

**Belfast Metropolitan College Audit and Risk Committee 3.00pm Tuesday 15 June 2021 via Microsoft Teams Minutes FINAL approved 20 September 2021**

**Committee Members:** Sam Snodden (Chair); Kay Collins; Jim McCall; Maureen Walkingshaw.

**Management:** Louise Warde Hunter, Principal & Chief Executive (P&CE); Elaine Hartin, Director of Corporate Services (DCS); Gillian Magee, Director of People, Policy and Planning, (DPPP); Damian Duffy, Director of Development; Laura Allen, Head of Finance (HoF), Lisa McCartney, Head of Corporate Development (HCD).

**Auditors:** Brian O'Neill, Northern Ireland Audit Office; Ian McCartney RSMUK.

**Observer:** David Conliffe, Department for the Economy

**Clerk to the Governing Body:** Gerry Crossan

**AC44 20/21 Quorum, Apologies, Welcome, Conflicts of Interest, Notice of AOB and Leadership Culture**

Chair

**Quorum:** The meeting was quorate under the terms of Paragraph 2.2 of the Terms of Reference for the Audit and Risk Committee V2 11 November 2019 (3 Governors).

**Apologies:** No apologies received as at date of the meeting (14 June 2021).

**Welcome:** No new participants notified as at date of the meeting (14 June 2021).

**Conflicts of Interest:** No **perceived, potential or actual** conflicts of interest under the terms of Paragraph 15.1 of the Belfast Metropolitan College Governing Body Standing Orders dated August 2015 were advised.

**AOB:** No Items of AOB received at date of the meeting (14 June 2021)..

**Leadership Culture:** Chair noted our commitment to:

- i) brave leadership and meaningful dialogue;
- ii) simpler governance; and,
- iii) engaging in the right spirit.

**AC45 20/21 Minutes of the meeting held on 16 March 2021- DRAFT (PROPOSED FINAL)**

The Committee **approved** the Draft (Proposed Final) minutes of the meeting held on 16 March 2021 without amendment.

Agenda Item	
<p>AC46 20/21</p>	<p><b>Matters Arising from the minutes of the meeting held on 16 March 2021</b></p> <p>(a) <u>Request from DfE for audit of COVID 19 payments</u>: Management advised that this was discussed at NIFON but no formal update as yet. IA advised that TOR will be reviewed this week and fieldwork likely to start in late June/early July. DfE confirmed the status of the TOR. Management advised of the reporting and auditing workload of the Finance Team.</p> <p>The Committee expressed its concern about the approach adopted by DfE in the light of Management’s comments on the process, the timing and the pressures on Management. DfE advised that this expenditure is being treated by NIAO as direct DfE expenditure and the audit of it is required as part of the Departmental audit.</p> <p>(b) <u>Part B of ARC Assessment – now completed</u>.</p>
<p>AC47 20/21</p> <p>Chair</p>	<p><b>Governance Guidance and Information</b></p> <p>(a) <b>Publications from the Department of Finance</b></p> <ul style="list-style-type: none"> <li>• Dear Accounting Officer letters (DAOs) 2021 on Apr 02, 2021 12:00 pm</li> <li>• Whole of Government Accounts (WGA) on May 14, 2021 12:00 pm;</li> <li>• Finance Director letters (FDs) 2021 on May 18, 2021 12:00 pm;</li> <li>• Finance Director letters (FDs) 2021 on May 20, 2021 12:00 pm; and,</li> <li>• Finance Director letters (FDs) 2021 on Jun 04, 2021 12:00 pm</li> </ul> <p>The Committee to <b>access</b> the documents on the Department of Finance website, to <b>note</b> the governance guidance and information provided, to <b>note</b> the information provided by Management and to <b>consider</b> the application to the governance and assurance framework in Belfast Metropolitan College.</p>
<p>AC48 20/21</p> <p>Chair</p>	<p><b>Chair’s Business</b></p> <p>(a) <b>ARC TOR V3</b> - Minor amendments to <b>V2</b> Audit and Risk Committee Terms of Reference – to reflect changes roles/titles.</p> <p>Action to include D Duffy in participation.</p> <p>The Committee <b>approved</b> the TOR for noting by the Governing Body.</p>
<p>AC49 20/21</p> <p>DCS</p>	<p><b>Financial Report</b></p> <p>(a) Q3 2020/21 Financial Update - last considered at <b>RC46 20/21 2 June 2021</b>.</p> <p>Management advised the Committee on the following key issues:</p> <ul style="list-style-type: none"> <li>(a) NDPB allocation of £49m including COVID pressures, pay pressures and Student Support payments;</li> <li>(b) Final cash position was just below target of £4.5m but no cause for concern;</li> <li>(c) College outturn deficit likely to be £4.5m, mainly due to pension adjustments;</li> </ul>

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	<p>(d) May 2021 outturn is indicating performance ahead of forecast budget targets for the College and across all budget holders; and,</p> <p>(e) Significant budget pressures for 2021/22 with Resources Committee approval subject to cost reduction – key actions will be bid for MAsN, additional COVID funding obtained by DfE, and firming up on student numbers for 2021/22</p> <p>The Committee <b>noted</b> the information provided by and the action taken by Management.</p>
<p><b>AC50</b> <b>20/21</b></p> <p><b>NIAO</b></p>	<p><b>Northern Ireland Audit Office Business</b></p> <p>(a) P Barr, NIAO to P&amp;CE 18 May 2021 – cover letter (b) Belfast Metropolitan College Audit Strategy 2020/21</p> <p>The NIAO advised the Committee on the following key issues:</p> <p>(a) slight change to materiality and audit fee; (b) independence and use of personal data; (c) methodology for addressing risk of management override of controls, revenue recognition, pension and PFI payments; (d) COVID related risk remains as for 2019/20; (e) remote and online audit will again mean possible delays; (f) cyber risk management will be assessed for potential impact on statements of assurance and control; (g) timetable has been agreed with Management; (h) some changes to the NIAO audit team.</p> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the information provided by the NI Audit Office.</li> <li>• <b>was content</b> with the assessment of risks, while noting the exposure of all Colleges to the uncertainty arising from the COVID 19;</li> <li>• <b>noted</b> the exposure to the potential risks associated with the failure to appoint Governing Body members in the light of political instability;</li> <li>• <b>noted</b> the risks associated with failure to continue with recently-introduced flexibilities provided by DfE in relation to the provision of a range of programmes, such as Apprenticeships and Traineeships; and,</li> <li>• <b>confirmed</b> that the Committee was not aware of any suspected fraud, irregularities or unreported risks.</li> </ul>
<p><b>AC51</b> <b>20/21</b></p> <p><b>RSMUK</b></p>	<p><b>Internal Audit Business</b></p> <p>Internal Audit advised the Committee on the following key issues:</p> <p>(a) Internal Audit Progress Report 15 June 2021 –</p>

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	<ul style="list-style-type: none"> <li>• Follow up review completed recently, is being drafted and will be with Management shortly;</li> <li>• Annual Assurance Statement is on target for consideration at next ARAC (AC01 21/22);</li> </ul> <p>(b) <u>Student Retention</u>: satisfactory assurance and low priority actions arising relating to updating of policies and procedures;</p> <p>(c) Human Resources – Recruitment Processes: satisfactory assurance and a number of low priority actions including compliance with Right to Work Checks;</p> <p>(d) Cyber Risk Management: satisfactory assurance and 7 low priority actions, including implementation of mandatory cybersecurity controls training ;</p> <p>(e) <u>Complaints</u>: satisfactory assurance and 9 low level priorities, including alignment of procedures and policy.</p> <p>The Committee</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the positive outcomes of the audit reports presented by Internal Audit and Management response to these reports;</li> <li>• <b>noted</b> that IA had used their Technology Risk Assurance Team to complete this audit and that this team was abreast of all the recent attacks in NI FE and HSE (RoI);</li> <li>• <b>commended</b> Management on the level of the internal control framework relating to cybersecurity in the light of the intensity of the recent attacks across the sector</li> </ul>
<p><b>AC52</b> <b>20/21</b></p> <p><b>DCS</b> <b>HCD</b></p>	<p><b>Compliance Reporting for Q3 2020/21</b></p> <p>Management advised the Committee on the following key issues:</p> <p>(a) Losses and special payments: no new losses and one case submitted to DfE has been closed following investigation which demonstrated strong internal control environment and record keeping in place to support management decision-making;</p> <p>(b) Direct Award Contracts: now being reported to ELT/SLT on a monthly basis – all authorities have been appropriately obtained with increase in volume due to the clearance of a backlog which built up during COVID 19 response;</p> <p>(c) Register of Gifts and Hospitality Q3 2020/21 – nil return;</p> <p>(d) Whistleblowing Notifications – nil return; and,</p> <p>(e) Register of Data Breaches: 5 data breaches in Q3 none reportable to ICO, all data breaches have been closed and internal controls level are being reviewed</p> <p>The Committee <b>noted</b> the information provided by and the action taken by Management.</p>

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<p>AC53 20/21</p> <p>HCD</p>	<p><b>Status of Outstanding Audit Recommendations</b></p> <p>Management advised the Committee of the following key issues:</p> <ul style="list-style-type: none"> <li>(a) 7 recommendations at start of Q3;</li> <li>(b) 8 recommendations closed in Q3;</li> <li>(c) 15 low priority recommendations outstanding from 7 audits during the course of this and previous academic years.</li> </ul> <p>The Committee:</p> <p><b>noted</b> the information provided by and the actions taken by Management; <b>approved</b> the Q3 2020/21 register for carrying forward into Q4 2020/21.</p>
<p>AC54 20/21</p> <p>HCD</p>	<p><b>Risk Management Report</b></p> <p>Management advised the Committee on the following key issues</p> <ul style="list-style-type: none"> <li>(a) <u>Risk Management Policy</u>: This policy has been updated in the light of advice from DfE arising from the implementation of HM Treasury Guidance (Orange Book), alignment with DfE methodology and the culture and operating environment in the College;</li> <li>(b) Corporate Risk Register Report Q3 2020/21: <ul style="list-style-type: none"> <li>• 14 high level risks in Q3, up from 12 in Q2;</li> <li>• D5 – risk to delivery of awards in compliance with awarding body regulations – intensive engagement with awarding bodies is under way and Centre Determined Grades Policy 2021 was approved at Governing Body;</li> <li>• A1 – response to a major cyber incident – significant number of controls are in place;</li> <li>• summary of 3 key changes to risk calculations and the background to each change.</li> </ul> </li> </ul> <p>The Committee sought further information on the risk associated with ERASMUS Plus programme and EU Exit. Management advised that the College can continue to access Erasmus as an associate country. The College and sector is engaging on the recently launched UK programme which is aimed at supporting internationalisation actions.</p> <p>The Committee :</p> <ul style="list-style-type: none"> <li>• <b>noted</b> the information provided by and the action taken by Management; and,</li> <li>• <b>approved</b> the Risk Management Policy 16 February 2021; and,</li> <li>• <b>approved</b> the Corporate Risk Register Q3 2020/21 for carrying forward into Q4 2020/21</li> </ul>
<p>AC56 20/21</p>	<p><b>Meeting Feedback</b></p>

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	<b>Leadership Culture:</b> Committee members advised that they papers were excellent, well presented and easily accessed.
AC57 20/21  Chair	<b>Any Other Business</b>  None advised at the meeting (15 June 2021)
AC58 20/21  Chair	<b>Date of next meeting</b>  <b>Governance Business Programme 20/21 Cycle 4:</b> The next meeting of the Audit and Risk Committee will be <b>AC01 21/22</b> at 3.00pm on Monday 20 September 2021 at a venue to be decided.

Chair of Belfast Metropolitan College  
Audit and Risk Assurance Committee

S Snodden

Signature



Date

20 Sept 2021.