

| GOVERNING BODY OF THE BELFAST METROPOLITAN COLLEGE | | |
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| Minutes of the meeting of the Audit & Risk Committee held 18 June 2018 at 4.30pm in the Boardroom, TQ Campus. | | |
| | <p>Governors: Kay Collins (Chair), Jim McCall, Sam Snodden and Maureen Walkingshaw</p> <p>Officers: Elaine Hartin, Chief Operating Officer (COO), Laura Allen, Head of Finance, Gillian Magee (Director of Transition), Lisa McCartney (Centre Manager for Strategic Planning CMSP)</p> <p>Guests: Leor Ovadia and Mark Cardwell (DfE); Brian O’Neill (NIAO); David Gray (RSM) , Anthony McKibbin (Grant Thornton)</p> <p>Secretary: John McAndrew</p> | |
| AC. 51. 17/18 | Introductions and Apologies: There were apologies from the P&CE. | |
| AC. 52. 17/18 | Conflicts of Interest Declaration | |
| | The Chair asked for declarations and none were received. | |
| AC. 53. 17/18 | Minutes of the A&R Committee held 19 February 2018 | |
| | The minutes were agreed. | |
| AC. 54. 17/18 | Matters Arising from minutes of 19 February 2018 | |
| | <ul style="list-style-type: none"> • AC 42 17/18 “Expenses” to be audited in a future review. To be scheduled by GT / COO and agreed by A&R Committee. • RES 8 Properties Division and H&S compliance. See Minutes AC. 56 & 57 & 58. 17/18 • RES 7 Use of sector wide days to review FE college hardship, ASF and Care to Learn funding. See Minute 57 17/18 • AC. 44 17/18 Outstanding recommendations. PFI/TQ dispute and TQ sale. See Minutes 56 & 59 17/18. | GT/COO |
| AC. 55. 17/18 | Chair’s Business | |

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| | <ul style="list-style-type: none"> • The Chair confirmed that she had met the COO prior to the A&R meeting. • The Chair highlighted the revised DfE Audit Code which now included reference to <ul style="list-style-type: none"> ◦ senior officers from other public sector bodies being appointed as independent external members where necessary. ◦ inclusion of key questions for an Audit and Risk Committee on whistleblowing and cyber security. • The Chair noted the Cyber security and information risk guidance together with the briefing provided by Head of IT. The COO noted recent developments including the appointment of a Virtual IT Security Officer, and the introduction of 20 character passwords; she confirmed that BMC had not experienced any successful attacks to date albeit attacked on a regular basis. • The Chair noted the A&R Calendar 2018-19, and the Secretary confirmed that it dovetailed with NIAOs schedule. • DF Memoranda of Replies to NI Assembly PAC reports. The Secretary confirmed no new reports as of 11/06/2018. <p><i>Correspondence:</i></p> <ul style="list-style-type: none"> • <i>Audit of 2017-18 Financial Statements: Tomas Wilkinson to Marie-Therese McGivern re RSM withdrawal.</i> Mr O'Brien confirmed RSM's withdrawal and NIAO's decision to take BMC's audit back in house; no reason had been provided by RSM. See Minute 60 17/18. • The Chair noted the DAO(DoF) covering letter to DoF A&R Handbook and Handbook | |
| RES 9 | <i>The Audit and Risk Committee requested a presentation on Cyber Security at its next meeting.</i> | HIT |
| RES 10 | <i>The Audit and Risk Committee requested a review of the revised Audit Code and DoF A&R Handbook against current practice and an assurance that Belfast Met were in compliance.</i> | Secretary |
| AC. 56. 17/18 | COO's Business | |

| | <p><i>Millfield Incident.</i> The COO noted a H& S incident which resulted in an individual's hospitalisation overnight. She confirmed that an accident report had been completed and necessary actions taken, that HSE were investigating the incident and that the Committee would be kept informed.</p> <p><i>Sale of TQ.</i> The COO noted the sale of the TQ Equity interest and confirmed that operationally nothing had changed on a day to day basis; and that welcome progress had been made on legacy issues with proposals on Financial modelling and dispute resolution on the horizon.</p> <p><i>Properties Division [PD].</i> The COO updated members on PD's inability to provide assurances of compliance with statutory and legislative obligations. The sector continued to monitor failings and had escalated concerns to DfE. DfE has requested a sector wide business case be developed to look at alternatives to using PD, and in addition a sector wide Internal Audit of PD issues was being conducted. On enquiry it was confirmed that payments to PD were front loaded, that Colleges had no effective sanctions, and that a resolution was some way off. [See also Minutes 57 & 60 17/18]</p> <p><i>College Employment Forum [CEF]</i> The COO outlined recent discussions on pay pressures, affordability and the possibility of industrial action.</p> | COO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| RES 11 | <p><i>The Audit and Risk Committee agreed CEF's recommendation that the risk relating to pay pressures be placed on College Risk Registers / the BMC Risk Register (wording to be agreed).</i></p> | DT | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AC. 57 17/18 | Internal Audit Update | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>Mr McKibbin, GT, presented reports and findings which are summarised below [together with the progress report].</p> <table border="1" data-bbox="320 1279 1241 2119"> <thead> <tr> <th rowspan="2">Audit Area and Findings</th> <th rowspan="2">Assurance Status</th> <th colspan="3">Priority Rating</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Key Financial Controls</td> <td>Satisfactory</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Payroll</td> <td>Satisfactory</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Business Continuity Planning/Disaster Recovery</td> <td>Planned</td> <td>TBC</td> <td>TBC</td> <td>TBC</td> </tr> <tr> <td>Estates Management</td> <td>Satisfactory</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Maintenance Completion Certificates (PD)</td> <td></td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>• Key Performance Indicator (PD)</td> <td></td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Data Protection</td> <td colspan="4">Fieldwork Complete. N/A Advisory report.</td> </tr> <tr> <td>Management of funded projects</td> <td>Satisfactory</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Unsigned Partnership Agreement for the Peace IV Futures Project</td> <td></td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>• Governance of the Peace IV Futures Project TOR</td> <td></td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>• Management of Expenditure for Peace IV Futures Project</td> <td></td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td>• Governance and Management of the GenComm Project</td> <td></td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td>Timetabling & Absence Management</td> <td>Satisfactory</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Timetabling & link with sickness Absence process</td> <td></td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>• Policies & procedures</td> <td></td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td>Strategic Planning</td> <td>Fieldwork in progress</td> <td>TBC</td> <td>TBC</td> <td>TBC</td> </tr> <tr> <td>SectorWide Review</td> <td>Fieldwork complete</td> <td>TBC</td> <td>TBC</td> <td>TBC</td> </tr> <tr> <td>Follow Up / Annual Assurance</td> <td>Planning</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> | Audit Area and Findings | Assurance Status | Priority Rating | | | 1 | 2 | 3 | Key Financial Controls | Satisfactory | 0 | 0 | 0 | Payroll | Satisfactory | 0 | 0 | 0 | Business Continuity Planning/Disaster Recovery | Planned | TBC | TBC | TBC | Estates Management | Satisfactory | | | | • Maintenance Completion Certificates (PD) | | 0 | 1 | 0 | • Key Performance Indicator (PD) | | 0 | 1 | 0 | Data Protection | Fieldwork Complete. N/A Advisory report. | | | | Management of funded projects | Satisfactory | | | | • Unsigned Partnership Agreement for the Peace IV Futures Project | | 0 | 1 | 0 | • Governance of the Peace IV Futures Project TOR | | 0 | 1 | 0 | • Management of Expenditure for Peace IV Futures Project | | 0 | 0 | 1 | • Governance and Management of the GenComm Project | | 0 | 0 | 1 | Timetabling & Absence Management | Satisfactory | | | | • Timetabling & link with sickness Absence process | | 0 | 1 | 0 | • Policies & procedures | | 0 | 0 | 1 | Strategic Planning | Fieldwork in progress | TBC | TBC | TBC | SectorWide Review | Fieldwork complete | TBC | TBC | TBC | Follow Up / Annual Assurance | Planning | N/A | N/A | N/A | |
| Audit Area and Findings | Assurance Status | | | Priority Rating | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Key Financial Controls | Satisfactory | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payroll | Satisfactory | 0 | 0 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Business Continuity Planning/Disaster Recovery | Planned | TBC | TBC | TBC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Estates Management | Satisfactory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Maintenance Completion Certificates (PD) | | 0 | 1 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Key Performance Indicator (PD) | | 0 | 1 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Data Protection | Fieldwork Complete. N/A Advisory report. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Management of funded projects | Satisfactory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Unsigned Partnership Agreement for the Peace IV Futures Project | | 0 | 1 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Governance of the Peace IV Futures Project TOR | | 0 | 1 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Management of Expenditure for Peace IV Futures Project | | 0 | 0 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Governance and Management of the GenComm Project | | 0 | 0 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Timetabling & Absence Management | Satisfactory | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Timetabling & link with sickness Absence process | | 0 | 1 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Policies & procedures | | 0 | 0 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Strategic Planning | Fieldwork in progress | TBC | TBC | TBC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SectorWide Review | Fieldwork complete | TBC | TBC | TBC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Follow Up / Annual Assurance | Planning | N/A | N/A | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>In regards to Estates Management it was confirmed that there was no contractual arrangements with PD in regard to KPIs and thus no sanctions, and BMC meetings with PD had proved fruitless [see minutes 56 and 58 also]. In regard to funded projects it was noted that funded project findings were largely timing issues with reviews taking place early on in projects prior to planned activities being implemented.</p> <p>The DT noted that she had not sighted the management response for the Absence Management review and asked that consideration of the report, findings and response be deferred until the next meeting. Members also noted the late delivery of Internal Audit reports on the afternoon of the meeting.</p> <p>Mr McKibbin explained that the late delivery of reports was due in part to a late start in this first year of operations and subsequent back loading, the learning curve, and delays in agreeing TORs and scoping. He confirmed that the profile of audits in 2018/19 would be more evenly spread with regular reports circulated well in advance of A&R Committee meetings.</p> | <p>GT/DPPP</p> <p>GT</p> |
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| AC.58 17/18 | Risk Management & Opportunity Report Q4 2017/18 | |
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| | <p>THE CMSP reported on the Corporate Risk Register. The members noted the 14 risks in Q3 which have been assessed against the 4 colour grading system of green, amber, red and black. There was one new risk in Q3:</p> <ul style="list-style-type: none"> • Risk G1 had been subdivided into Risk G1 and G2 focusing on non-compliance with H&S policies, procedures and statutory requirements. This addition recognised the delays in procuring contracts to meet statutory obligations [see minute 56 & 60 17/18 also] ; mitigating actions included the appointment of an H&S manager and a series of H&S audits. On enquiry it was confirmed that H&S training was for all employees (refresher)and not just joiners (induction). <p>The CMSP also reported that two changes had taken place since the previous quarter:</p> <ul style="list-style-type: none"> • Risk A.1 – Failure to ensure medium and long term financial sustainability within increasingly uncertain economic and political pressure. Probability reduced from 4 to 3 to reflect the College being informed of an indicative budget allocation from DfE. • Risk E.1 – The College does not meet the expected standards of quality and performance measurement. Probability reduced from 2 to 1 to reflect the volume of interventions currently in place and the number of actions plans that are now in place to support our WBL provision. <p>Members noted the report.</p> | |
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| AC. 59 17/18 | Status of Outstanding Recommendations 2017/18 (Quarter 3) | |
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| | <p>THE CMSP confirmed that two outstanding audit recommendations in the KPMG 16-17 programme of work were completed within Quarter 3 201718; that two new audits were completed by Grant Thornton during the quarter with no recommendations to report; and that one only recommendation, contained in the NIAO audit for 2014-15 & 2015remained outstanding and prospects for resolution were enhanced by the change of TQ ownership.</p> | |

| Source | Completed Recommendations | Priority |
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| KPMG 16-17 | Management Systems for Funded Projects – Formalised policies and procedures. | Complete |
| Grant Thornton 17-18 | Key Financial Controls | Complete (no recommendations) |
| Grant Thornton 17-18 | Payroll | Complete (no recommendations) |
| KPMG 16-17 | <ul style="list-style-type: none"> • Business Case Preparation & Approval • Management Systems for Funded Projects | Priority 2 Priority 3 Complete |

| | <table border="1"> <thead> <tr> <th colspan="2">Outstanding recommendation</th> </tr> </thead> <tbody> <tr> <td>NIAO 15-16</td> <td> <input type="checkbox"/> Accrued expenditure for PFI work at TQ & Updated TQ Model [See Minute 56 17/18] </td> </tr> <tr> <td></td> <td>Priority 2</td> </tr> </tbody> </table> | Outstanding recommendation | | NIAO 15-16 | <input type="checkbox"/> Accrued expenditure for PFI work at TQ & Updated TQ Model [See Minute 56 17/18] | | Priority 2 | |
|----------------------------|---|----------------------------|--|------------|--|--|------------|--|
| Outstanding recommendation | | | | | | | | |
| NIAO 15-16 | <input type="checkbox"/> Accrued expenditure for PFI work at TQ & Updated TQ Model [See Minute 56 17/18] | | | | | | | |
| | Priority 2 | | | | | | | |
| | Members noted the report. | | | | | | | |
| AC. 60 .16/17 | NIAO Strategy | | | | | | | |
| | <p>Mr O’Neill confirmed that NIAO rather than RSM would be carrying out the External Audit. He outlined the purpose of the Strategy, the intended approach, the materiality threshold (£1.25m), the risks (none), the fee (which he hoped would be lower on completion), the schedule (September-December), and the personnel involved in the upcoming External Audit.</p> <p>He noted that the C&AG was aware of the issues surrounding PD and may decide to review the VFM in the future and he also noted the Chair ‘s emphasis on the lack of a service provided by PD.</p> | | | | | | | |
| AC. 61 .17/18 | Compliance: Losses and Special payments | | | | | | | |
| | The HoF noted four new cases, three of which related to one incident totalling £1,109 (3 forged signatures, and the loss of a hard drive). Officers agreed to confirm whether the learner had faced disciplinary / PSNI action or remained in the College. Members noted the introduction of a new laptop policy which required greater administrative resource but improved security. | | | | | | | |
| AC. 62 17/18 | Compliance: STAs /DACs | | | | | | | |
| | The HoF noted one DAC awards relating to the purchase of a MicroSoft Hololens (virtual reality kit). On enquiry it was confirmed that the purchase was procured through CPD. Members noted the report. | | | | | | | |
| AC. 63 17/18 | Compliance: Whistleblowing Notification | | | | | | | |
| | It was noted that there were no new whistleblowing cases to report. | | | | | | | |
| AC. 64 17/18 | GDPR | | | | | | | |
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| | <p>The CMSP introduced a paper on the General Data Protection Regulation (GDPR) which came into effect on 25th May 2018, and replaced the EU's Data Protection Directive consolidating a patchwork of 28 differing privacy laws. A new Data Protection Act 2018 also updated data protection laws in the UK, and sits alongside the GDPR.</p> <p>She identified the key changes and highlighted the significant investment of time and resource to ensure organisational compliance. She praised the Corporate Compliance Officer, Ainslie McMahon, for her hard work recognising also that her work supported colleagues in other Colleges.</p> <p>Members echoed the tribute.</p> | |
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| RES 12 | <i>The Audit and Risk Committee asked that a presentation on GDPR be made</i> | |

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| | <i>at its next meeting highlighting its impact on BMC, the administrative costs and the current state of play.</i> | |
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| AC. 65 17/18 | Date of Next meeting: September | |
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| AC. 66 17/18 | Meeting Evaluation: "Short but very thorough". | |