
MINUTES OF THE FORTY EIGHTH MEETING OF THE AUDIT & RISK COMMITTEE OF THE GOVERNING BODY OF THE NORTH WEST REGIONAL COLLEGE HELD IN THE BOARDROOM, NORTHLAND BUILDING, STRAND ROAD CAMPUS ON TUESDAY 6 NOVEMBER 2018 AT 1700.

PRESENT:

Mr P Laughlin (Chair)
Mr S Atcheson
Dr N Hand
Mr G Killeen (from 1706)
Mr L Murphy (Principal & Chief Executive)
Dr M O'Neill

IN ATTENDANCE;

Mr P McKeown (Director of Finance & Economic Engagement)
Mr D Campbell (NIAO)
Mr D Conliffe (DfE) – via video conference
Mr A McKibbin (Internal Auditor, Grant Thornton)
Mrs É Doherty (Governance Secretary)

The meeting was quorate and the Chair declared the meeting open. He welcomed everyone present and welcomed Mr D Conliffe (DfE) who was joining the meeting via video conference.

48.1 WELCOME & APOLOGIES

Apologies were received from Mrs C McFarland, Mrs R Dougherty and apologies were tendered on behalf of Mr B O'Neill (NIAO) and Mr T Wilkinson (NIAO).

48.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

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

48.3 MINUTES OF THE MEETING HELD ON 17 SEPTEMBER 2018➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 17 September 2018

The Minutes were taken as read and agreed as a true and accurate record of the meeting.

PROPOSED: Mr G Killeen

SECONDED: Dr M O'Neill

48.3.1 MATTERS ARISING – September 2018 Committee Meeting

47.4 Chair's Business – To recommend the Committee's Terms of Reference to the Governing Body.

Update: Terms of Reference approved at the Governing Body meeting held on 26 September 2018.

47.6 Internal Audit – KPIs – amendment suggested to KPI, - all final audit reports presented to the Audit & Risk Committee to include a reporting deadline.

Update: Amended Audit Plan received 02 November 2018

To recommend to the Governing Body the revised Internal Audit Strategy 2017/18 – 2019/20 and Annual Plan 2018/19

Update: Approved at the Governing Body meeting held on 26 September 2018

47.8 Any Other Business – to invite the IT Services Manager to the next Governing Body Meeting to assist with installing the Eduroam network on Governors' devices.

Update: actioned

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

Report 1 Audit & Risk Committee Annual Report to the Governing Body 2017/18

The Chair brought members through the report which included details on membership of the Committee for the year 2017-18, attendance records, Terms of Reference that were last approved by the Governing Body on 26 September 2018, reporting procedures, the work of the internal/external auditors and listed the Audit & Risk Committee's opinion on the Financial Statements.

Members agreed to recommend to the Governing Body acceptance of the Committee's Report

PROPOSED: Dr M O' Neill

SECONDED; Dr N Hand

The Chair invited Mr P McKeown, Director of Finance & Economic Engagement to present his report to members.

48.5 MANAGEMENT REPORT, Mr P McKeown, Director of Finance & Economic Engagement**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 - Risk Management Group Report 1, 2018/19

Report 2 - Annual Report & Financial Statements to 31 July 2018

Report 3 - Direct Award Contract Report

Report 4 - Student Council Report & Financial Statements to 31 July 2018

Report 5 - Prompt Payment – verbal

The Director reported on the adjustments to the College Risk Register since the Report was last presented to the Committee in April 2018.

Risk 1 – Data Integrity of Combined Systems - the Director reported that this risk had been removed from the Risk Register. Members discussed this matter and considered it worthwhile that this risk be kept under review.

Risk 3 – Work Based Learning – the title of this risk had been changed to, 'Compliance with Work Based Learning Regulations and Procedures'. The scoring was increased from 2 to 6. (high risk). In summary, the Risk Identification Register currently has 4 high risks. Two of these risks; 'Impact of reduced enrolment numbers' and 'Failure to maintain financial stability' were both linked.

In relation to Risk 8, a high risk, 'Risk of CPD and PD processes' the Director stated the Internal Auditor would refer to this item later into the meeting (item 48.6).

In reference to outstanding matters from Internal Audit Recommendations (KPMG) 2016/17 the one issue previously outstanding is now complete. There were no issues outstanding from the Internal Audit Recommendations (Grant Thornton) for 2017/18.

The Annual Health and Safety Audit 2018 reported 105 accident/incidents. This was a significant increase on the previous year (2016/17 – 83). The College was required to report just three accidents under RIDDOR. Continued investment has taken place in the Estate Improvement Programme which has had a positive impact on Health & Safety in terms of the building fabric and also operationally.

The Director stated that a potential risk for the College and Sector is the outstanding pay rises for lecturers/senior staff from 2015-2018 and the affordability of this.

Annual Report & Financial Statements to 31 July 2018 – The Director reported that since the Draft Financial Statements were presented to the Committee in September 2018 one adjustment was required. This relates to the release of an accrual for pay increases for lecturer/senior staff for the years 2015/16, 2016/17 and 2017/18. The Department provided an instruction to remove the accrual from the accounts (£309K). This was a purely an accounting exercise and has no impact on any pay rise negotiations. The Internal Auditor indicated this was noted in the Financial Statements as a Contingent Liability Note.

Before requesting approval of the Financial Statements the Chair invited the External Auditor to report on item 48.7.

48.7 EXTERNAL AUDIT

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Report 1 - Draft Report to Those Charged with Governance 2017/18

The External Auditor wished to thank the Director of Finance and his staff for their assistance during the audit process. He indicated that it was proposed that the Comptroller and Auditor General (C&AG) will certify the 2017-18 Financial Statements with an unqualified audit opinion, without modification. During the audit there were no priority one recommendations in relation to regularity and the internal control environment.

One risk factor in relation to potential funding pressures was identified. It was reported that the College has robust processes in place for the production of the accounts.

The External Auditor also referred to the one adjustment that was required to the Financial Statements presented to the Committee in September 2018 to remove a pay accrual (£309K). An unadjusted misstatement was also noted exceeding the £15K threshold. The adjustment does not need to be made as it did not impact on the materiality level. Members were content with this approach.

Members recommended approval to the Governing Body of the Annual Report & Financial Statements Year End 31 July 2018.

PROPOSED; Dr M O'Neill

SECONDED; Mr G Killeen

One Direct Award Contract was awarded which had been approved by CPD and the Principal.

Student Council Report and Financial Statements – year ended 31 July 2018 – the accounts were presented to members.

It was agreed to recommend approval to the Governing Body of the Student Council Report & Financial Statements – year ended 31 July 2018.

PROPOSED; Dr M O'Neill

SECONDED; Mr G Killeen

Prompt payment details for the 30 days to 31 October 2018 was 96% and for the year to date was 96%.

The Chair then returned to item 48.6 on the Agenda.

48.6 INTERNAL AUDIT

➤ **PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1 - Annual Audit Plan 2018/19

Report 2 - Sector Wide Review – Use of Properties Division FE Colleges

The Internal Auditor referred to Report 2, the Sector Wide Review – Use of Properties Division. This review was completed as an advisory review, with no assurance rating or recommendation provided. Overall there was an effective system in place within the Colleges in respect of Estates Management, however a number of issues had been identified in all Colleges in respect of the Properties Division contract. Some of these issues were quite substantial.

In reference to the Annual Audit Plan 2018/19 the Timetable was now complete with the first review on Estates Management already commenced. All reviews will be complete and reported to the Committee by June 2019. Members were content with the Timetable.

48.7 EXTERNAL AUDIT – already reported on

48.8 CORRESPONDENCE

Correspondence was received from the NIAO addressed to the Principal on 1 November 2018 in respect to the contracting out of the external audit services. The audit for the College for the period 2018-19 to 2023-24 will be sublet. Members asked the External Audit questions on this issue and it was confirmed that the NIAO would still manage the contract.

48.9 ANY OTHER BUSINESS

The Chair stated that this was Mr S Atcheson's last attendance at a Committee meeting due to the forthcoming end of his term of office as an Education Authority (EA) nominee Governor. The Chair wished to thank Mr Atcheson for his support to him personally and for his contribution to the Committee over the preceding four years.

DATE OF NEXT MEETING – 19 February 2019

The Chair thanked everyone for their attendance and closed the meeting at 1801.

Signed: _____ Chair
Mr P Laughlin

Date: 19 February 2019