

SOUTH EASTERN REGIONAL COLLEGE

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

held on Thursday 30th January at 17:30, Lisburn Campus and via Microsoft Teams Videoconference

1. Chairs Business

Attendance and apologies

Present: Mr Samuel Hagen, Mrs Carolyn King, Mr Chris Bruton, Mrs Nicola Wilson, Mrs Nuala Reid, Mr Michael McQuillan, Mrs Nicola Wilson

In attendance: Mr Tommy Martin (Principal & CEO), Mrs Claire Williamson (Secretary to the Governing Body), Mr Ian McCartney (RSM), Ms Heather Sampson (DfE), Mr Gary Ritchie (Deputy Principal Curriculum), Mrs Emma Carson (Acting Director of HR & Facilities), Ms Hannah Thompson (NIAO Representative), Mr John Nugent (Chair of the Governing Body), Mr David McCullough (Head of Finance), Mrs Emma Finney (Head of Business Engagement) Items 1-3B only, Ms Victoria Boyd (Head of Training Programmes & Apprenticeships) Items 1-3B only

Apologies: Mr Darren Stewart

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.
- The Deputy Principal Curriculum declared his wife and sister were employees of the College.

No action was deemed necessary on any of the declarations made.

c) Minutes of the meeting held on 21st November

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.

Proposer: Nuala Reid

Seconder: Carolyn King

d) Action Points from the meeting held on 21st November 2024

Previously issued to all Members.

The Secretary confirmed there were no outstanding actions from the previous meetings.

2) Correspondence

Papers previously issued to all Members.

a) Comptroller and Auditor General's Report on Financial Audit Findings 2024 – Central Government

The Principal drew attention to page 43 of this report where the financial position of the sector was highlighted, members were asked to note NIAO have asked DfE for comment on the funding model, as the NDPB funding model will always generate a deficit as a hybrid cash model.

Action: The Chair asked that this report was considered at the Governing Body Strategy day in May

b) Report to Those Charged with Governance

Ms Thompson presented the report to the committee and advised that the report came previously to committee, and this time it included the information around the change to the outstanding pension query that has reduced the pension asset to Nil. One recommendation is now included, and this has been accepted by management.

3) Items for Information

Papers previously issued to all Members.

a) Strategic Risk Management Report

The Head of Finance talked to the written report and provided a high-level summary of the risks in the current report. The committee noted the Strategic Risk Register contains 7 risks: 3 Red Zone risks and 4 Amber Zone risks. Financial Viability of the College and Cyber security remain red risks, in terms of finance the HoF set out the current position and advised the committee the College is still dealing with one-year budgets and therefore financial planning remains difficult. A move to three-year budgets from 2026/27 is

likely and this will provide some stability however it is expected there will be significant budgetary pressures across the public sector from 25/26.

Moving on the HoF highlighted a new red risk has been identified on Professional Services & Term Services Contract Expiry. The HoF set out the detail of the risk and advised members that the risk is around the expiry of sector Professional Services (PSC) & Terms Services (TSC) Framework contracts. PSC ends in April 2025, TSC ends in July 2025. Replacement contracts not in place for expiry dates (contracts are sector based).

The committee were advised that in order to mitigate the risk a project team within NIFON have recommended two options:

- i. Direct Award Contract to incumbent to cover period from contract expiry to contract award.
- ii. Front-load orders to incumbent suppliers, prior to contract expiry.

The HoF added that legal advice being sought on both options.

The Chair enquired how the sector got to this position and the HoF advised that there had been a specialist employed at Belfast Met leading on these contracts, this employee had both estates and procurement expertise, and they left their position last year. DfE did not have the resource to fill this gap either and because the business case is more than procurement a business case was needed to be written before it could be reviewed by CPD. The HoF noted that it was a 'perfect storm' and that a lesson learned piece would be completed for the sector.

The Acting Director of HR & Facilities advised the committee of the new amber risk identified on industrial relations. She set out the steps that have been taken to mitigate the risk including the restructuring of the joint consultative forums. In response to a member's question the Acting Director advised that unions will be consulted on the staff survey to ensure that the appropriate areas are covered.

Action: The new red risk on Profession Services & Term Services Contract Expiry will be highlighted to the Governing Body at the meeting on 11th February

Action: The committee asked for an updated position on the risk on Profession Services & Term Services Contract Expiry and that a report on other contracts was provided to ensure other contracts would not be impacted in the same way

b) Operational Risk Report

The Head of Training Programmes and Apprenticeships provided an overview of the operational risks in her directorate, she highlighted the following risks to the committee:

1. Failure to meet Contract targets for ApprenticeshipNI 2021 and Skills for Life & Work 2021
2. Failure to meet income targets for ApprenticeshipNI and Skills for Life & Work 2021
3. Inability to operate the Training Management System (TAMS) due to implementation issues

In discussion the committee noted that the sector continues to work together to share best practice on TAMS and in terms of the systems itself, around 85% of the system is working but manual workarounds are still required. The committee advised that in future the Department is providing a new major system it is vital the architecture of it should be codesigned with the user to avoid any other experiences like the TAMS one.

The Head of Business Engagement addressed the committee to present the following operational risks:

1. Failure to meet Contract Targets on DfE Funded Programmes
2. Failure to meet Contract Targets on Council Funded Programmes

She highlighted that when funding is received late for both DfE and council funded programmes, there is a significant administrative burden on staff to not only recruit and deliver the programmes but overall impact of financial planning for the team.

The Chair noted both areas presented on the complexities they face with funding from DfE and Councils in relation to delivery of their programmes. High income generation in each area, with significant risk in delivery and complexity in managing each area.

Action: The College will submit a formal request to the Department for a lesson learned piece on TAMS

At this juncture the Head of Business Engagement and Head of Training Programmes and Apprenticeships left the meeting.

c) IT Resilience Statement

Members noted the written report provided.

4) Policies

Nothing to note.

5) Internal Audit

Papers previously issued to all Members.

- a) Progress report
- b) Audit Code of Practice

Mr McCartney asked members to note the reports provided. He advised that reports on HR and Cyber Security are ongoing and will be presented to the committee at the next meeting. The Chair commented that both reports had been expected for presentation at this meeting and enquired if there was an issue in their completion. Mr McCartney advised that cyber security could take longer to get through the quality assurance process and so there have been delays unfortunately.

Action: RSM were asked to liaise with management to review the audit schedule to ensure the timely delivery of reports

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

Members noted there are no outstanding actions for the year 23/24 or 24/25. The Acting Director of HR & Facilities advised that the action on Conflict-of-Interest policy from 22/23 remains outstanding. She highlighted at the November meeting she had reported the Chair of the HR Working Group had written to the Department to take the work forward however, this was only completed recently and the group can now work directly with Departmental colleagues to move this work forward.

7) Fraud Update *Paper previously issued to all Members.*

a) Fraud Report January 2025

The HoF advised there have been no incidents of fraud since the committee met in November and there is one live case ongoing. The investigation report for this case is expected to be complete by November.

b) NFI Report

The HoF talked to the written report and set out how the NFI data matching exercise works. He advised there have been 208 matches for SERC this year and the increase is in relation to a duplication of records.

The Head of Finance will investigate all matches, to ensure segregation of duties from those staff involved in operational transactions in each section. It is anticipated that all investigation work will be complete by end April 2024 and will be reported to the next Committee meeting.

Action: NFI review report will be reported to committee in June

9) Any other business

No other business was discussed.

The Chair declared the meeting closed at 7.26pm