

NORTHERN REGIONAL COLLEGE

AUDIT & RISK COMMITTEE

Minutes of the meeting of the Audit & Risk Committee held on 13 January 2016 at the Farm Lodge Ballymena Campus commencing at 5.15 pm.

Present Dr D Lennox (Chair), Councillor J Brown, Mrs J Eve, and Ms K Reilly

In Attendance Professor T Scott, Mr M Higgins, Ms C O'Hagan (NIAO), Ms E Patton (KPMG), Mr J Poole (KPMG), Mr C Andrews (DEL) and Mr J Hunter

Pre-Meeting with Auditors

The Audit & Risk Committee, less staff representatives, met with representatives from DEL, KPMG and NIAO prior to the meeting.

UNRESERVED BUSINESS

44.1 Apologies

Apologies were received from Mr S Brankin, Mr B Hutchinson and Dr C O'Mullan.

The Chair welcomed Mr Poole (Audit Services Partner, KPMG) to the meeting as a replacement for Mr A O'Brien. Mr Poole assured the Committee that there would be no diminution in the service provided by KPMG. The Chair also welcomed Mr Higgins following his appointment as Chief Operating Officer.

44.2 Declaration of Interests

There were no declarations of interests

44.3 Minutes of the Last Meeting

The Committee approved the minutes of the last meetings of the Audit & Risk Committee held on 18 & 25 November 2015 subject to the insertion of the following in the last paragraph of minute 42.7: 'the possibility of achieving savings from the Audit Plan and devoting it to the Risk Register Workshop'.

44.4 Matters Arising

44.4.1 Membership of Audit & Risk Committee (minute 42.4.1)

The Committee at its last meeting agreed that there was a need for a qualified accountant to be identified to provide independent assurance to the Accounting Officer. The Principal informed the Committee that a potential individual had been identified and the Chair advised that the matter should be referred to the Resources Committee. Members were agreeable and indicated their support. **The Committee noted that it would be necessary for the Resources Committee (25 January 2016) to consider the appointment and forward a recommendation to the Governing Body (27 January 2016).**

44.4.2 Risk Register Workshop (minute 42.7)

The Committee noted that the College was planning to organise a half-day Risk Register Workshop in late January/early February for the Senior Leadership Team, Heads and Assistant Heads of Department with a view to aligning the College's new Corporate Risk Register with the Strategic Improvement Plan.

Ms Patton confirmed that the Internal Auditors had investigated and had achieved identified days within the Audit Plan, which would be devoted to the Risk Register Workshop (see minute 44.9).

44.4.3 Any Other Matters Arising

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

44.5 Chair's Communications

The Chair reminded Governors that the Department had organised a half-day training event on audit committees at SWC, Dungannon Campus, on Thursday 21 January 2016. Expressions of interest have been received from Dr Lennox, Mrs Eve, Ms Reilly and Councillor Brown.

44.6 Correspondence

a) Governor Remuneration (Circular FE13/15 dated 18 December 2015). The Committee noted that Chairs will be remunerated at a rate of £20,000 per year and Governors will receive remuneration at the following rates: £250 for a Governing Body meeting and £150 for a committee meeting or an event sanctioned by the Chair. The Committee noted that it would be necessary for Governors to submit a pro forma each month detailing their attendance at meetings and events to the Secretary and the Chief Operating Officer for authorisation (see pro forma attached as Annex 1). Mr Andrews explained that there would be a cap of £3,500 on remuneration per Governor in any one academic year. Where Governors are asked to participate in meetings regarding staffing matters remuneration may be granted to Governors, notwithstanding any limit set. It was also noted that the Sector Chairs had agreed that Student Governors should be remunerated by way of an allowance towards course fees and materials. As fees have already been paid for 2015/2016, the Student Governor will be remunerated during 2015/2016 in the same manner as other Governors. It was noted that Colleges are also giving consideration to a pension scheme for Governors. Mr Andrews advised the Committee that DEL was preparing new Terms and Conditions for Governors, which would take remuneration into consideration.

b) Finance Notice 02/16 – Response to PAC Recommendations on the Use of Confidentiality Agreements. The PAC has recommended that confidentiality agreements should not be used except in exceptional circumstances

44.7 Risk Register for Change Programme

Mr Higgins informed the Committee that the revised Risk Register details the key risks facing the achievement of the outcomes within the NRC Change Programme. It is aligned to the College's agreed risk management process and 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. Two aspects of each risk have been examined: the likelihood of the risk materialising; and the impact of the risk should it arise. The Principal assured the Committee that the change programme was progressing satisfactorily and was on target.

The Committee agreed that the Chief Operating Officer should arrange for Heads of Departments/Schools to give presentations at forthcoming Audit & Risk Committee meetings in relation to their Departmental/School Risk Registers.

44.8 FE College Health Check Report Issue 3 2014/2015

The Committee received the FE College Health Check Report, which is based on the draft accounts for the year ended 31 July 2015 and includes figures from the final FLU lift for 2014/2015. The Committee noted:

a) Comparative performance information. The College's staffing ratios are within the DEL suggested range although they are higher than the sector average.

b) Good practice in relation to Whistleblowing and Risk Management. It was noted that NRC's Risk Management Policy is fully compliant with DFP guidance. Mr Andrews mentioned the Health Check Report had highlighted a number of elements of good practice, which the College may wish to adopt.

c) Performance against CDP FLU targets. The College has under-delivered against FLU targets in relation to FE, HE and ES provision; this is in common with all other Colleges in the Sector during 2014/2015. The Principal informed the Committee that the College was on target for 2015/2016.

d) ETI Inspection & Audit Reports. The College has received an overall ETI grade of satisfactory after a follow-up inspection of WBL. Details of Internal Audit Reports have been provided for the Sector; NRC has received satisfactory grades. The Chair stated that the aim was to upgrade the overall assurance rating.

44.9 Progress Against Internal Audit Plan

The Committee received a Progress Report providing details of the status of the programme of work detailed in the Annual Plan for 2015/2016. It was noted that the Plan is on schedule: a review of Procurement is being presented at this meeting; and reviews of IT General Controls, Complaints Handling and Human Resources are scheduled for the next meeting in April 2016. Ms Patton informed the Committee that she had investigated the possibility of allocating days within the Audit Plan, which could be devoted to the Risk Register Workshop. She advised that six days had been assigned to Value for Money and suggested that 3.75 days should be devoted to the Risk Register Workshop and the remainder be held in Reserve. She stated that the Internal Auditors could reinstate Value for Money in the 2016/2017 Audit Plan as the VFM study will have no impact on assurance opinion. The Chief Operating Officer said that he was content with the suggestion as Risk Management was of a higher priority than Value for Money at present. **The Committee agreed that 3.75 days be assigned to the Risk Register Workshop.**

44.10 Internal Audit Review of Procurement

The Committee received the Review of Procurement Report detailing the findings of KPMG's internal audit review of systems and controls at NRC relating to Procurement Processes. The Internal Auditors have issued a '**Satisfactory**' assurance with one Priority 2 recommendation relating to the review of cumulative contract spend and one Priority 3 relating to compliance with procurement control limits. The Chief Operating Officer stated that the College had accepted and implemented the Internal Audit recommendations.

44.11 Progress Against Outstanding Audit Recommendations

The Committee received a Progress Report, as at 13 January 2016, against outstanding audit recommendations:

- a) KPMG Follow-Up Report 2014/2015. Three of the 4 recommendations have been implemented and one is not yet due;
- b) Report To Those Charged With Governance (RTTCWG 2014/2015). All of the 3 recommendations are not yet due; and
- c) KPMG 2015/2016. Five recommendations have been made; three have been implemented, one is not yet due and one recommendation has not been accepted.

44.12 Direct Award Contracts

There were no Direct Award contracts to report in November 2015.

44.13 Statement of Recommended Practice (SORP) Working Group

It was noted that Colleges of Further and Higher Education in Northern Ireland are public benefit entities and as such are required to apply FRS 102 for accounting periods beginning on or after 1 January 2015. The financial statements of Colleges of Further and Higher Education are prepared in accordance with the SORP: Accounting for Further and Higher Education. It was noted that NIFON had established a SORP Working Party to take account of the requirements of FRS 102 and in particular IFRS. A revised SORP was issued on 26 March 2014.

Following the successful implementation of Phase 1 of the new SORP Project, NIFON has agreed that the Working Group should continue to assist in progressing a number of areas of work in the run up to full implementation.

It was also noted that NIFON is continuing to provide guidance on the accounting treatment of jointly controlled assets

44.14 Any Other Notified Business

44.14.1 Audit Code

Mr Andrews informed the Committee that the Department would be issuing a new Audit Code in the near future

44.15 Next Meeting

The Chair reminded Members that the next meeting is scheduled for Wednesday 6 April 2016 at the Farm Lodge Ballymena Campus at 5.30 pm

RESERVED BUSINESS

44.16 Minutes of the Last Meetings

The Committee approved the reserved minutes of the last meetings of the Audit Committee held on 18 and 25 November 2015.

44.17 Matters Arising

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

44.18 Any Other Notified Reserved Business

As there was no other notified reserved business the meeting concluded at 7.00 pm

D Lennox Chair _____ **Date** _____

JA Hunter Secretary _____

ANNEX 1

PRO FORMA - REMUNERATION GOVERNORS

Name (in BLOCKS) _____ Signature _____

Category of Membership _____ Month of Payment _____

It is certified that I attended the meetings/events indicated below, which were quorate and lasted a minimum of one hour.

Core Activities

Committee/ Event	Date	Remuneration for Office use
Governing Body		
Audit & Risk		
Education		
Resources		
Strategic Improvement		
Induction/training		
Departmental Events		
Other Events authorised by Chair		
Sub -Total		

Additional Activities

Activity	Date	Remuneration for Office use
Appointment Panels		
Staff Discipline Inc Tribunals		
Sub-Total		
Overall Total		

Travelling Expenses

Committee Meetings/Other Events	Date	Travelling Expenses		Remuneration
		Return mileage if private vehicle used	Fares if public transport used	

To be submitted to the Secretary of the Governing Body by the 7th day after the end of the month

J Hunter, Secretary to Governing Body _____

M Higgins, Chief Operating Officer _____ Date _____