

## **NORTHERN REGIONAL COLLEGE**

### **AUDIT COMMITTEE**

Minutes of the meeting of the Audit Committee held on 16 September 2011 at the Coleraine Campus of the Northern Regional College.

Present Mrs A Rankin (Chairperson), Rev T Jamieson, Mr R Jay and  
Alderman PJ McAvoy

In Attendance Mrs C Moore, Mr R Monds (DEL), Ms R Peters-Gallagher (Moore Stephens)  
Mr G Robinson (PwC), Mr R Ross (NIAO) and Mr JA Hunter

### **UNRESERVED BUSINESS**

#### **21.1 Apologies**

Apologies were received from Mr T Neilands and Mr S McCormick.

#### **21.2 Declaration of Interests**

There were no other declarations of interests.

#### **21.3 Risk Management**

##### **21.3.1 Departmental Risk Register**

The Committee received a presentation from Ms Clare O'Neill, Head of Economic Engagement, regarding her Departmental Risk Register.

At the outset Ms O'Neill provided an overview of her Departmental Structure and outlined the planning process leading to the production of the Department Risk Register. She advised that high level risks identified at the Department level may be included in the Corporate Risk Register. By way of example she examined an operational plan objective and detailed the various stages from its identification to its inclusion in the Corporate Risk Register.

Ms O'Neill referred to a number of external factors, which impact on risk management in Economic Engagement such as changes in Government policy, changes to DEL funding, economic factors, legal challenges and the lead time for the award of external funding.

Responding to queries Ms O'Neill advised the Committee that she, her three Departmental managers and the Deputy Director Support & Development met bi-annually to update the Departmental Risk Register. She also stated that Economic Engagement worked with Curriculum areas to identify and determine the viability of projects.

The Chairperson thanked Ms O'Neill for an informative presentation.

#### **21.4 Minutes of the Last Meeting**

The minutes of the last meeting of the Audit Committee held on 13 June 2011 were approved subject to:

- a) The deletion of "Priority 1" at minute 20.12; and
- b) The insertion of 'a FAST Report' instead of 'the FAST Report' in the second paragraph of minute 20.15.1.

## **21.5 Matters Arising**

### **21.5.1 Procurement (minute 20.5.1)**

The Audit Committee (13 June 2011) noted that the Finance Department would be undertaking an analysis of transactions at the year-end and would report its findings to the next meeting of the Committee.

The analysis indicates that during the financial year 2010/2011 the College used 962 suppliers with total payments amounting to £9,384,503; 191 of these suppliers had payments of over £5,000. A review was undertaken regarding the procurement process for these 191 suppliers.

The Director of Finance stated that it was intended to review the following areas in 2011/2012; purchase of food products; procurement of minor estate services; and the procurement schedule.

The Chairperson drew attention to a transaction, which related to a learning support service, provided by a self-employed person. She asked for assurance that all persons being engaged on a self-employed/consultancy basis were being engaged in accordance with HMRC regulations.

### **21.5.2 Joint Procurement of Internal Audit and Banking (minute 20.5.3)**

The Director of Finance advised the Committee that a team from BMC, SERC and SWC would take forward the joint procurement of Banking and a team from NRC, NWC and SC would be responsible for the joint procurement of internal audit services. The Director of Finance stated that an Evaluation Panel for Internal Audit Services would be established consisting of a Director, a Director of Finance and a Chair of an Audit Committee. Ms Rankin agreed to sit on the Evaluation Panel.

It was noted that the Evaluation Panel would meet in November 2011 to finalise documentation and then between January and March 2012 and it was anticipated that contracts would be awarded on a 3+1+1 year basis.

## **21.6 Chairperson's Communications**

There were no Chairperson's communications.

## **21.7 Correspondence.**

The Committee noted:

a) Correspondence from the Department for Employment and Learning, dated 15 June 2011, detailing amendments to procurement guidance set out in the current Financial Memorandum.

b) Correspondence from the Department for Employment and Learning, dated 26 July 2011, setting out the requirements for colleges to prepare their 2010/2011 Annual Report and Financial Statements. The Director of Finance confirmed that the NRC Annual Report and Financial Statements had been prepared on this basis.

c) Covering letter and audit report from the Department for Employment and Learning, dated 1 August 2011, regarding a visit to Felden to check the administration of running costs for January, February and March 2011. The visit found the systems and controls to be effective and well operated, and all information was 100% accurate.

d) Correspondence from the Accounting & Financial Management Division of the Department of Finance & Personnel concerning amendments to the Government Financial Reporting Manual (FrM).

e) Correspondence from the Northern Ireland Audit Office, dated 19 August 2011 indicating how the NIAO plans to carry out the audit of the College's accounts for the year ended 31 July 2011.

f) Correspondence from DEL, dated 24 August 2011, providing guidance on dealing with errors made in Annual Reports and Accounts, presented and deposited in the Assembly.

g) Correspondence from DEL regarding key issues arising from two documents.

(i) FD (DFP) 0409 – Guidance on the Use of External Consultants. DEL has requested Colleges to adhere to the guidance in regard to expenditure on external consultancy;

(ii) DEL Report To Those Charged With Governance. The Department has reminded Colleges of the need: to submit an internal report on procurement for 2010/2011 by 20 September 2011; to report suspected and actual instances of fraud in accordance with the requirements set out in the Financial Memorandum; and to include all actual and emerging issues in the College Audit Committee Annual Report.

h) FAST Inspection Report of the following DEL Training Programmes administered by NRC (Newtownabbey Campus); Apprenticeship NI; Training for Success (TfS); and Programme-led Apprenticeships (PLA). The inspection outcome was satisfactory.

i) Internal Audit Update, dated 16 September 2011, prepared by PwC. The update indicates that no internal audit work has been performed since the last Audit Committee meeting. The update identified the plan for 2011/2012, agreed at the last Audit Committee meeting.

## **21.8 Risk Management Group**

The Committee noted the minutes of the meeting of the Risk Management Group on 25 August 2011, when the following issues were discussed:

a) Departmental Risk Registers. All Departmental Risk Registers have been received and approved by the Executive Management Team. Some risks identified at Departmental level have appeared in the College Risk Register but others have been considered not to be at a high enough level for inclusion. It was noted that Departmental Risk Registers reveal procurement as a risk area. This matter will be discussed further at the next Risk Management Group meeting.

b) College Risk Register. The Group considered the draft College Risk Register and agreed that the amended Register should be distributed as appropriate.

## **21.9 Outstanding Internal Audit**

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

a) PwC Outstanding Internal Audit Recommendations 2010/2011. Three of the 12 recommendations have been implemented, or are not applicable, 5 have been partially implemented and 4 have still to be implemented. The Committee gave consideration to and received an update and completion date for each of the recommendations still to be implemented

b) Report To Those Charged With Governance (RTTCWG) recommendations. Ten of the 11 recommendations have been implemented or are not applicable, and one relating to the registration of land at Larne has still to be implemented.

The Chair commented that the Committee would like to see the recommendations being implemented in a more timely manner.

### **21.10 Draft Annual Report and Financial Statements 2010/2011**

The Committee received the draft Annual Report and Financial Statements for the year ended 31 July 2011, which had been prepared in accordance with the DEL Accounts Direction. It was noted that the College had achieved an historic cost outturn of a £302 deficit compared with the College's original estimated outturn of a £1,382k deficit.

The College has accumulated income and expenditure reserves, excluding pension reserves, of £3,108k (£3,066k – 2010) and cash balances of £4,530k (£5,272k – 2010).

Mr Ross suggested that the reference to 'only one outstanding priority one audit issue' in the Statement on Internal Control requires adjustment.

### **21.11 Any Other Notified Business**

#### **21.11.1 Letter of Engagement**

The Director of Finance reported that the College had received a Letter of Engagement from PricewaterhouseCoopers

There was no other notified business

### **21.12 Next Meeting**

The Committee noted that the next meeting is scheduled for 6.00 pm on Monday 15 November 2011 at the Farm Lodge Building, Ballymena Campus of the Northern Regional College.