

<b>GOVERNING BODY OF THE BELFAST METROPOLITAN COLLEGE</b>		
<b>Minutes of the meeting of the Audit &amp; Risk Committee held 19 February 2018 at 4.30pm in the Boardroom, TQ Campus.</b>		
	<p><b>Governors:</b> Kay Collins (Chair), Jim McCall, Sam Snodden and Maureen Walkingshaw</p> <p><b>Officers:</b> 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><b>Guests:</b> David Conliffe and Mark Cardwell (DfE); Brian Oneill (NIAO); David Gray (RSM) , Anthony McKibbin (Grant Thornton)</p> <p><b>Secretary:</b> John McAndrew</p>	
<b>AC. 36. 17/18</b>	<b>Introductions and Apologies:</b> The Chair welcomed first time visitors Mark Cardwell and Brian O'Neill. There were apologies from the P&CE.	
<b>AC. 37. 17/18</b>	<b>Conflicts of Interest Declaration</b>	
	The Chair asked for declarations and none were received.	
<b>AC. 38. 17/18</b>	<b>Minutes of the A&amp;R Committee held 20 November 2017</b>	
	The minutes were agreed.	
<b>AC. 39. 17/18</b>	<b>Matters Arising from minutes of 20 November 2017</b>	
	<ul style="list-style-type: none"> <li>• <i>DfE Audit Committee Training 25 January 2018.</i> See minute 40 17/18. Complete.</li> <li>• <i>Scheme of Delegation.</i> The Secretary said that this had been discussed at the Chairs' meeting and an amended SoD would be put before the Governing Body.</li> <li>• <i>A&amp;R Committee TOR.</i> The Secretary said that Committee TOR had been discussed at the Chairs' meeting and would feature on the Governing Body Agenda.</li> <li>• <i>Properties Division and H&amp;S compliance.</i> See minute 43 17/18</li> <li>• <i>Technical training on Accounting Guidance and VAT.</i> The COO updated the meeting.</li> <li>• <i>RES 5 16/17 BMC Annual report &amp; Accounts.</i> Reported to the Governing Body of 28 November 2017. Complete.</li> <li>• <i>RES 6 A&amp;R Annual Report to the Governing Body.</i> Reported to Governing Body of 28 November 2017. Complete.</li> </ul>	
<b>AC. 40. 17/18</b>	<b>Chair's Business</b>	
	<ul style="list-style-type: none"> <li>• The Chair confirmed that she had met the COO prior to the A&amp;R meeting.</li> <li>• The Chair confirmed that she and several BMC governors had attended excellent practical Audit Training on 25 January 2017 and recommended sight of the Power Point slides.</li> <li>• The Chair noted the correspondence notifying the change in NIAO Director and Manager Responsibilities for BMC with Tomas Wilkinson and Brian Oneill (NIAO) taking over from Denver Lynn and Catherine O'Hagan.</li> </ul>	
<b>AC. 41. 17/18</b>	<b>COO's Business</b>	
	The COO updated members on a DfE formal request for a review of FE college hardship, ASF and Care to Learn funding to be included on the Internal Audit plans for the sector. The funding amounts sector wide were significant with ASF being the largest scheme @£2m. GT agreed that this could be subsumed within the current plan as part of the sector wide allocated resource. It was noted that the risk assessment and the outcomes of the initial review would determine the frequency of audit.	

<b>RES 7</b>	<i>The Audit and Risk Committee agreed the use of sector wide days for a review of FE college hardship, ASF and Care to Learn funding.</i>	<b>GT COO</b>
<b>AC. 42 17/18</b>	<b>Internal Audit Update</b>	
	<p>Mr McKibbin, GT, presented the following reports:</p> <ul style="list-style-type: none"> <li>• Internal Audit Progress – all work to plan, with two reports due for consideration to schedule that evening. He noted very clear audit trails in evidence.</li> <li>• Key Financial Controls – a strong system of financial control in place with no findings/recommendations and a “satisfactory” assurance.</li> <li>• Payroll - a strong system of financial control in place with no findings/recommendations and a “satisfactory” assurance.</li> </ul> <p>The HoF welcomed the level of detail in the Executive Summaries, and the sharing of findings in the sector. On enquiry it was confirmed that “expenses” were not audited in this review but could be included in a future review.</p> <p>Finance and Payroll staff were praised for their efficiency by both GT and officers. Members noted the reassuring nature of the reports.</p>	<b>A&amp;R Ctee</b>
<b>AC. 43 17/18</b>	<b>Risk Management &amp; Opportunity Report Q4 2016/17</b>	
	<p>THE CMSP reported on the Corporate Risk Register. The members noted the 12 risks in Q1 which have been assessed against the 4 level colour system. There was one new risk in Q2:</p> <ul style="list-style-type: none"> <li>• B.2 - Failure of Properties Division (PD) to implement appropriate Contract Management procedures in relation to statutory and legislative obligations – probability 3 and impact 3;</li> </ul> <p>and one change has taken place since the previous quarter:</p> <ul style="list-style-type: none"> <li>• A.1 - Failure to ensure medium and long-term financial sustainability within increasing uncertainty - probability increased from 3 to 4 to reflect proposed budget cuts in the next academic year.</li> </ul> <p>The COO updated members on the issue of Properties Division [PD] and H&amp;S compliance and said that she was unable to report compliance assurance from PD most notably in the area of Fixed Wire Testing (1 of 5 contracts with PD) where 240 Category 2 issues had to be addressed since being identified in 2016. PD were unable to provide status reports and BMC had no right of access to the results of the testing; under previous arrangements both testing and remedial work were carried out promptly with full visibility of all activity, with the option of withholding payment if in default. The P&amp;CE had met with PD to no avail and the matter had been escalated to the Department who were working with the other Colleges, which had similar concerns, to gather more evidence and to find a solution.</p> <p>On enquiry it was confirmed that the College Principals had written collectively to the Department noting their serious concerns, and the DfE representative present recognised the impact of the Procurement Policy Directive.</p> <p>Members noted the continuing conflict between the outworkings of the Procurement Policy Directive and compliance with statutory and legislative H&amp;S obligations, noted their very serious concerns, endorsed the addition of the Risk to the Risk Register with a high risk status of RED, asked that the issue be further reported upon to the Governing Body, and considered the possibility of a formal letter to PD outlining concerns in</p>	

	<p>addition to the formal minute.</p> <p>The COO noted the continuing political uncertainty and its impact on sustainability and the potential for significant budget cuts. Members welcomed the sectoral response from CNI.</p>																						
<b>RES 8</b>	<p><i>The Audit and Risk Committee agreed to bring their serious concerns about the issue of Properties Division [PD] and H&amp;S compliance to the attention of the Governing Body, and that the A&amp;R Committee be kept informed on an ongoing basis.</i></p>	<p>Chair</p> <p>COO</p>																					
<b>AC. 44 17/18</b>	<b>Status of Outstanding Recommendations 2017/18 (Quarter 2)</b>																						
	<p>THE CMSP confirmed that at the end of Quarter 2 2017/18, 3 outstanding recommendations were completed and 3 recommendations, contained in the NIAO audit for 2014-15 &amp; 2015-16 and the KPMG internal audit report 2016-17, remained outstanding. These are summarised below.</p> <table border="1"> <thead> <tr> <th>Source</th> <th>Completed Recommendations</th> <th>Priority</th> </tr> </thead> <tbody> <tr> <td>KPMG 16-17</td> <td>Estates Strategy - Ongoing monitoring and reporting of utilisation</td> <td>Priority 2 <i>Complete</i></td> </tr> <tr> <td>KPMG 16-17</td> <td>Estates Strategy- Accuracy of space utilisation figures submitted to the Department</td> <td>Priority 2 <i>Complete</i></td> </tr> <tr> <td>KPMG 16-17</td> <td>Examinations Risk Register – Examinations Service to develop and maintain an Examinations Risk Register</td> <td>Priority 3 <i>Complete</i></td> </tr> <tr> <td colspan="3"><b>Outstanding recommendation</b></td> </tr> <tr> <td>NIAO 15-16</td> <td> <ul style="list-style-type: none"> <li>Accrued expenditure for PFI work at TQ &amp; Updated TQ Model</li> </ul> </td> <td>Priority 2 <i>In progress.</i></td> </tr> <tr> <td>KPMG 16-17</td> <td> <ul style="list-style-type: none"> <li>Business Case Preparation &amp; Approval</li> <li>Management Systems for Funded Projects</li> </ul> <i>On target for resolution by end of March 2018</i> </td> <td>Priority 2 Priority 3 <i>On target</i></td> </tr> </tbody> </table> <p>The COO noted no progress on the long running PFI/TQ dispute and noted that the intended sale was still ongoing following engineering problems after high winds.</p> <p>Members noted the report.</p>	Source	Completed Recommendations	Priority	KPMG 16-17	Estates Strategy - Ongoing monitoring and reporting of utilisation	Priority 2 <i>Complete</i>	KPMG 16-17	Estates Strategy- Accuracy of space utilisation figures submitted to the Department	Priority 2 <i>Complete</i>	KPMG 16-17	Examinations Risk Register – Examinations Service to develop and maintain an Examinations Risk Register	Priority 3 <i>Complete</i>	<b>Outstanding recommendation</b>			NIAO 15-16	<ul style="list-style-type: none"> <li>Accrued expenditure for PFI work at TQ &amp; Updated TQ Model</li> </ul>	Priority 2 <i>In progress.</i>	KPMG 16-17	<ul style="list-style-type: none"> <li>Business Case Preparation &amp; Approval</li> <li>Management Systems for Funded Projects</li> </ul> <i>On target for resolution by end of March 2018</i>	Priority 2 Priority 3 <i>On target</i>	
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<b>AC. 45 .17/18</b>	<b>Compliance: Losses and Special payments</b>																						
	<p>The HoF noted two new cases totalling £520 ( a loss of a gate and a remote control), and updated members on a previously reported fraud case investigated by HR. No evidence of fraudulent activity had been found. The COO confirmed that DfE had been notified. Members noted the update.</p>																						
<b>AC. 46 17/18</b>	<b>Compliance: STAs /DACs</b>																						
	<p>The CSMP noted two DAC awards relating to print management and digital business advice. On enquiry it was confirmed that the digital business advice was not charged per transaction. Members noted the report.</p>																						
<b>AC. 47 17/18</b>	<b>Hospitality &amp; Gifts Register</b>																						
	<p>Members noted attendance at a Young Scientist dinner, and a small gift.</p>																						
<b>AC. 48 17/18</b>	<b>Compliance: Whistleblowing Notification</b>																						
	<p>The DT noted that there were no new whistleblowing cases to report.</p>																						
<b>AC. 49 17/18</b>	<b>Date of Next meeting:</b> 4.30 pm on 18 June 2018																						
<b>AC. 50 17/18</b>	<b>Meeting Evaluation:</b> “Short but very thorough”.																						