

Belfast Metropolitan College Audit and Risk Committee 3.00pm Monday 15 November 2021 at Millfield Board Room and via Microsoft Teams Minutes FINAL approved 15 March 2022

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

Management: Louise Warde Hunter, Principal & Chief Executive (P&CE); Aidan Sloan, Interim Director of Development and Digital (IDDD); Damian Duffy, Director of Curriculum; Laura Allen, Head of Finance (HoF), Lisa McCartney, Head of Corporate Development (HCD).

Auditors: Anu Kane, Northern Ireland Audit Office; Ian McCartney RSMUK.

Observer: David Conliffe, Department for the Economy

Clerk to the Governing Body: Gerry Crossan

AC15 21/22 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 V3 15 June 2021 (3 Governors).

Apologies: Apologies received from Gillian Magee.

Welcome: Chair welcomed Anu Kane and Aidan Sloan to the Committee.

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 AOB advised at the meeting.

Leadership Culture: Chair to note our commitment to:

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

AC016 21/22

Minutes of the meeting held on 20 September 2021- DRAFT (PROPOSED FINAL)

The Committee **approved** the Draft (Proposed Final) minutes of the meeting held on 20 September 2021 unamended.

AC17 21/22

Matters Arising from the minutes of the meeting held on 20 September 2021

No matters arising that are not on the agenda for this meeting.

Agenda Item	
<p>AC18 21/22</p> <p>Chair</p>	<p>Governance Guidance and Information</p> <p>(a) Publications from the Department of Finance and Northern Ireland Audit Office</p> <ul style="list-style-type: none"> • Dear Accounting Officer letters (DAOs) 2020 on Sep 16, 2021 12:00 pm; • Dear Accounting Officer letters (DAOs) 2021 on Sep 29, 2021 12:00 pm; • Finance Director letters (FDs) 2021 on Sep 30, 2021 12:00 pm; • Dear Accounting Officer letters (DAOs) 2021 on Oct 12, 2021 12:00 pm; • Dear Accounting Officer letters (DAOs) 2021 on Oct 15, 2021 12:00 pm; • Finance Director letters (FDs) 2021 on Oct 22, 2021 12:00 pm; • NIAO Grant Fraud Risk Guide (attached). <p>The Committee Members to access the documents on the Department of Finance website, to note the governance guidance and information provided, to note the information provided by Management and to consider the application to the governance and assurance framework in Belfast Metropolitan College.</p> <p>Management asked DfE on the current status of the development of the Partnership Agreement in the light of Delegations Letter which issued from DoF. DfE confirmed that while work on partnership agreements is set to commence, this DoF guidance on specific DoF delegations is effective from the date of issue. Management advised that one internal delegation limit for IT expenditure will be revised as a result.</p>
<p>AC19 21/22</p> <p>Chair</p>	<p>Chair's Business</p> <p>(a) Consultation on Financial Reporting (Departments' and Public Bodies) Bill – sectoral response issued on 19 October 2021 – (no paper).</p> <p>Management advised that there would be a NIAO annual audit at the end of March each year in addition to the July year end audit. This would greatly increase the inspectorial overload on FE Finance Teams and increase audit fees payable. DfE advised that its FE Division were alive to the issues that would arise from this and are investigating the legislative possibility of changing the accounts year-end and would support further discussion with FE College NDPB Accounting Officers, the DfE central Finance Team, and NIAO on the issue.</p> <p>The Committee noted Chair's Business.</p>
<p>AC20 21/22 HoF</p>	<p>Financial Reporting for the year ended 31 July 2021</p> <p>(a) Annual Report and Financial Statements 2020/21 FINAL; (b) Head of Finance Briefing note on Financial Statements; and, (c) NIAO Report To Those Charged With Governance.</p> <p>Last considered RC20 21/22 12 November 2022 – the Resources Committee recommended the Annual Report and Financial Statements 2020/21 to the Audit and Risk Assurance Committee.</p> <p>Management advised ARAC on:</p>

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	<ul style="list-style-type: none"> • the minor adjustments on two disclosures from the draft accounts to the final accounts; • the key issues across the income, expenditure, cash and balance sheet disclosures; • assurance on the sound going concern statement which is reflected in the NIAO RTTCWG notwithstanding the reporting of a deficit of £8m; • the variances in the forecast and outturn figures for 2020/21, which were primarily due to a change in accounting treatment of transfer payments to students on the advice of DfE. <p>ARAC enquired of the status of the additional bids to address lost learning. Management advised on</p> <ul style="list-style-type: none"> • the status of these bids and the service areas which will be supported by this funding, including pastoral care; and, • the prudent approach to planning for service delivery on foot of this funding that Management have applied over the past number of months. <p>The Committee commended management on the quality of the reporting and communications evident in the Annual Report and Financial Statements.</p> <p>The Committee:</p> <ul style="list-style-type: none"> • considered the Annual Report and Financial Statements 2020/21 FINAL and the information that Management provided; and, • recommended these for approval to the Governing Body at the meeting to be held on 17 November 2021.
<p>AC21 21/22</p> <p>NIAO</p>	<p>Northern Ireland Audit Office Business</p> <p>NIAO advised the Committee on the following key issues in the RTTCWG:</p> <ul style="list-style-type: none"> (a) unqualified certificate; (b) the adjustment of £55k to holiday pay to align the provision with that of the other FE Colleges was above the clearly trivial threshold; (c) 1 Priority 3 audit recommendation in relation to completeness of disclosures in relation to Conflict of Interest; and, (d) the further explanations given in the Draft Audit Certificate which has increased the length of this document. <p>NIAO colleagues thanked College Finance Team for their support during the audit.</p> <p>The Committee thanked the Finance Team and the auditors for their work.</p> <p>The Committee noted the information provided by the NI Audit Office.</p>
<p>AC22 21/22</p> <p>RSMUK</p>	<p>Internal Audit Business</p> <ul style="list-style-type: none"> (a) Review of Risk Management Framework; (b) COVID-19 Student Funding Initiatives; and, (c) Internal Audit Progress Report.

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	<p>Internal Audit advised on the key issues in relation to the Risk Management Framework and noted the satisfactory assurances provided, the recommendations and Management’s responses.</p> <p>Management advised the Committee on the ongoing development of the Risk Management framework in the College and the positive assurance from the internal audit review.</p> <p>Internal Audit advised the Committee on the satisfactory assurance in relation to the COVID-19 Student Initiatives, the high level of compliance with the DfE requirements and the action that Management took to ensure student eligibility and the secure transfer of funds. Management are seeking advice from DfE on the action required to deal with payments to students who were eligible but who did not engage with the communications and control processes put in place by the College.</p> <p>Internal Audit advised the Committee on the progress against the other reviews in the Internal Audit Progress Report.</p> <p>The Committee were content that IA conduct a Review of Maintenance and Repairs in June 2022 - this will be reflected in the next version of the IA Plan and Progress Report 2021/22.</p> <p>Management advised on the planned review of the Learner Management System (LMS) which is a cross sectoral review – the terms of reference for this review will require input from other Colleges and DfE. Internal Audit noted this as part of the work to develop the TOR early in 2022 and the need to liaise with Management on the terms of reference for the review of Strategic Planning & MIS as sourcing of management information will be required from a range of systems across all Colleges, for example EBS.</p> <p>The Committee thanked Ian considered and noted the reports presented by Internal Audit and Management responses to these reports.</p>
<p>AC23 21/22</p> <p>DCS HCD</p>	<p>Compliance Reporting for Q1 2021/22</p> <p>(a) Losses and special payments – nil return; (b) Direct Award Contracts; (c) Register of Gifts and Hospitality Q1 2021/2 – nil return; (d) Whistleblowing Notifications – nil return; and, (e) Register of Data Breaches – 5 potential, and 4 confirmed data breaches none of which were reportable to the ICO.</p> <p>The Committee noted the information provided by and the action taken by Management.</p>
<p>AC24 21/22</p> <p>HCD</p>	<p>Status of Outstanding Audit Recommendations</p> <p>(a) Status of Outstanding Audit Recommendations Q1 2021/22</p> <p>Management advised that:</p> <ul style="list-style-type: none"> • 12 recommendations were brought forward; • no further recommendations up to the receipt of the IA reviews as set up above;

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	<ul style="list-style-type: none"> 2 formerly completed recommendations have been identified as requiring some further work to fully close out; 14 recommendations therefore carried forward into the next reporting period; and, Management will liaise with IA on the wording of the existing 'Timetabling and Absence Management' recommendation and clarify the distinction between College policies and sectoral wide frameworks which require wider consultation/negotiation and are therefore outside Management's control. <p>The Committee noted the information provided by and the actions taken by Management.</p>
<p>AC25 21/22</p> <p>HCD</p>	<p>Risk Management Report</p> <p>(a) Corporate Risk Register Report Q1 2021/22; and, (b) Corporate Risk Register Q1 2021/22.</p> <p>Management advised the Committee on the following key issues:</p> <ul style="list-style-type: none"> Reviews of Corporate and Directorate risks have been completed; 9 Corporate Risks identified following this review, with all changes to the previous version documented in the report and on the face of the current Risk Register; 1 black risk relating to the recruitment and retention of suitably-qualified staff which is now critical and has a serious impact on the College's capability to deliver a range of curriculum programmes – a range of actions are being taken to mitigate this risk including the personalisation of recruitment and retention programmes in the College, however, this is cross-sectoral critical issue, it is evolving and requires input from the DfE to manage effectively; 3 red risks were discussed relating to failure to enrol students to meet CDP targets which impacts on our financial sustainability; failure to have a fit for purpose learner management, financial management, people management and MIS; and the College suffers a major cyber security incident; and all disclosed risks are being addressed through changes to the internal control environment and planned time-bounded actions to mitigate these risks. <p>The Committee commended Management on the robustness of the cybersecurity framework applied by the College as evidenced by the continuing quality of the IT support for teaching and learning in a very challenging social and technical environment.</p> <p>The Committee:</p> <ul style="list-style-type: none"> approved both the Corporate Risk Register Q1 2021/22 and the Corporate Risk Appetite Q1 2021/22; noted the information provided by and the action taken by Management; and, recommended the Corporate Risk Register Q1 2021/22 and the Corporate Risk Appetite Q1 2021/22 to the Governing Body for consideration and approval in line with Section 9.15 of the Corporate Risk Policy dated February 2021 (approved at AC54c 20/21).

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AC26 21/22	Leadership Culture: Meeting Feedback Committee members advised that the conduct of the meeting evidenced the leadership culture standards agreed by the Governing Body.
AC27 21/22 Chair	Any Other Business None advised at the meeting.
AC28 20/21 Chair	Date of next meeting Governance Business Programme 21/22 Cycle 3: The next meeting of the Audit and Risk Committee will be AC29 21/22 at 3.00pm on Tuesday 15 March 2022 in the Titanic Quarter Boardroom. Governance Business Programme 22/23 Cycle 2: The second meeting of the Audit and Risk Committee during 2022/23 will be at 3.00pm on Monday 14 November 2022 in the Titanic Quarter Boardroom.

Chair of Belfast Metropolitan College
Audit and Risk Assurance Committee

Sam Snodden

Signature



Date 15 March 2022