.

## **24.6 Chairperson's Communications**

The Chairperson informed the Committee that DEL had issued the following circulars:

- a) DEL Circular FE04/12, dated 11 May 2012 introducing a new Code of Governance for Further Education Colleges;
- b) DEL Circular FE05/12, dated 11 May 2012 introducing a new framework for recruitment and selection of Governing Bodies and setting out the knowledge, skills and competencies required by Members of Governing Bodies and Governing Bodies collectively;
- c) DEL Circular FE06/12, dated 11 May 2012 introducing a new method of assessment for chairs and members of Governing Bodies to take effect for the 2012/2013 academic year,

The Chairperson asked members to familiarise themselves with the circulars.

## **24.7 Correspondence**

The Committee noted the following correspondence:

- a) Correspondence from Department of Finance and Personnel, dated 6 February 2012, regarding DFP's Annual Compliance Report on the Use of External Consultants 2010/2011. The Director of Finance advised the Committee that the College complied with all requirements relating to the use of External Consultants.
- b) Correspondence from the Department for Employment and Learning, dated 24 April 2012, providing key changes to the Audit Code. The Director of Finance informed the Committee that the key changes had been included in the tender documentation of the on-going tender for the Engagement of Internal Auditors.

## **24.8 Risk Management Group**

The Committee noted the minutes of the meeting of the Risk Management Group on 23 April 2012, when the following issues were discussed:

- a) College Risk Register. The Group discussed the revised copy of the College Risk Register April 2012. The document outlines the key risks facing the College as identified by the Risk Management Group. The purpose of the document is to detail management's assessment of the key risks, associated controls and actions required to minimise the risk occurring.

It was noted that risks have been categorised through a '5 x 5' risk matrix based on: the impact that the risk would have on the College/Department should it occur and the likelihood of the risk materialising. Mr Ross expressed the view that the use of the term 'catastrophic' in the risk matrix might lead to misguided impressions as to the impact of a risk. The Director of Finance undertook to raise this matter at the next Risk Management Group meeting.

b) Departmental Risk Registers. It was noted that budget holders had been given an additional week for submission of updated Departmental Risk Registers. The Director of Finance undertook to ensure that all departmental risk registers had been updated and to provide a summary of the information included in the Departmental Risk Registers to the Risk Management Group for consideration.

#### **24.9 Outstanding Internal Audit Recommendations**

The Director of Finance provided the Committee with a progress report regarding outstanding Internal Audit recommendations. The Committee noted:

a) PWC Recommendations 2011/2012. Twelve of the 13 recommendations have been implemented and one partially implemented (60%) relating to the completion of e-registers. Four Working Groups have been established to investigate the points detailed in the Report and report on their findings.

b) PWC Outstanding Recommendations 2010/2011. Eleven of the 12 recommendations have been implemented and one partially implemented (60%) relating to the current claim form-based system for making payments to part-time lecturers.

c) Report To Those Charged With Governance (RTTCWG). Four of the 7 recommendations have been implemented, one relating to title deeds has been partially implemented but is subject to a legal process with no end-date identified, and two of the recommendations, relating to inventory tagging and disclosure in the accounts, are not yet due.

#### **24.10 Internal Audit Reviews**

The Committee received the following Reports:

- a) Internal Audit Report to Audit Committee. The Report provides an update on progress against the 2011/2012 Internal Audit Plan. It details the internal reviews completed since the last Audit Committee meeting: Review of e-Registers (satisfactory assurance); Review of Data Quality (substantial); Review of Estates Management (satisfactory); and Review of Payroll (substantial). The report also provides a summary status of the Internal Audit Plan. All reviews have been completed and the follow up audit is scheduled for 16 May 2012. The review of the implementation of the electronic process for part time lecturers' payments has been deferred until next year. It was agreed that the Director of Finance would advise further in respect of a revised date for completion of the recommendations arising.
- b) Internal Audit Review of Estates. The Internal Auditors have issued a satisfactory assurance for Estates Management and its key processes. There were no Priority 1 issues identified during the course of the review. The Internal Auditors identified one Priority 2 issue relating to the progress of contractors' work.
- c) Internal Audit Review of Data Quality and MIS Systems. The Internal Auditors have issued a substantial assurance for Data Quality and MIS systems and their key processes. There were no Priority 1 issues identified during the course of the review. The Internal Auditors identified two Priority 3 issues: one related to the effectiveness of data amendment and update controls and the other to data quality across key operational systems.
- d) Internal Audit Review of the e-Registers Project. The Internal Auditors have issued a satisfactory assurance for e-Register Procedures and key processes. There

were no Priority 1 issues identified during the course of the review. The Internal Auditors identified two Priority 2 issues: the use of Helpdesk to assist with the completion of registers; and the accuracy of information recorded on registers.

- e) Internal Review of Payroll. The Internal Auditors have issued a substantial assurance for Payroll and its key processes, with the exception of one process – monitoring and reporting process within the payroll function – for which a satisfactory assurance was given. There were no Priority 1 issues identified during the course of the Review. The Internal Auditors identified two Priority 3 issues relating to: checks of new payment on each individual payslip from the QLP report; and the authorising of travel claims.

#### **24.11 Report on Audit of 2009/2010 FLU Funding**

The Committee received a Report on the Audit of 2009/2010 FLU Funding undertaken by FE Corporate Governance and Accountability, DEL.

The audit reviewed the adequacy and effectiveness of the key processes: over arching IT controls; course set-up; course cancellation; enrolment; and attendance and withdrawals. On assessment of the tests of controls within NRC, it was determined that the College was deemed to have a low level of audit risk and no further substantive testing was required.

The overall assurance rating and the ratings for each of the key processes were found to be satisfactory. There were no Priority 1 issues identified during the course of the audit. Five Priority 2 and eight Priority 3 issues were identified.

Concern was expressed regarding the delay on the part of the Department in issuing the Report, and members questioned the potential for financial claw-back. Mr Pitt advised the Committee that it was his understanding that there would not be any financial recoveries from the past but failure to implement recommendations would be taken into consideration in the future.

#### **24.12 Any Other Notified Business**

There was no other notified business.

#### **24.13 Next Meeting**

The Committee noted that the next meeting is scheduled for 5.30 pm on Tuesday 26 June 2012 at the Farm Lodge Building, Ballymena Campus of the Northern Regional College.

As there was no further business the meeting concluded at 6.25 pm.

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A L Rankin, Chairperson

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J A Hunter, Secretary