

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 meeting of the Audit & Risk Committee held on 18 January 2017 at Newtownabbey Campus commencing at 5.15pm.

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 Laverty, Mr D Lynn (NIAO), Ms M McKeag, Prof M McKinney, Ms E Patton (KPMG), Prof T Scott.
Mrs C Robinson (Secretary)

49.1 Apologies

Apologies were noted from Mr B O'Hara (KPMG). The Chair welcomed Ms McKeag who was attending the meeting in her role as heading-up the Project Management Office.

The Chair advised the Committee that Ms Reilly had been seconded to another post and a process to identify a replacement will commence.

Action: Secretary to organise a competition to identify a replacement staff governor from non-teaching staff.

49.2 Declaration of Interests

There were no declarations of interests.

49.3 Minutes of the Last Meeting

As the Chair did not get to review the minutes of the November meeting prior to posting Dr Lennox's proposed presenting the minutes for approval at the next Committee meeting. Members agreed.

49.4 Matters Arising

The Chair noted that the final accounts had been cleared and laid in the Assembly. Mr Higgins provided an update on TFS and directed members to the paper on TFS to be considered as part of the agenda.

49.5 Correspondence

The Committee noted there had been no correspondence since the last meeting.

49.6 Chairperson's Communications

The Chair advised that he had along with the GB Chair, met with the NIAO officials to discuss the comments made by the Comptroller & Auditor General in the RTTCWG and progress with the SIP in particular.

Mr Lynn referred to the RTTCWG and the C&AG's subsequent report. He reported that it had been agreed that NIAO would carry out an additional review prior to the 2016/17 audit. The outcome of this review would inform the recommendation to the C&AG on whether or not a full VFM study would be required. A letter outlining the broad issues would be issued to the Department and the College.

Management sought clarification on the timing and cost of the review.

Mr Lynn confirmed that the NIAO would work with the College on the timing of the review, costs would be borne by NIAO and he advised that the lead auditor for the College, Ms Higgins, would be undertaking the review.

Dr Lennox welcomed the external assurance that the review would provide to the Governing Body.

49.7 Strategic Improvement Plan

The Chair reported on the January meeting of the SIP Committee which he and other Committee Chairs/colleagues had attended along with Departmental officials, Ms Harrison and Mr Andrews. He referred to the papers circulated to the Committee noting that the purpose was to draw attention to the extent of the work carried out over recent weeks and the level of scrutiny in place. Dr Lennox commended SLT on the work undertaken and significant progress made in progressing implementation. He also welcomed the report produced by Jenny Small detailing the timeline for the development of the SIP noting its usefulness to the forthcoming review.

Dr Lennox outlined the matters to be considered by the Committee – the role of the A&R committee in scrutiny of the SIP and the option to carry out a review of progress/assurances prior to the NIAO review. He advised that Internal Audit was available to undertake a review.

Mr Hutchinson stressed the importance of an IA review and sought information on how this would be progressed.

Ms Patton confirmed that KPMG could redirect from other programmed work to undertake the review. She outlined her proposal for the review - a follow-up on recommendations from a report produced last year, selecting a number of KPIs/actions and reviewing the evidence base. An assessment on status and a judgement would be provided if possible, with the intention that further work would be commissioned if any significant issues arose. Ms Patton stressed the tight timeline available and suggested the review could be commenced the following week.

Mr Higgins advised that audit days were available to do the rephrasing of the disaster recovery review later in the year and to bring forward this additional audit of SIP progress. He outlined an initial conversation he had with the Ms Patton on KPIs /actions to consider and stated that further discussion could happen the following day.

Following a detailed discussion on scope of the audit the Committee agreed the following:

- Internal Audit would undertake the additional audit work and the business continuity review would be rescheduled later in the year.
- Terms of Reference for the review would be drawn up by Ms Patton and shared with Chair by email, who would liaise with Committee members.
- Internal Audit would report to the A&R Committee; and
- An additional A&R Committee meeting to be arranged for end of February/beginning of March.

The Chair sought comments of the Audit and Risk Committee's role in relation to the SIP, prior to GB meeting on 1st February. It was suggested that the outcome of the IA review could inform that role. Suggestions on how additional expertise might be co-opted on to the SIP Committee were also noted.

Prof Scott advised that the SIP report circulated was the December report and since then 74 of the 78 actions were on schedule to be completed by the end of Jan. She also indicated that the next Improvement meeting with the Department was scheduled for 26 January 2017

Maeve McKeag left the meeting (6.30pm)

49.8 Risk Register for College

The updated risk register was noted and significant items were highlighted for discussion.

The Committee noted the Department's concerns about receipt of documents requested relating to the new build project and also the current amber risk status.

Mr Higgins assured the Committee that any issues identified were being progressed and were regularly reviewed and agreed at meetings in the presence of Department officials. He suggested that if there were concerns the risk could be reviewed by the Capital Project Committee and that the Capital Projects Manager would attend the next A&R Committee meeting to provide assurance. Mr Higgins confirmed that the documents were available but had not been forwarded to the Department.

Action: The Chair clarified that the Department had requested an update and it was agreed that a copy of the Gateway Report and the minutes of Project Board meeting would be forwarded to Ms Harrison first thing on Thursday 19 January 2017.

Action: The Chair indicated that it would be useful for the Committee to have sight of the Gateway Recommendations and Action Plan and an update on the capital project at the next meeting.

The Chair drew attention to the red status of the new risk added in relation to the Systems, Technology and Services project.

Dr Brankin referred to the report circulated and outlined issues which had arisen at the Project Board meeting in January. He pointed out that key staff had left the project, and without final approval of the business case progression/completion of the Learner Management, HR/Payroll and Financial systems had not progressed as anticipated and therefore the implementation was under serious threat. He advised that contingency plans to support current systems were being considered by the Project Board but the implications for all Colleges were significant.

The Committee considered the consequences for NRC and agreed that issues should be reflected in the risk register. The Resources Committee's decision to support the red status and a similar consensus across all Colleges was noted.

Action: The Chair requested that the risk register be presented at the February Governing Body meeting and the Executive develop contingency arrangements.

49.9 Update on TfS

Dr Brankin referred to highlighted key points from the report circulated on the TfS programme. He indicated that discrepancies highlighted in a previous audit relating to 30 hour per week training had been investigated and it had been established that due to a timetabling legacy issues, a number of courses had not delivered the full hours. These areas had been excluded from a subsequent claim and he reported the overall loss was £19k expected for the College.

The Committee noted that paperwork overlooked in the initial audit was provided to DfE personnel carrying out follow up work. The final report from the Department was not yet available so the matter could not be closed off. Members were assured that this did not present any material financial risk at present.

Mr Higgins advised that provision had been created to cover any issues which might arise. The matter would be assessed and returned to the Committee if necessary.

49.10 Progress against Outstanding Audit Recommendations

Mr Lavery provided an update on progress against outstanding audit recommendations. The four internal audit recommendations carried over from 2014/15 were now fully implemented as were two of the three external audits recommendations. The remaining recommendation was partially implemented.

Twelve of the fourteen internal audit recommendations from 2015/16 had been fully implemented and two partially implemented. Two of the three external audit recommendations were partially implemented and one was not yet due.

The Chair suggested that new target dates should be included where there has been slippage for any targets. He also requested that it would be useful to include the C&AG comments from the 15/16 RTTCWG within the report.

The Committee noted the update report.

49.11 Internal Audit Reports

a) Core Financial Processes

Ms Patton referred to the report on Core financial processes which reported on income and debtors and payment to creditors. She highlighted that one priority two and two priority three issues had been identified and that the overall assurance was 'satisfactory'. The auditor's observations and recommendations were noted along with management responses. Members acknowledged change to the audit assurance categories noting that the highest rating was now satisfactory.

Ms Eve's comment on the good outcome and the Chair's observation that the good practice recommendations had been taken on board were noted.

b) Internal Audit Progress Report against Annual Audit Plan 2016/17

Ms Patton reported that only one of the reviews had been completed and reported. She noted that there was still a significant amount of work to be done and reviews delayed due to staff illness would be rescheduled.

The Business Continuity review would also be rescheduled to later in the year to allow for additional work required on the SIP to be carried out immediately. The strategy/annual plan would be amended to reflect these changes.

49.12 Final Report to those Charged with Governance – NRC 2015/16

The Committee noted the final RTTGWG which Mr Lynn had spoken to earlier in the meeting.

49.13 Registers

The registers for Direct Award Contracts (1 contract), Freedom of Information (1 request) and Whistleblowing (nil return) were noted.

Members noted that CPD was generally used for procurements and that DACs were kept to a minimum with purchase of specialised equipment occurring in some areas.

49.14 Any Other Business

a) DfE Audit Training

The Chair referred to forthcoming audit training noting that the invitation had been extended to all Governing Body members. He noted that Committee members had previously attended this training. Mr Andrews indicated that it was still possible for other GB members to attend.

b) Governing Body Membership

Mr Andrews reported that legislation relating to Education Authority nominations to Governing Bodies had been amended in the Assembly. The Department had been preparing for an open competition to replace departing members but this had been put on hold due to current Assembly circumstances. Further advice would be provided in due course.

Professor Scott noted that the Chair of GB would be reviewing membership of the GB in light of recent guidance highlighting the need for consideration to be given to skills requirements and succession planning.

c) Health Check

Mr Andrews advised that two Health Check reports would be circulated at the end of January – a final document to provide a complete overview for 15/16 and the first quarter of 16/17 report.

49.15 Date of Next Meeting

The Chair advised that the next scheduled meeting of the Committee was Wednesday 12 April 2017 however, he felt that in light of the IA review being undertaken it would be prudent to have an additional meeting towards the end of February/beginning of March.

Members agreed with the Chair's proposal and noted that potential dates would be circulated to members by the Secretary.

The meeting concluded at 7.25pm.

Dr D Lennox David Lennox
Chair

Date 9/3/17
9 March 2017

Mrs C Robinson Chloe Robinson
Secretary