

NORTHERN REGIONAL COLLEGE

AUDIT & RISK COMMITTEE

Minutes of the meeting of the Audit & Risk Committee held on 5 October 2016 at Farm Lodge, Ballymena Campus commencing at 5.40pm.

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), Mr B O'Hara (KPMG), Ms H Hagan (Item 47.10 only); Mr K Mooney (Item 47.11 only) Prof T Scott, Mr M McKinney. Mrs C Robinson (Secretary)

Pre-Meeting with Auditors @ 5.15pm

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

UNRESERVED BUSINESS

The Chair welcomed members to the meeting and, in particular, Mr Lavery to his first meeting. With members' agreement the Chair moved items 47.9 and 47.10 to the beginning of the meeting to allow staff members to present their relevant reports.

47.10 Complaints Update

Ms Hagan (Quality Assurance Manager) presented an overview of Complaints received by the NRC for the period 2009/10 to 2015/16.

The Chair referenced Departmental training that had highlighted complaints as one of the areas the Audit & Risk Committee should review.

Cllr Brown welcomed and was encouraged by the improvements highlighted in the report. He expressed concern around response times, and course/tutor related complaints which prompted further discussion.

Prof Scott stated there were a number of legacy issues which had influenced the statistics but she was confident that with the implementation of the Strategic Improvement Plan and the new processes in place, a marked improvement would become apparent.

The Chair agreed that response times needed to be addressed and acknowledged that changes relating to active complaints were in hand. He thanked Ms Hagan for the presentation and proposed that the Committee receive an annual update on complaints. That was agreed.

Ms Hagan left the meeting at 6.00pm.

Action: Complaints Report to be presented annually to Audit & Risk Committee.

47.9 New Build Risk Strategy

The Committee welcomed Mr Mooney, Project Manager appointed from the Strategic Investment Body (SIB) to work in the College to deliver the new capital projects. Mr Mooney referred to the Risk Strategy circulated and talked members through the various sections of the report.

The Committee noted that the Governing Body had previously approved the Project Team and that membership included Prof Scott as SRO and Governing Body member, Mr McCluggage. The Project Board had suggested that the A&R Committee was given the opportunity to form an opinion on the Risk Strategy for the New Build Project.

The Chair agreed it was useful for the Committee to have sight of the strategy and asked if there was a process in place to allow risks to be escalated to the Corporate Risk Register.

Mr Higgins advised that risk was aligned to the Corporate Risk Register and was monitored by the Project Board. A quarterly risk and assurance statement would include any risks needing to be escalated.

The Chair indicated that a statement on the escalation of risk should be included in the Risk Strategy.

The Committee confirmed the strategy subject to the amendment highlighted.

Action: Mr Mooney to include outline of process to escalate risk in the Risk Strategy.

Mr Mooney left the meeting at 6.20pm.

47.1 Apologies

Ms K Reilly.

47.2 Declaration of Interests

There were no declarations of interests.

47.3 Minutes of the Last Meeting

The minutes of the last meeting of the Audit & Risk Committee held on 15 June 2016 were approved by the Committee.

Proposed by: Mrs Eve Seconded by: Cllr Hutchinson

47.4 Matters Arising

Matters arising would be addressed under the relevant agenda item.

47.5 Chair's Communications

None.

47.6 Correspondence

The Committee considered the following correspondence:

i) FE Accounts Direction for 2015/16 Accounts

Mr Higgins advised that the accounts direction was a standard document setting out how to prepare annual accounts and that the College had complied with the guidance.

The Committee noted that the format of the accounts was markedly different for 2015/16. The matter would be discussed further under item 47.14.

ii) Revised DfE Delegated Approval Limits & Appendix 2 NRC Delegation

Mr Andrews reported that changes had been made to harmonise the delegated approval limits across the Department. The College had also produced an internal document in response.

The Committee noted the revised limits.

iii) Governance & Accountability Notice

Mr O'Hara reported on the changes to the internal audit reporting system. He indicated that the upper rating of 'substantial' had been removed and the definitions for 'Priority recommendation' and 'Audit Opinion' had been revised. He advised that the revised system would run for the 2016/17 year.

The Committee noted the changes.

iv) Audit Code: August 2016 & August 2015-16

The Committee noted the Audit Code had been revised to reflect the name of the new Department and to align with stipulations in the Articles of Government.

Action: The revised Audit Code and Articles would be uploaded on Minutepad.

v) Governance Bulletin 5

The Committee noted that minor changes had been made to simplify the process for approval of losses. In particular, Mr Andrew's remit to make decisions on losses had been extended.

The Chair noted that any losses within NRC would be reported to the Resources Committee.

47.7 Corporate Risk Register

Mr Higgins reported that at the Committee's request the register was now referred to as the Corporate Risk Register. He indicated that the register had been reviewed and there had been no significant movement in risk. Monitoring by the SLT and HoDs would continue on a quarterly basis. He also noted that student numbers were constantly screened.

The Chair noted that it had been agreed at the previous meeting that any changes to the risk register since the previous updated would be highlighted. Mr Higgins agreed that would be included in future updates. The Chair also queried whether items within the recent Health Check report in relation to Corporate Governance, IT and Data Management as identified by other Colleges should be included in the register.

Action: Mr Higgins to provide an update on changes to risks and SLT to consider if additional risks should be added to the register.

The Committee noted the updated Corporate Risk Register.

47.8 FE College Health Check - Issue 4

Mr Andrews reported on the fourth health check of the year. He indicated that this issue contained updates on the FLU position and a summary of the recent governor survey. The Chair commented on the positive response rate to the survey. Cllr Brown made reference to section 2 of the report and a discussion around risk followed. The Chair pointed out that the document provided a useful indication of the level of risk in other Colleges.

The Committee noted that the FE College Health Check Report Issue 4 would be presented to other committees and the Governing Body.

47.11 Internal Audit Progress

Internal Audit Strategy (2015/16 -2017/18) & Annual Plan (2016/17) and Charter

Mr O'Hara outlined the content of the report that detailed the programme of work in the Annual Internal Audit Plan for 16/17. He stated that there had been no substantive changes since the Committee last saw the document and highlighted the key areas to be addressed in the coming year along with the review dates.

Mr Higgins advised that the SLT was content with the plan. The Committee approved the Internal Audit Plan for 2016/17.

47.12 Internal Audit Reports

a) Review of Implementation and Monitoring of the Strategic improvement Plan

Mr O'Hara spoke to the report circulated. He reported that a satisfactory assurance rating had been awarded with one priority 2 and two priority 3 issues arising.

Issue 1: Priority 3 – Reporting of progress against operational actions under KPIs to Governing Body and DfE.

The Committee noted that management had accepted the recommendation to improve the format of reporting and action had already been taken in relation to this.

Issue 2: Priority 3 – Determining and evidencing progress against actions underpinning each KPI.

The Committee noted that a Project Manager had been appointed to the Change Management Team. Processes would improve as a result.

Issue 3: Priority 2 – Reporting of Status Progress for KPIs and Associated Actions.

The Committee noted that the status reporting system (RAG) had been clarified and agreed with the Board and the Department.

In response to the Chair's request for the Department's opinion on the reporting system, Mr Andrews said he agreed with the recommendations in the Internal Audit report. He noted the importance of having a comprehensible framework and indicated that work on improving the process was underway.

The Chair stated that the RAG system of reporting had been an issue and he was looking forward to seeing the fresh reporting scheme at the next GB meeting.

The Chair also referenced the target dates for implementation of the recommendations and noted that the changes were scheduled to be in place for the Governing Body meeting in November.

b) Final Year-End Report

Mr O'Hara provided a comprehensive overview on the year-end report. He reported that the overall result had been pleasing with work coming in on budget and within the number of days allocated. A satisfactory assurance rating had been awarded for the year.

The Chair acknowledged the outcome and noted the 11 outstanding issues. Mrs Eve stated that the overall assessment was reassuring.

47.13 Progress Against Audit Recommendations

The Committee considered the report detailing the status of outstanding audit recommendations noting the link with the internal audit report. Mr Higgins outlined actions to move forward with issues remaining, noting the expectation that all matters would be closed out this year.

The Chair queried an inconsistency between the number of outstanding issues reported in the management and internal audit reports.

Action: Mr Higgins and Internal Audit to reconcile previous audit recommendations by the next committee meeting.

47.14 Draft Annual Report & Financial Statements

Mr Laverty, Head of Finance, Governance, Risk & Compliance reported that a major piece of work had been undertaken in restating the accounts in response to the introduction of FRS102, complying with the new format for the accounts outlined in the Accounts Direction and the annual report changes with the Strategic Improvement Plan. He spoke to the document tabled and highlighted significant sections for members including, the remuneration report; compensation for loss of office; related party disclosures and Internal Audit Assurance. He indicated that the deadline for submission to NIAO for audit had been missed but a more robust set of accounts had been prepared due to the more corporate approach taken by the College. He emphasised that the accounts were still draft and that further changes may be made. The Committee was made aware that the accounts would also be examined by the Resources Committee.

The Chair noted that the deadline for submission of the accounts previously agreed by the Committee, had been missed by two weeks and expressed concern that he had not been informed of the delay. The Chair acknowledged the changes of staffing across the College due to VES and enquired if there were any other issues the Committee should be aware of.

Prof Scott confirmed that staffing issues, the restating of the accounts and the SIP reporting had influenced the process but she was content that it was in the interest of the College to provide as full and accurate Annual Report as possible.

Mrs Eve noted that the Governing Body meeting had been moved at the request of NIAO and enquired if the final report would now be available for this meeting. She also enquired if it was possible to submit the accounts separately to the annual report.

Ms O'Hagan advised that the annual report and accounts should be submitted together and stressed that the audit process should commence with the examination of the accounts. She expressed appreciation at the change in GB meeting date, indicated that there was some flexibility in the audit timetable and that she would endeavour to complete the audit within the agreed timeframe. However, she pointed out that the Report to those Charged with Governance might come at a later date.

Cllr Brown expressed his concern about the delay and the lack of communication around the matter. He accepted the internal difficulties and acknowledged NIAO's assistance and flexibility around the timeline and welcomed assurances from officers that deadlines would be met next year with the stability of staffing resources.

Cllr Hutchinson concurred with concerns around communications and stressed that the Chair should have been informed.

Mr Andrews agreed that communication of the situation could have been better. However, assurance was given that the Department would be able to lay the accounts on schedule if the NIAO met their deadline.

The Committee discussed the report and proposed amendments were noted.

Action: Mr Higgins undertook to include reference to the A&R work programme; include dates within risk management and consider potential liabilities.

Mr Higgins confirmed that the financial aspects of the accounts would be examined by the Resources Committee and would be presented to Audit and Risk Committee again at its November meeting. The final audited accounts would then go to the 16 November Governing Body for approval.

Subject to amendments suggested the Draft Annual Report and Financial Statements were noted by the Committee.

47.15 External Audit Update

Ms O'Hagan referred to the letter circulated to all Colleges in relation to the NIAO audit of 2015/16 opening balances. She indicated there had been a promising response with two specific areas being highlighted for additional work – Training for Success and Holiday Accruals. She advised that NIAO had been content with the figures and the proposals made.

The Chair commented on the guidance being part of the accounts direction received.

The Committee noted the update.

47.16 Gifts & Hospitality Policy

The Committee considered the revised policy circulated, noting the major change was the inclusion of guidance on the receipt and provision of hospitality. Requests would be submitted for approval on a standard form which was included in the policy document. Mr Higgins also

indicated that the policy was in line with public sector guidance and was recommended to the Committee for approval by the SLT.

The Committee approved the Gifts & Hospitality Policy presented.

Action: An annual report would be presented to the Committee for consideration.

47.17 Registers

The Committee noted that one request for information relating to capital and revenue expenditure for IT had been dealt with. In response to Cllr Brown's query, Mr Higgins advised that guidelines relating to the provision of information under Freedom of Information were in place and advice on timescale and costs was provided where necessary.


47.18 Any Other Business

None.

47.19 Next Meeting


The Chair thanked everyone for attending and advised that the next meeting would be held at Farm Lodge, Ballymena Campus on Wednesday 9 November 2016 at 5.15pm.

The meeting concluded at 8pm.



Dr D Lennox (Chair)

Date 9/11/16



Mrs C Robinson (Secretary)