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**DRAFT MINUTES OF THE THIRTY NINTH MEETING OF THE AUDIT & RISK COMMITTEE OF THE GOVERNING BODY OF THE NORTH WEST REGIONAL COLLEGE HELD IN THE STAFF DEVELOPMENT ROOM, TOWER BUILDING, STRAND ROAD ON WEDNESDAY 14 SEPTEMBER 2016 AT 1600.**

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**PRESENT:**

Mr S Atcheson (Chair)  
Mrs R Dougherty  
Mr P Laughlin

**IN ATTENDANCE;**

Mr L Murphy (Principal & Chief Executive)  
Mr P McKeown (Director of Finance & Economic Engagement)  
Ms E Patton (Internal Auditor, KPMG)  
Mr John Poole (Internal Auditor, KPMG)  
Ms C O'Hagan (NIAO)  
Mr W Smyth (DfE) from 1620  
Miss P Morrison (Quality Manager) until 1620  
Mrs E Doherty (Governance Secretary)

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The Chair welcomed everyone to the meeting.

**PRESENTATION;**

The Chair welcomed Miss Morrison, Quality Manager to the meeting. Miss Morrison advised members that the Complaints and Compliments Policy was a Sector Wide Policy and had been amended to meet the requirements of the Department for the Economy (DfE) and the Northern Ireland Public Services Ombudsman (NIPSO).

Miss Morrison with the aid of a PowerPoint presentation brought members through a summary of the new Policy. The new Policy allows for compliments to be also reported on, positive comments are passed on to the relevant staff members.

Miss Morrison provided detail on the timeframes and the appeals process. It was noted that the right to appeal to the NIPSO will normally take place after it has been managed in accordance with the College's Customer Complaints Policy. The Quality Manager reported that awareness sessions will be held with staff once the Policy has been approved by the Governing Body. (Ref: AC 39.8)

Miss Morrison took questions from members. The Chair thanked the Quality Manager for her presentation.

*Miss Morrison left the meeting at this juncture.*

**39.1 APOLOGIES**

Apologies were received from Mr G Killeen and Mrs C McFarland.

**39.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS**

There was no conflict of interest declarations/no declarations of any other business.

**39.3 MINUTES OF THE MEETING HELD ON 22 JUNE 2016****➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Meeting held on 22 June 2016

The minutes were taken as read and agreed were an accurate record of the meeting.

**PROPOSED:** Mr P Laughlin

**SECONDED:** Mr S Atcheson

**38.3.1 MATTERS ARISING – meeting on 22 June 2016****38.6 Internal Audit**

Draft Internal Audit Strategy 2015/16 – 2017-18, Annual Plan (2016/17) and Charter – It was agreed the Internal Auditor amend the paper.

**Action;** Amended paper on Agenda today, item AC39.6, Report 1

**39.3.2 Minutes of the Reserved Business Meeting held on 22 June 2016**

The Chair indicated he would take this item at the end of the meeting.

**39.4 CHAIR'S BUSINESS****➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Paper AC 39.4	Report 1	Summary of Main Changes to the Audit Code
	Report 2	Audit Code, August 2016
	Report 3	Summary of Changes Made to the Committee's Terms of Reference
	Report 4	Review of Committee's Terms of Reference

**Membership**

The Chair wished to advise members that the Department had notified the College that he was ineligible to continue as Chair to the Committee. He had been co-opted onto the Board, however, the Audit Chair must be appointed under a public recruitment competition. (Ref Para 39, 1997 Order). The Department had sought legal advice on the matter and the issue had to be rectified.

The Chair stated he was disappointed that he could not continue as Chair of the Committee and reluctantly would have to stand down. He advised a new Chair will be appointed under AOB. He added he will continue to remain a member of the Committee.

The Chair then referred to Report 1, Summary of Main Changes to the Audit Code, which included the item just reported on; the Chair of the Audit & Risk Committee, the Code has been amended to clarify the issue;

*In line with Part (IV) of the Articles of Government, Chapter 6 has been updated to clarify that the Chair of the Audit Committee must be appointed from the Business, Industry or Professional classification of governor only. (Ref AC 39.4, Report 1 Bullet no 6)*

Members noted the Report with amendments.

Following on, the College's Terms of Reference were due for review and the Chair brought members through some minor amendments. An amendment was proposed under item 4 to also clarify the classification of the Chair to the Committee. The Committee's Terms of Reference were recommended to the Governing Body for approval.

**AGREED ACTION;**

**With the proposed amendments it was agreed to recommend approval of the Committee's Terms of Reference to the Governing Body.**

**PROPOSED;** Mr P Laughlin

**SECONDED:** Mrs R Dougherty

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**39.5 MANAGEMENT REPORT – MR P MCKEOWN, DIRECTOR OF FINANCE & ECONOMIC ENGAGEMENT****➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Paper AC 39.5	Management Report
Report 2	Single Tender Actions
Report 3	Gifts and Hospitality Policy – Letter from DfE
Report 3.1	Gifts Policy
Report 4	Anti-Fraud Policy & Response Plan Letter from the Department
Report 4.1	Fraud Policy
Report 4.1.1	Fraud Policy with tracked changes
Report 5	Customer Complaints & Compliments Policy May 2016

The Chair invited the Director to present his report to the Committee.

The Director reported the 30 day Prompt Payment for June 2016 was 96% and July 94%. The overall figure for the year ended 31 July 2016 was 93%. There were no Single Tender Actions to report.

The Director reported that the Department (DfE) had assessed the College's Gifts and Hospitality Policy and to ensure full compliance with DoF guidance the Department had requested the policy be updated. Members were content with the Department's recommended changes to the Policy. The Director agreed to amend the Policy accordingly, to forward to the Department and bring the amended Policy back to the Committee at a later stage.

**AGREED ACTION; Amended Policy to come back through the Committee for approval.**

The Director reported that the Department (DfE) had also assessed the College's Anti-Fraud Policy and Fraud Response Plan and to ensure full compliance with the Department of Finance and Personnel (DFP) guidance, the Department (DfE) had requested the Policy be updated with further changes. The Director referred members to the Report 4.1.1 which included the Policy with the tracked changes.

**AGREED ACTION;**

**With the proposed amendments, it was agreed to recommend approval of the Anti-Fraud Policy & Response Plan to the Governing Body.**

**PROPOSED;** Mr P Laughlin

**SECONDED;** Mrs R Dougherty

The Director referred to the Customer Complaints & Compliments Policy which had been discussed at length at the start of the meeting. Members were content to recommend approval of the Policy to the Governing Body.

**AGREED ACTION;**

**To recommend approval of the Customer Complaints and Compliments Policy to the Governing Body.**

**PROPOSED;** Mrs R Dougherty

**SECONDED;** Mr P Laughlin

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The Chair thanked Mr McKeown for his report.

### 39.6 INTERNAL AUDIT:

#### ➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Paper AC 39.6	Report 1	Final Internal Audit Strategy 2015/16 – 2017/18, Annual Plan 2016/17 & Charter
	Report 2	Year End Report against Audit Plan 2015/16

Mr John Poole, Head of Audit, KPMG introduced himself to the Committee. He indicated he would take Report 2 first, the Year End Report against Audit Plan for 2015/16. There were no recommendations brought forward from prior-year reviews. There were six recommendations raised in 2015/16. Four of the six recommendations have now been addressed, leaving two issues remaining.

The Internal Auditor was pleased to report that based on the Internal Audit work which was performed during 2015/16 a 'Substantial' level of assurance had been awarded.

The Internal Auditor then proceeded to summarise the plan of work which took place during 2015/16. He reported that KPMG's policy has been to report actual days at the lower of days incurred and budgeted days per review. For 2016/17, reporting actual days incurred should these exceed budgeted days will be reported to facilitate better understanding of the actual time incurred where reviews are more complex than anticipated.

Ms E Patton, Internal Auditor then referred to the Draft Internal Audit Strategy 2015/16-2017/18, Annual Plan 2016/17 & Charter. This report was brought to the Committee in June, amendments were proposed and have now been made.

The Auditor referred to Appendix 6, Prioritisations and Internal Audit Opinion and highlighted that the definitions of priorities and opinions have changed in line with DAO (DoF)07/16. These changes will be effective from 2016/17.

Members discussed the changes and considered the removal of the 'Substantial' grading to be replaced with 'Satisfactory' as a negative one.

#### **Members were content to recommend approval of the Draft Internal Audit Strategy 2015/16 - 2017/18, Annual Plan & Charter.**

**PROPOSED;** Mrs R Dougherty

**SECONDED;** Mr P Laughlin

**AGREED ACTION; THE Chair requested the Secretary to send out the DAO(DoF) 07/16 to members.**

The Chair thanked Ms Patton for her report.

### 39.7 DRAFT REPORT & ACCOUNTS YEAR END 31 JULY 2016

#### ➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Paper AC 39.7	Draft Report & Accounts Year End 31 July 2016
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The Director indicated that the Report and Accounts were in draft and will be submitted to the Department. He indicated that Governor Remuneration payments will be replaced into bands of allowances.

The Director confirmed that the financial statements have been prepared in accordance with

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The Financial Reporting Standards (FRS 102). This is the first year that the accounts have been prepared under the 2015 SORP and FRS 102. The NIAO have commenced the Audit of the financial statements this week.

The Director highlighted the reported deficit for year end 2016, of £1,346K will be updated to deficit £1,378K.

A question and answer session followed. It was recommended that a footnote be inserted into the Report with a narrative explaining the new changes to the accounts.

**AGREED ACTIONS;**

- **The Director to draft a footnote to the accounts with explanation of the changes discussed.**
- **The Annual Report and Accounts to be placed on the next Committee Agenda.**

**39.8 CORRESPONDENCE**

The Chair indicated that correspondence received will be taken under Reserved Business.

**39.9 AOB**

As reported under Chair's Business the Chair wished to discuss the appointment of a new Chair. The Chair nominated Mr Paul Laughlin as the incoming Chair, Mrs R Dougherty seconded the proposal. The Chair wished to nominate Mrs Roslyn Dougherty as Vice chair, Mr Paul Laughlin seconded the proposal.

The Principal wished to take the opportunity to thank the current Chair for his contribution and commitment to the Audit Committee.

The Chair thanked everyone for attending and closed this part of the meeting at 1700hrs.

**DATE OF NEXT MEETING** – Wednesday 16 November 2016 (since amended to 21 November 2016)

*Ms E Patton, Ms C O'Hagan and Mr W Smyth left the meeting at this juncture.*

The meeting went into private session.

Signed \_\_\_\_\_ Vice Chair  
Mrs R Dougherty

**Date 21 November 2016**