



SOUTH EASTERN REGIONAL COLLEGE

Minutes of a Meeting of the Audit Committee of the Governing Body (the “Committee”)

held on Thursday 16th September 2025 at 17:30, via Microsoft Teams Videoconference

1. Chairs Business

Attendance and apologies

Present: Mr Samuel Hagen, Mrs Nicola Wilson, Mrs Carolyn King, Dr Daniel McConell

In attendance: Mr Tommy Martin (Principal & CEO) Mr Colin McGuckin (Deputy CEO) Mrs Claire Williamson (Secretary to the Governing Body) Mr David McCullough (Head of Finance) Mrs Emma Carson (Head of Human Resources) Mr Andrew Emmett (Chief Technology Officer) Mr Gary Currie (NIAO Representative) Mr John Nugent (Chair of the Governing Body), Mr Ian McCartney (RSM) Items 1-3 only, Ms Pauline Wilson (DfE)

Apologies: Mr Darren Stewart, Ms Grainne McVeigh, Ms Majella Corrigan, Mr Paul Finnegan

In the Chair: Mr Hagen

b) Declarations of Conflict of Interests

The following conflicts were declared:

- The Principal & CEO declared his daughter is employed as a lecturer at the College.

No action was deemed necessary on any of the declarations made and no conflicts were declared in relation to the presented agenda.

c) Minutes of the meeting held on 12th June 2025

Previously issued to all Members.

The minutes from the previous meeting were reviewed and members agreed they were a true and accurate reflection of the meeting on the proposal of Carolyn King and seconded by Sam Hagen.

d) Action Points from the meeting held on 12th June 2025

Previously issued to all Members.

The Secretary advised that the action points relating to the effectiveness review is on the agenda for discussion.

Members noted the AI workshops delivered by RSM in June had been useful and the recordings would be shared with the wider Governing Body.

In a discussion around AI, the Chief Technology Officer advised the scoping paper would be presented at the next meeting. He clarified that while AI and cyber security are separate entities there are some crossovers and both domains are equally important.

The Chair noted that in terms of addressing training requirements, it would be helpful if the cyber security checklist was included in the IT Resilience Statement, this would allow the committee to gain a level of understanding of addressing these points.

Action: Recordings of the RSM AI Workshops will be circulated by the Chief Technology Officer to all members of the Governing Body

Action: The AI Scoping paper will be presented for review at the next meeting

Action: Cyber security checklist will be presented at the next meeting through the IT Resilience Statement

e) Annual Audit committee Effectiveness review

f) DfE Audit Checklist

In beginning the discussion, the Secretary thanked the members and outgoing members of the committee that had completed the effectiveness review. She highlighted that there were few issues raised, and the main theme was around training for members.

The Secretary then directed members to the completed DfE Checklist and advised that she and the Chair had worked together to populate the questions. The Chair highlighted that he had tried to put a comment against each of the questions however as it is a generic survey and not tailored specifically to an ARAC of an FE College, a lot of the responses are recorded as 'no'.

In response to a question how this would fit into the overall governance structure at DfE, Ms. Wilson advised that it is a self-assessment tool that enables committees to bring any issues to the attention of the Department.

g) Committee Terms of Reference

The Secretary presented the terms of reference for review and advised no changes have been recommended.

Agreed: The committee terms of reference were approved on the proposal of Dr Danny McConnell and seconded by Carolyn King

h) Committee Cycle of Business 25-26

Members reviewed and approved the work plan for the year and noted that it remains fluid to address any urgent business. The Head of Finance highlighted that with the move to one year end next year the presentation of the Annual Report and Financial Statements may need to be viewed twice this year.

Agreed: The committee cycle of business 25/26 was approved on the proposal of Sam Hagen and seconded by Danny McConnell

2) Correspondence

Papers previously issued to all Members.

a) Major IT Projects in NI

The Principal highlighted the NIAO report and advised the headlines are that NIAO has emphasized the need for integrated strategic planning across the public sector for large scale projects and the need for a timeline for the review of legacy projects.

b) Change of Accounting Date for Further Education Colleges' Annual Report and Accounts

Members noted the enclosed correspondence, and the Principal highlighted the DCEO is drafting a response from SERC to advise that the College is ready to make this change. NIFON have met and are also drafting a coordinated sector response which will be submitted by 25th September.

Action: Committee requested a copy of the letter from NIFON responding to the change in Accounting Date

3) Internal Audit

Papers previously issued to all Members.

a) Assurance Report

Mr McCartney presented the annual assurance report and members noted the satisfactory rating provided for the year.

b) Follow up review

Members noted the progress of the internal audit recommendations and since the publication of the report there are no outstanding actions.

At this juncture the Chair thanked Mr McCartney and his team at RSM for their work with the College and committee over the last few years. He advised there had been a good working relationship, and the committee had valued the additional information and guidance that had been provided. The Principal echoed these comments and added the working relationship had always been very constructive.

Mr McCartney thanked the Chair and commented it had been a pleasure working with SERC.

At this juncture Mr McCartney left the meeting.

4) Items for Approval

Papers previously issued to all Members.

a) Draft Annual Report and Financial Statements

The Head of Finance presented the Draft Annual Report and Financial Statements for review, in beginning he advised that the NIAO audit had commenced in line with the agreed timeline.

The HoF provided an overview of the financial performance and key movements and advised that a deficit is recorded for the year ending 31 July. However, analysis on page 4 shows that, it notionally appears as an underspend due to the receipt of Grant-in-Aid (GIA) funding across two departmental years.

The committee noted there were no material changes to accounting policy.

The Principal informed members that the draft financial statements are being approved for submission to external audit, with the final audited version to be presented in November.

The Chair highlighted the committee's specific governance role, particularly in relation to pages 57–73 of the report, covering the Statement of Corporate Governance and Internal Control. The committee confirmed that there are no issues arising that the committee has not previously addressed.

In response to a question from the Chair, the Principal confirmed that as Accounting Officer he was content with the draft reports.

Agreed: The committee agreed the Draft Annual Report and Financial Statements on the proposal of Danny McConnell and seconded by Carolyn King.

b) Review of Business Continuity Plan

The Deputy CEO reported that the BCP had not yet been submitted for approval due to limited time for his detailed review following his recent appointment. It will be brought to the next meeting.

The Chair of the Governing Body noted that the Pegasus exercise would begin tomorrow and invited Ms Wilson to comment on the exercise. Ms Wilson advised that a government-wide BCP exercise will commence in phases, with the first phase starting tomorrow. She added that all Departments are awaiting details of the scenario.

The Principal stated that no formal communication had been received until today on the Pegasus exercise, despite verbal notice in June.

The Deputy CEO confirmed the first phase will focus on emergency response and containment, with a third phase expected at the end of October. He anticipates all reviews will be completed by the week commencing 27 October.

Ms. Wilson suggested incorporating lessons learned from the COVID-19 inquiry. The Principal advised the College BCP had already been refreshed twice based on COVID-related lessons and reviewed by committee.

Action: Committee requested a full briefing on the Pegasus exercise and Business Continuity Plan at November meeting

5) Items for Information

Papers previously issued to all Members.

a) Strategic Risk Management Report

The Principal provided an update on the Strategic Risk Register, noting the current categorisation of risks and proposed changes.

Red Risks

- **Financial Viability**

The risk remains red due to ongoing uncertainty around long-term funding. The primary concern is the lack of multiyear budget certainty. The risk cannot be downgraded until this is resolved.

- **Cybersecurity:**

Continues to be monitored as a critical risk. No change in status.

Amber Risks

- **Industrial Relations**

- Risk remains stable. Sector alignment confirmed, though it was noted that other institutions do not typically include IR on their SRRs.

- **SEN**

Demand has increased significantly. The College is exploring operational responses, including

subcontracting to external organisations to meet staffing needs. The wider strategic implications of SEN provision are now being recognised by the Department which is a positive step.

The Principal advised the committee that the risk on staff absence will be reclassified from a strategic risk to an operational risk. The College have been reviewing the figures consistently and it was felt that the 3% target is not a realistic benchmark. The College will adopt a different approach to monitoring and measuring the management of long-term absences through increased case management and benchmarking against the FE Sector and other similar organisations such as Dept of Education, Civil Service and Local Government.

It was noted that short-term absence figures are consistently below target, and the emphasis has been disproportionately placed on long-term absence. While the financial implications of absence are significant, they have been historically manageable.

b) Agreement of operational risk reporting schedule

The Secretary advised that now the College Management team is confirmed, a schedule of presentations has been agreed with the Principal to ensure that the committee continues to get insight into the operational risks. The Principal added that because of the changes to the management team structure, the risks being presented might be a wider range than previously. He suggested this arrangement should run for the year and then it should be reviewed if committee feels want more detail for next year.

Action: Operational risk reporting will be reviewed in September 2026

c) IT Resilience Statement

The Chief Technology Officer directed members to the paper provided at 005C and summarised the main points within the report, the following points were noted in discussion:

- The committee noted the commencement of Phase 2 of the Online Safety Act, which places statutory duties on internet service providers and platforms to protect children from harmful content. Key provisions include:
 1. Duty of care to prevent access to harmful material by users under 18.
 2. Requirement for “highly effective” age assurance measures.
 3. Enforcement by Ofcom, with penalties including fines and potential criminal liability for non-compliance
- It was noted that some students are using VPNs to bypass restrictions, which trigger alerts internally. This will continue to be monitored.

Moving on the CTO advised that the internal audit recommendations have been completed.

The Chair highlighted that in terms of the phishing exercises, it may be useful to provide some guidance to Governing Body members on how to report suspected phishing emails.

The CTO concluded the update by providing a summary of following items:

- The organisation-wide Cyber Essentials Certification is expected to be completed by the end of September.

- Three actions remain on the CSMA document, which will be available at the next meeting.
- A visual update on the Maturity Framework is scheduled for November.

Action: Crib sheet for GB to be provided on how to report phishing emails

6) Policies highlighted

No policies were presented for review.

7) Summary of Actions taken in Response to External & Internal Audit recommendations *Papers previously issued to all Members.*

Members noted there are currently no outstanding actions.

8) Fraud Update

Paper previously issued to all Members.

Members noted that there are, currently, no live cases of suspected or actual fraud.

9) Any other business

A separate note was taken for this item.

The Chair declared the meeting closed at 7.03pm