

**GOVERNING BODY OF THE BELFAST METROPOLITAN COLLEGE**

**Minutes of the Audit and Risk Committee meeting held on 22 May 2019  
at 4.30pm in the Board Room, Titanic Quarter Campus**

**Governors:** Kay Collins (Chair); Jim McCall; Sam Snodden.

**Officers:** Marie-Thérèse McGivern, Principal and Chief Executive (P&CE); Gillian Magee, Director of People, Policy and Planning (DPPP); Lisa McCartney, Centre Manager for Strategic Planning (CMSP) Laura Allen, Head of Finance (HoF)

**In attendance:** Mark Caldwell (DfE) Observer; Kathy Doey (NIAO); Neal Taylor (Grant Thornton)

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

AC49 18/19	<p><b>Apologies, Quorum, Conflicts of Interest and AOB</b></p> <p><b>Apologies:</b> Apologies were received from Elaine Hartin and Maureen Walkingshaw.</p> <p><b>Quorum:</b> The meeting was quorate under the terms of Paragraph 3B of the Terms of Reference for the Audit and Risk Committee dated November 2017 (3 Governors).</p> <p><b>Conflicts of Interest:</b> No conflicts of interest were reported.</p> <p><b>AOB:</b> No Items of AOB had been received prior to the meeting.</p>	Clerk
AC50 18/19	<p><b>Minutes of the meeting of 20 March 2019</b></p> <p><i>The Committee <b>approved</b> the minutes subject to a small number of corrections and clarifications.</i></p>	Chair
AC51 18/19	<p><b>Matters Arising</b></p> <p><u>(a) Advice from NIAO on reporting of offers of Gifts and Hospitality from other Government Departments in Belfast Metropolitan College Gifts and Hospitality Register:</u> NIAO advised that guidance is not specific and it is written for contractors. The advice was to record any gifts where there might be a perceived conflict of interest.</p> <p><u>(b) Belfast Metropolitan College ARC Annual Report to Governing Body dated 6 December 2018:</u> The Committee noted the report.</p> <p><u>(c) Update on response from DfE to PSD Business Case.</u></p> <p>The Committee noted that, following receipt of a letter from College Principals, DfE informed Colleges on 16 May 2019 that it had agreed to recommence the Departmental QA/Approval process.</p>	Chair
AC52 18/19	<p><b>Chair's Business</b></p>	Chair



	<p>The Chair advised the Committee of:</p> <ul style="list-style-type: none"> <li>• Effective Audit &amp; Risk Committee training 16 May 2019. The Committee noted that this event was attended by all Belfast Met ARC members;</li> <li>• Publications from Accountability &amp; Financial Management Division: <a href="#">Finance Director letters (FDs) - 2019</a> (click on link to see FD letters issued since last ARC meeting).</li> </ul> <p>In the light of the information provided at the ARC Training, the Committee agreed to amend the Terms of Reference of the ARC (current version dated November 2017) to include a brief meeting of the ARC members only – without Officers present – before each full ARC meeting.</p> <p>The Clerk will draft a revised TOR for the ARC for consideration at the next meeting.</p> <p><i>The Committee <b>noted</b> the Chair's report.</i></p>	
AC53 18/19	<p><b>Corporate Services Update</b></p> <p><i>The Committee <b>noted</b> that the current position on all issues remained as reported to the Committee under Agenda Item AC40 18/19 (20 March 2019)</i></p>	18/19
AC54 18/19	<p><b>Internal Audit Reports and Updates</b></p> <p>Grant Thornton advised that:</p> <ul style="list-style-type: none"> <li>• IA work on Belfast Met is part of a programme of work covering the whole NI FE College sector; and,</li> <li>• Slightly behind plan but work under way to catch up before the end of June – this will include the review of the Training Model.</li> </ul> <p>The Committee enquired as to planning to address the backlog. Grant Thornton advised that:</p> <ul style="list-style-type: none"> <li>• they had experienced an unexpected resource issue and that they had taken steps to address the issue; and,</li> <li>• there was a slight impact because of the timing of work in Belfast Met within the overall sector programme.</li> <li>• The Annual Assurance from Grant Thornton will take account of the coverage.</li> </ul> <p><u>Update on individual reviews in the IA Plan:</u></p> <p>(a) <u>Review of HR:</u> The Clerk will liaise with IA on assurance processes.</p> <p>(b) <u>IT Security Final Report – Information Security Incident Management:</u> A key control test aims to provide assurance that information held can support forensic analysis, tracking back through records. Grant Thornton advised that this needs to be written into College policies.</p> <p>(c) <u>IT Security Final Report - Supplier Relationship Management.</u> Assurance from questionnaires to suppliers that they are keeping up with latest security. Management advised that work is ongoing</p>	Grant Thornton



	<p>between procurement team and strategic planning to ensure suppliers meet standards.</p> <p>(d) <u>IT Security Final Report - Physical Access Management</u>: Estates Department in process of developing access control procedure in response to an IA recommendation is in relation to the storage of filing cabinets in locked facilities.</p> <p>Management advised the Committee that, in relation to outstanding Priority 3 recommendations in this report, Management consider the risk to be within acceptable limits and would not justify the cost of implementation.</p> <p>(e) <u>Sector Wide Review of Hardship Fund, ASF and Care to Learn – Interim Draft Report</u>: Grant Thornton advised that there were no findings for Belfast Met. Policies and procedures in place and evidence of documentation found as a result of testing of approximately £6m of expenditure across FE sector. It was on the DfE Internal Audit plan and is a periodic review because of materiality. The P&amp;CE advised that the work was not triggered by an issue in Belfast Met.</p> <p><i>The Committee noted the Internal Audit Report</i></p>	
AC55 18/19	<p><b>Risk Management &amp; Opportunity Report Q3 2018/19</b></p> <p>Management advised that</p> <ul style="list-style-type: none"> <li>• there are currently 15 corporate risks – no new risks identified since March 2019;</li> <li>• 1 change to Risk Category A1 – financial sustainability – lowered to reflect the work with internal and external stakeholders to control budgets and put plans in place – this is the only significant change</li> <li>• Risk Category F2 – IT and Data Management – EBS (STS) Project – no significant changes and still no Project Director at sector level – this item will remain on the ARC agenda going forward; and,</li> <li>• move to EBS is still a significant risk. South West College is leading.</li> </ul> <p>The Committee sought clarifications on finance, noting with concern the challenges that the College faces in obtaining future financing. The Committee advised that members will remain alive to the going concern risk facing the College.</p> <p>Management advised that the next comprehensive review will be for Q1 2019/20.</p> <p><i>The Committee noted the Report.</i></p>	CMSP
AC56 18/19	<p><b>Outstanding Audit Recommendations (OAR) Register Q3 Report</b></p> <p>Management advised that:</p>	CMSP



	<ul style="list-style-type: none"> <li>• 1 audit has taken place since the Q2 report (AC44 18/19 20 March 2019);</li> <li>• 7 recommendations were brought forward from Q2, 6 reported now, 3 IT will be removed after this meeting;</li> <li>• Outstanding Audit Recommendations are reviewed by SLT on a monthly basis;</li> <li>• Business Continuity Plan has been formally approved by senior management – Departmental Recovery Plans require some minor amendments (planned for Q4 2019);</li> <li>• Estates Management recommendations have been discussed at previous ARC meetings and are likely to remain on the register;</li> <li>• Timetabling and Resource Management recommendations are being progressed by Head of HR;</li> <li>• Staff Sickness and Absence Management recommendations are currently being reviewed;</li> <li>• Budget Monitoring will be removed in the light of action taken by Finance Team to support Budget Holders; and,</li> <li>• Management aim to close out as many outstanding recommendations as possible by 31 July 2019.</li> </ul> <p>Management advised that under the current CDP process, three-year budgetary planning was not possible. The Committee noted this and again expressed concern at the impact of the CDP requirements on management’s ability to deliver effective medium- to long-term planning.</p> <p>The Committee asked that an “Expected Date of Completion” be added to the OAR Register. CMSP will action this.</p> <p><i>The Committee noted the report.</i></p>	
AC57 18/19	<p><b>NIAO Audit Office Business</b></p> <p><u>Belfast Metropolitan College 2018/19 Audit Strategy dated 21 May 2019</u></p> <p>The Committee noted the NIAO Audit Strategy. The NIAO advised that</p> <ul style="list-style-type: none"> <li>• Materiality – based on last year and unchanged;</li> <li>• Extrapolated Error level is £25k – anything above that will be reported to Management;</li> <li>• Lower materiality levels in other areas of accounts – salary disclosures, losses and special payments – must be 100% accurate;</li> <li>• Regularity materiality is lower;</li> <li>• Audit Risks (page 7) – management override of controls and fraud in revenue recognition – these are presumed risks;</li> <li>• Risk Factors include PFI, funding environment (risk of bias in accounting estimates), recognition (accrual) of pay award, regularity in procurement and contract management - these will be examined in detail;</li> <li>• the NIAO will place reliance on other experts in certain areas; and,</li> <li>• Audit Fee – fees will be broadly similar to other colleges.</li> </ul>	NIAO



	<p>In relation to the extent of engagement required by College Finance Team with the fieldwork for the audit of the 2018/19 Accounts, the NIAO advised that:</p> <ul style="list-style-type: none"> <li>• level of audit will be lighter than next year (for the 2019/20 Accounts) and will mainly review processes at Departmental level;</li> <li>• fieldwork in Colleges will be around 2 weeks (including review of prior year balances); and,</li> <li>• NIAO is currently not in a position to provide a firm timetable - this will come from DfE Group Audit Team, and NIAO will pass it on as soon as it is known.</li> </ul> <p>Management advised the Committee that the Audit Timetable has been shared with the Finance Team and that Management are liaising with the Clerk to confirm the governance pathway in the 2019/20 Governing Body Business Programme.</p> <p>The NIAO also advised that the current Properties Division Contract will be within scope of wider study by NIAO, Review of Financial Process.</p> <p>Management advised that procurement of specialist advice is currently underway to review the PFI models to provide assurance that assumptions remain valid.</p> <p>The Committee sought clarification on whether the risk factors were common across all colleges and not just BelfastMet. NIAO confirmed that all Colleges had these risk factors.</p> <p>Management identified changes required to timetable dates.</p> <p><i>The Committee noted the NIAO Report.</i></p>	
AC58 18/19	<p><b>Compliance Reports</b></p> <p>(a) <u>Losses and special payments</u></p> <p>Management advised that one new loss added following break-in Whiterock Campus – security controls were put in place and ownership of site has been transferred.</p> <p>(b) <u>DAC (STA) Notifications</u></p> <p>Management advised that four new contracts have been added. All contracts have gone through due process and obtained CPD approval. One contract is being put through governance processes again because of increased cost. Employee Self-Service investment is in the development of web-based products from current supplier. Neueda Contract, management have tried to employ a development person three times, this person does not exist for the money we have, current position of contracted services is likely to continue.</p> <p>The Committee asked if budgetary cover was in place in respect of each of the contracts. Management advised that it was.</p>	HoF



	<p>(c) <u>Register of Gifts and Hospitality</u></p> <p>No additions since last report (AC45 18/19 20 March 2019).</p> <p>(d) <u>Whistleblowing Notifications</u></p> <p>None since last report (AC45 18/19 20 March 2019).</p> <p>(e) <u>Register of Data Breaches</u></p> <p>Management advised Committee of reporting thresholds and inclusion of actual and suspected data breaches. A total of 5 data breaches occurred during Quarter 3 2018-19, two of which were reportable to the ICO. Management advised that the College's Data Breach Register records the nature of each personal data breach, including the type of breach and the approximate number of people affected.</p> <p><i>The Committee noted the Compliance Reports</i></p>	
AC59 18/19	<p><b>AOB</b></p> <p>No items raised at the meeting.</p>	Chair
AC60 18/19	<p><b>Date of next meeting</b></p> <p>4.30pm on 16 September 2019 in the Board Room, Titanic Quarter Campus</p>	

Chair of Belfast Metropolitan Governing Body      Kay Collins

Signature *Kay Collins*

Date *16/9/2019*

