

## **NORTHERN REGIONAL COLLEGE**

### **AUDIT COMMITTEE**

Minutes of the meeting of the Audit Committee held on 20 January 2015 at the Newtownabbey Campus at 4.00 pm.

Present Ms A Rankin (Chairperson), Alderman J Brown and Mr S McCartney.

In Attendance Mr W Smyth (DEL), Mr A O'Brien (KPMG), Mr D Lynn (NIAO), Professor T Scott, Mrs C Moore and Mr J Hunter

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

The Audit Committee, less staff representatives, met with representatives from the NIAO, Internal Auditors and DEL prior to the meeting. Mr Smyth advised that the new Financial Memorandum would be effective from 1 April 2015; roadshows were being organised to apprise senior management and staff of the differences between the current and the new Memorandums. It was noted that it would be useful for members of Audit Committees to attend these roadshows. Mr Lynn stated that the new Audit Strategy for 2014/2015 would be available at the next meeting. Mr O'Brien indicated that the Internal Auditors had had full co-operation from College Management and had no issues to raise, but he suggested that some consideration should be given to the focus of the VFM review scheduled for the coming months.

#### **UNRESERVED BUSINESS**

##### **38.1 Apologies & Membership**

An apology was received from Alderman PJ McAvoy

The Chair reported that Mr I Goldsworthy had resigned as a Member of the Governing Board and was no longer a Member of the Committee. She thanked him for his contribution to the work of the Committee. Whilst it was noted that DEL were currently seeking new Governors, **it was agreed that the Secretary should attempt to find a replacement for Mr Goldsworthy on the Committee.**

##### **38.2 Declaration of Interests**

There were no conflicts of interest declared.

##### **38.3 Minutes of the Last Meeting**

The minutes of the last meeting of the Audit Committee held on 11 November 2014 were approved.

##### **38.4 Matters Arising**

There were no matters arising from the minutes of the last meeting.

##### **38.5 Chairperson's Communications**

###### **38.5.1 Accountability Meeting**

The Chair informed the Committee that she had attended the Accountability Meeting between NRC's Accounting Officer, Chair of Audit Committee and Chair of F&GP (Vice-Chair) and DEL's Accounting Officer and senior officials on 16 December 2014. This had provided an

opportunity to discuss a range of issues including the Tribal Report, the Report To Those Charged With Governance and the future Strategy for the College. Ms Rankin stated that it had been a candid meeting and the College representatives had taken the opportunity to update the Permanent Secretary and DEL representatives regarding progress that had already been made in relation to the recommendations of the Tribal Report. It was noted that the College was on target in regard to the appointment of consultants to assist with the implementation of these recommendations.

### **38.6 Correspondence**

There was no correspondence to report.

### **38.7 FE College Health Check Report Issue 3 2013/2014**

The Committee received Sections 6 and 7 of the Health Check Report. It noted that the full document will be forwarded to the meeting of the Governing Body on 28 January 2014. Section 6 provides an Internal Audit Summary for the Sector; NRC has received an overall Satisfactory Assurance rating for 2013/2014. A query was raised as to why NRC was lagging behind other Colleges in the Sector, which had received, substantial ratings. Mr O'Brien advised that 'satisfactory' is a good result; tighter controls and more timely responses to recommendations would help to improve ratings. Mrs Moore said that she had discussed the situation with Ms E Patton (KPMG) and NRC staff had visited other Colleges to examine specific processes. The Chair stressed that the College should seek to improve its ratings.

The Committee noted Section 7, which provides a Risk Management Summary for the Sector. Mrs Moore advised the Committee that the Risk Management Group had not met since the last meeting but a meeting was scheduled for 9 February 2015. The revised College Risk Register would be presented at this meeting. A view was expressed that it was difficult to summarise Risk Management in tabular form.

### **38.8 Internal Audit Progress Report Against Annual Audit Plan 2014/2015**

The Committee received a Progress Report 2014/2015, prepared by the Internal Auditors, which provided details of the status of the programme of work detailed in the Annual Plan for 2014/2015. The Plan is on schedule to be completed within the 2014/15 year. Three reviews were presented to the Committee in November 2014; a review on Procurement is being presented at this meeting; and Reviews on Data Integrity, Payment of Part-Time Lecturers and Value for Money are scheduled to be presented to the April 2015 meeting. The Chair asked for suggestions for the Value for Money Review to be brought forward to the next meeting

### **38.9 Internal Audit Report**

The Committee received a copy of the Internal Audit Review of Procurement. The objective of the assignment was to assess the appropriateness and effectiveness of key processes and controls over Procurement at the Northern Regional College. It was noted that the Internal Auditors have issued a '**Satisfactory**' assurance rating. The Internal Auditors have noted two Priority 2 and three Priority 3 issues and have made recommendations to assist management in enhancing the control environment in these areas. The Committee gave detailed scrutiny to the recommendations arising and the management actions agreed.

### **38.10 Progress Against Outstanding Audit Recommendations**

The Committee noted the progress against outstanding audit recommendations:

a) KPMG Follow-Up Report 2013/2014. Five of the 8 recommendations have been implemented and 3 partially implemented as at 20 January 2015. In response to a query from the Chair it was noted that all three documents pertaining to the partially implemented issues are at an advanced stage of completion and would be concluded as follows: Whistleblowing

Policy (2 February 2015); Contract Management Policy and Business Continuity (31 March 2015); and Disaster Recovery Plan (28 February 2015).

b) Report To Those Charged With Governance (RTTCWG 2013/2014). Three of the seven recommendations have been implemented, one partially implemented (travel claims), one not yet due (prompt payment of invoices) and two not applicable. It was noted that Travel Claims procedures would be in place by 1 February 2015 and that the College was working towards achieving the target of 95% payment of invoices within 30 days by the end of the academic year.

c) KPMG 2014/2015. Five recommendations have been made; two have been implemented and three are not yet due. It was agreed that it would be prudent, in light of comments above regarding timely responses, to implement these three outstanding recommendations by 31 March 2015.

### **38.11 Purchase Order Direct Award Contracts**

The Committee received details of Direct Award Contracts, for the month of November 2014. Mrs Moore explained that an expenditure of £62,500 with IGM Robotic Systems, in respect of a robotic cell and controller, had been necessary for training purposes, as they were compatible to the equipment in place at Caterpillar, a college training partner.

### **38.12 Any Other Notified Business**

#### 38.12.1 Whistleblowing in the Public Sector

Mr Lynn left copies of the NIAO guide 'Whistleblowing in the Public Sector', for Executive Management. He said that the purpose of the Guide was to set out clearly and simply how public sector workers can raise concerns and what they should expect from their employers when they do so. It was noted that the feedback received from S Walsh of the NIAO had already been reflected the college re-drafting of the internal Whistleblowing Policy.

As there was no further business the meeting concluded at 5.00 pm

### **38.13 Next Meeting**

The Committee noted that the next meeting is scheduled for 5.30 pm on Tuesday 28 April 2015 at the Farm Lodge, Ballymena Campus of the Northern Regional College, with the pre-meeting to commence at 5.20 pm.

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A L Rankin, Chairperson

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J A Hunter, Secretary