

MINUTES OF THE SEVENTIETH MEETING OF THE AUDIT & RISK COMMITTEE HELD VIA MICROSOFT TEAMS COMMENCING 11:30

PRESENT:

Mrs C Shongo, Committee Chair (until item 70.11)
Ms M Breslin
Mrs M Gormley, Vice Chair
Mrs S McMahon
Mr F Smyth (left during item 70.4/Reports 1)
Ms V Toland

ATTENDEES:

Mr L Murphy, Principal & Chief Executive (left during item 70.4/Reports 1)
Mr P McKeown, Finance Director
Ms S McSorley, Head of Finance
Mr I McCartney, Internal Auditor, RSM (until item 70.11)
Mr J Lavery, DfE (from 12:14 until item 70.11)
Ms L Murphy, NIAO (until item 70.11)
Mrs É Doherty, Secretary to the Governing Body

70.1 WELCOME & APOLOGIES

The Committee Chair welcomed everyone to the meeting and noted Ms S McSorley who had recently joined the College as Head of Finance and Mr J Lavery, Departmental representative (DfE) who were joining their first Committee meeting.
Apologies were received from Mr B O'Neill, NIAO.

70.2 CONFLICT OF INTEREST DECLARATIONS/DECLARATIONS OF ANY OTHER BUSINESS

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

70.3 DRAFT MINUTES OF THE COMMITTEE MEETING HELD ON 27 FEBRUARY 2024**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Draft Minutes of the Committee Meeting held on 27 February 2024

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

PROPOSED, Mr F Smyth

SECONDED, Ms M Breslin

Report 1 MATTERS ARISING – February 2024 Committee Meeting

69.6 The Internal Auditor will provide a report on the FE Sector benchmarking of Internal Audit findings for 2022/23 at the September 2024 Committee meeting.

- The Internal Auditor will provide a verbal update at this meeting under Agenda item 70.6 in respect to the comparative levels of governance in other sectors.

69.9 The Finance Director will provide further details at this meeting on the Corporate Risks during his report (Agenda item 70.5).

70.4 COMMITTEE CHAIR'S BUSINESS, Mrs C Shongo**➤ PREVIOUSLY ISSUED TO ALL MEMBERS**

Report 1.1 Self-Assessment Exercise Analyser – link

Report 1.2 Summary Report – Responses Receiving Scoring of 1

Report 1.3 Comments Received

Report 2 College Risk Assessment & Engagement Plan Correspondence

Report 2.1 Risk Assessment May 2024

The Committee Chair advised members that she would defer the Self-Assessment Reports to the end of the meeting and invited the Finance Director to present Reports 2 and 2.1.

The Finance Director reported the College Risk Assessment for 2024 and Engagement Plan for 2024/25 is required with the Department (DfE) on 21 May 2024. In developing this plan, the Department (DfE) have initially completed the College Risk Assessment (Report 2.1) and agreed a 'low' risk profile with a number of further improvements actions noted at Section 3.

The Finance Director brought members through the document highlighting the changes to the Risk Assessment from 2023. Referring to item 1.6, 'Corporate, Business Planning and Organisation Performance' relating to assurance on College data, the Department (DfE) have suggested a change to the scoring from 6 - 3 with an independent internal audit review to take place. It was noted that historically this piece of work was undertaken by the Department (DfE). The Principal added that this matter will be discussed at the next Principals' Group meeting.

In terms of Section 2, item 2.4 of the 'Board and Executive Management', the Department (DfE) was suggesting a reduction in scoring from 6 – 5. This relates to an external Board effectiveness review. The Governing Body Secretary reported that following the implementation of the Partnership Agreement the College has to arrange for an external review on Board effectiveness by the end of the year. The Principal noted that the Governing Body Chairs are in discussion with the

Department (DfE) on the short timeline for Colleges to have this review completed.

In relation to Section 6, 'Review, Monitoring and Risk Management' item 6.3, in relation to reviews. The Finance Director reported that he considers reference to the Tribal exercise 2022/23 should remain within this section.

70.5 MANAGEMENT REPORT, Mr P McKeown, Finance Director

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

Report 1 Report to the Audit & Risk Committee

The Finance Director and the Principal reported in detail on all the corporate risks taking comments and questions from Governors. Two additional risks have been added to the Corporate Risk Register resulting in twelve risks in total.

One of the new risks identified is titled, Risk COR0013 – Inefficient and inappropriate use of Artificial Intelligence (AI). This risk has been scored as high. This new risk has been added due to the widespread recognition of Generative Artificial Intelligence (AI) across departments within the College. This developing issue is having a significant impact on several aspects of the education sector. While there is potential efficiency gains associated with AI use, it is important to acknowledge the need for support to influence these opportunities while safeguarding the College from potential misuse.

NWRC is actively addressing this risk internally, and similar efforts are underway across the FE sector to mitigate the associated challenges.

The request from the Committee was for a contact lead and framework from the Department (DfE) on AI. Mr J Lavery (DfE) reported that he would hope the Department (DfE) will provide guidance to the College on this matter.

The other new risk identified is titled, Risk COR0014 – Lack of resources and funding to progress the Sustainably/ESG agenda. This risk has been scored as high. This refers to the risk of inadequate funding and resources to progress the ESG/Sustainability agenda.

DAERA has recently written to the College outlining the requirement to report under the new legislative requirements Climate Change (Reporting Bodies) Regulations (NI) 2024. The regulations outline a Climate Change Reporting Framework for Public Bodies This requires the College to create climate change adaption reports and climate change mitigation reports. The first report must be prepared and sent to the Department (DfE) not later than 31 October 2025.

The Committee noted the need for clear strategy direction from the Department (DfE) on this these issues. Mr J Lavery acknowledged this request.

Following on the Finance Director updated the Committee on the Strabane Town Centre Regeneration Project (new Strabane Campus) and the Causeway Growth Deal, Foodovation Project.

The Holiday Pay Business Case is still in preparation. The HR Working Group have received updated legal advice. The Finance Director reported this may become a risk if it is not resolved soon.

In concluding the risk conversation, the Finance Director highlighted that Curriculum has identified an issue which potentially will have an impact and is likely to occur within the next two years. This relates to the withdrawal of Awarding Organisations from Northern Ireland.

The Head of Finance updated the Committee on the 2023/24 Internal Audit recommendations and updates. The Prompt Payment figures for 30 days to 30 April 2024 was 96% and the year to date was 96%.

The Finance Director reported that the sector is progressing the purchase of full insurance cover for 2024/25. The addendum to the 2021 approved Business Case is currently being prepared. A project team is being developed to progress the Business Case to review options (including self-insurance) from 2025/26.

In concluding his report, the Finance Director reported that the DfE Year End Assurance Statement for 2023/24 was submitted to DfE in April 2024. One area was identified as being in progress – Cyber Essential Accreditation and two areas were identified as areas of concern, the impact of industrial action and uncertainty relating to the 2024/25 budget landscape.

The Committee Chair then invited Mr McCartney to present the Internal Audit Report to the Committee.

70.6 INTERNAL AUDIT – Mr I McCartney, RSM

➤ PREVIOUSLY ISSUED TO ALL MEMBERS

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| Report 1 | Internal Audit Progress Report – May 2024 |
| Report 2 | Internal Audit Review – IT Security Controls |
| Report 3 | Internal Audit Review – Health & Safety – verbal report |
| Report 4 | Internal Audit Review – Part-time Lecturer Payments |
| Report 5 | RSM Global Internal Audit Standards Quality Assurance & Improvement Programme, March 2024 |
| Report 6 | Governance in Other Sectors – verbal update |

Report 1 Internal Audit Progress Report – May 2024

The Internal Auditor reported that two reports have been provided to the Committee. The Health and Safety Review is not complete and will be available for the next Committee meeting.

Report 2 Internal Audit Review – IT Security Controls

The Review received a satisfactory assurance rating with three medium priority and two low priority findings.

Report 4 Internal Audit Review – Part-time Lecturer Payments

The Review received a satisfactory rating with one low priority finding.

Report 6 Governance in Other Sectors – verbal Update

Returning to item 69.6, the Internal Auditor reported that currently there is more oversight on governance from the Sponsor Bodies in N Ireland compared to other Colleges in the UK. However, regulations in the UK will be changing shortly in line with the College Financial Handbook.

The Committee Chair thanked Mr McCartney (RSM) and invited Ms L Murphy (NIAO), to report to the Committee.

70.7 EXTERNAL AUDIT – Ms L Murphy, NIAO**➤ PREVIOUSLY ISSUED TO ALL MEMBERS****Report 1 Audit Strategy 2023-24**

The External Auditor brought members through a summary of the Audit Strategy for 2023/24. This included the key messages, materiality thresholds, presumed significant audit risks. The actions required of the Audit & Risk Committee were highlighted. The Audit Fee is estimated at £40K. The Principal and Finance Director noted their concern on the increase to the fees on the previous year (£34K). The External Auditor advised that NIAO will not charge the College for the work required on behalf of the Department (DfE) on the Accounts as of 31 March 2024 and provided explanation on the increase in fees. The fee will be reviewed once the audit has been completed.

The Committee Chair thanked Ms Murphy for her report.

70.8 SCHEDULE OF COMMITTEE MEETINGS 2024/25**➤ PREVIOUSLY ISSUED TO ALL MEMBERS****Report 1 Schedule of Committee Meetings 2024/25.**

Members noted the schedule.

Mr J Lavery was readmitted to the meeting following a short absence.

70.9 CORRESPONDENCE**➤ PREVIOUSLY ISSUED TO ALL MEMBERS****Report 70.9 DfE Responses to NIFON**

The Finance Director referred to the correspondence received in respect to the Colleges' financial year end date considerations. The Department (DfE) recommends that the colleges should take forward two options for final consideration and provide a recommendation to the Department (DfE) on the preferred option.

The two options are:

- Maintain colleges' Accounts Year End at 31 July or
- Change the colleges' Accounts Year End to 31 March

An unanimous recommendation from the Chair & Principal's Group is to be submitted to the Department (DfE).

70.10 ANY OTHER BUSINESS

The Committee Chair wished to thank Ms M Breslin, Staff Representative on the Board whose term of office completes shortly. Ms Breslin acknowledged the Chair's comments and in turn thanked the Committee and Leadership Team.

Mr I McCartney, Ms L Murphy and Mr J Lavery left the meeting at this juncture.

The Committee Chair advised she had to leave the meeting at this juncture and invited Mrs M Gormley, Vice Chair to take over the role as Chair.

70.11 RESERVED BUSINESS – taken separately.

Following the Reserved Business meeting the Vice Chair returned to agenda item 70.4.

70.4 COMMITTEE CHAIR'S BUSINESS**➤ PREVIOUSLY ISSUED TO ALL MEMBERS****Report 1.1 Self-Assessment Exercise Analyser – link****Report 1.2 Summary Report – Responses Receiving Scoring of 1****Report 1.3 Comments Received**

The Governing Body Secretary referred to Report 1.2 and noted that six responses were received from Audit & Risk Committee members. There were five areas of the Assessment that scored 1, 'room for improvement'. The Vice Chair brought members through the report, few actions were noted and an Action Plan will be drawn up.

The positive comments were noted in Report 1.3 and the Finance Director stated he would be happy to share these comments with the Finance Team.

Mr F Smyth left the meeting during this item.

The Committee Chair thanked everyone and the meeting ended at 13:58.

DATE OF NEXT MEETING: 10 September 2024

Signed: Charlene Shongo
Mrs C Shongo, Committee Chair

Date: 10 September 2024

APPROVED

Appendix 1

SUMMARY OF AGREED ACTIONS FROM THE MAY 2024 COMMITTEE MEETING

NO	MINUTE REF	REPORT	ACTION	OWNER
1	69.6	Matters Arising	Internal Auditor to provide a report on the FE Sector benchmarking of Internal Audit findings for 2022/23 at the September 2024 meeting.	I McC/ED
2	70.4 R2	College Risk Assessment & Engagement Plan Correspondence	Update to Committee at next meeting	P McK/ED
3	70.5	Management Report	The request from the Committee was for a contact lead and framework from the Department (DfE) on AI. Mr J Lavery (DfE) reported that he would hope the Department (DfE) will provide guidance to the College on this matter.	JL/ED
4	70.9	Correspondence	Financial Year End – update to Committee	P McK/ED