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## SOUTH EASTERN REGIONAL COLLEGE

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

held on Tuesday 3<sup>rd</sup> February 2026 at 17:30, Meeting room, D Floor, Lisburn Campus and Via Microsoft Teams

### 1. Chairs Business

Attendance and apologies

Present: Mr Samuel Hagen, Mrs Nicola Wilson, Mrs Carolyn King, Dr Daniel McConnell, Mr Darren Stewart, Ms Grainne McVeigh, Ms Majella Corrigan, Mr Paul Finnegan

In attendance: Mr Tommy Martin (Principal & CEO) Mr Colin McGuckin (Deputy CEO) Mrs Claire Williamson (Secretary to the Governing Body) Mr Andrew Emmett (Chief Technology Officer) Mr Richard Girvan (NIAO Representative) Mr John Nugent (Chair of the Governing Body), Ms Pauline Wilson (DfE), Mr David Archibald (Henderson Logie)

Apologies: None

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.
- Ms Corrigan declared she is employed by DENI. She is a current member of the Governing Body of Stranmillis College
- The Principal and Deputy CEO declared a conflict with agenda item 3a where the strategic risk on senior staff pay was documented. The Chair noted the conflict and advised any discussion on this

matter would not involve any decision making so there would be no need for the staff members to leave the meeting.

#### c) Minutes of the meeting held on 13<sup>th</sup> November 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 Danny McConnell and seconded by Majella Corrigan.

#### d) Action Points from the meeting held on 13<sup>th</sup> November 2025

*Previously issued to all Members.*

On the invitation of the Chair, Mr. Archibald provided an update on a shared assurance exercise recently undertaken with one of the Scottish colleges. He noted that sharing outputs from this work has been beneficial in identifying areas where Governing Bodies may feel they are not receiving the right level of assurance, and how such exercises can enhance governance insight.

**Action:** Deputy CEO to circulate the shared examples from other institutions with the committee

The Deputy CEO confirmed that BCP desktop exercises are scheduled for February, March and April, covering key service areas as part of the College's cyclical testing programme. Outcomes from these sessions will be brought back to the Committee at its next meeting.

## 2) Correspondence

*Papers previously issued to all Members.*

#### a) C&AG Report on Financial Auditing 2025

Members noted the enclosed report for information and the Chair highlighted the 18 recommendations made within the report.

#### b) Update to colleges on change of accounting date to 31 March

The Deputy CEO, provided an update on the forthcoming change to the College's financial year-end, as confirmed in the Departmental correspondence dated 13 January 2026, which outlined that the statutory amendment to the FE (NI) Order 1997 will bring the new accounting date of 31 March into operation on 27 February 2026. The 2025/26 period will therefore operate as an eight-month transitional financial year, covering 1 August 2025 to 31 March 2026.

The DCEO advised that the College has commenced preparatory work to ensure readiness for year-end under the revised timetable. He confirmed that he has already contacted the NIAO to seek clarity on the

required audit plan, and the College awaits confirmation on how the Audit Office intends to take forward the revised process.

The Chair queried governance implications, particularly regarding the timeframe for providing the annual assurance statement. It was confirmed that the new arrangements will require an assurance statement for the shortened eight-month period.

*At this juncture Mr Stewart joined the meeting.*

In response to a question from the Chair on how the internal audit assurance statement will be provided in line with the new year end date, Mr Archibald noted that the Northern Ireland Audit Office will need to establish its drop-date, but indicated that their expectation is that the assurance statement will be required by the end of May, and the College is therefore working to that indicative deadline. A plan is in place to ensure the College can provide the necessary assurances within the revised timescales.

Members discussed whether there are additional considerations within the eight-month period that require attention.

The Principal highlighted several practical implications. The draft annual report, normally reviewed at the September meeting, will now need to be brought to the Committee in June, significantly compressing timelines. The Finance Team is working within a constrained timetable with no flexibility.

The Deputy CEO added that NIAO remains at an early stage in its planning, and the College continues to await further detail.

The Chair noted that the CWG will need to review the programme of work for each Committee to ensure alignment with the revised governance cycle.

**Action:** Review Committee work programmes to ensure all key reporting dates align with the new statutory deadlines and all committee meeting dates are also in line with the new deadlines

### 3) Items for Information

*Papers previously issued to all Members.*

#### a) Strategic Risk Management Report

The Committee received the Risk Management Report – January 2026 presented by the Deputy CEO, Colin McGuckin. It was noted that the Strategic Risk Register continues to contain four risks, comprising two Red and two Amber ratings, consistent with the position reported in the paper.

##### 1. Financial Viability (Risk R074 – Red)

The Deputy CEO advised that the Department has indicated the College's Resource Allocation for 2026/27 will be lower than previous years. The Permanent Secretary has separately suggested that reductions of up to 12.5% may be possible. While the financial position for the current year remains stable, the outlook for next year is challenging. Work is ongoing with Heads of School and Departments to model scenarios and align activity with potential budget constraints.

The Chair referred to the Minister's recent budget statement and sought initial thoughts on the resulting risk exposure. The Deputy CEO highlighted that the College is preparing its formal response for submission by 9 March, noting that the current budget was "just enough" to sustain planned operations; any reduction

is likely to require service adjustments or reductions. The College will explore opportunities to raise additional income through Business Services.

A sector-wide response is being coordinated through NIFON. The Principal observed that the public consultation is high-level and provides no clarity on the likely financial position for the FE sector. He added the Permanent Secretary has requested to attend the next Governing Body meeting to outline the wider three-year budget challenges.

## 2. Cyber Threat (Risk R093 – Red)

The Deputy CEO reported that the reporting period has been uneventful in terms of cyber incidents, but the wider national cyber-threat environment remains high. The IT team continues to work diligently to maintain resilience. The College's Microsoft Secure Score stands at 87%, above the current 80% threshold and approaching the revised target minimum of 88%.

The Chair of the Governing Body queried whether cyber resilience is impacted by budget pressures. The Deputy CEO confirmed there is no separate cyber-security budget line, but resources will be allocated where needed and advised there is ongoing investment in hardware.

The Chief Technology Officer emphasised that external events continue to require a cautious approach. The Deputy CEO added that in terms of unsupported systems advised that the key system of concern is Jane Juniper, which remains supported until October 2026, when a planned upgrade will be completed.

The DCEO noted that wider Public Sector shared-service integration had been assessed in 2018 and ruled out due to the FE sector's unique operational profile and minimal expected savings, though this does not preclude FE-specific service aggregation.

In response to a query whether system-wide early-warning mechanisms operate across government, the CTO confirmed that informal online communities and internal sector notifications exist, including sharing phishing-email intelligence. The Principal noted there is no formal public sector-wide network; the College relies on DfE's dissemination of cyber risks. Ms Wilson reported that a departmental Cyber Security Working Group has been established to improve communication with ALBs.

## 3. Special Educational Needs (Risk R099 – Amber)

The Committee discussed the Amber-rated risk relating to SEN support. The Deputy CEO noted that SEN pressures had also been raised at the Education Committee. He highlighted the significant increase in the number and complexity of students presenting with SEN, emphasising that headline numbers do not reflect the intensity of need. The Risk Report evidence 2,065 SEN requests, 1,316 students receiving support, and rising complexity including behavioural concerns.

Members suggested developing a structured triage approach, the Principal confirmed that triage already operates and that 1,300 students receive differing levels of support, with 2,000 assessments completed. He commended the team, noting that the increasing demand feels "like holding back a river", and that available support is not at the preferred level.

Ms. Corrigan (Chair of the Education Committee) noted that the risk-description language is insufficiently strong and suggested revisiting the score. She emphasised the importance of early engagement with the new Further Education Director (FED), though financial pressures may limit options.

The Principal advised that the risk had previously been debated as a potential Red; it remains a high Amber as the College is currently managing the position, but it may move to Red with the next student intake and reduced funding availability.

The Chair emphasised that although the risk sits with this Committee, its effects are cross-cutting. The Principal advised that ETI is preparing a sector SEN report, which should highlight systemic issues. The Department has indicated that SEN is an area of high priority for the new FED team.

#### 4. Industrial Relations (Risk R101 – Amber)

The Chair raised the continuing issue of senior staff pay, noting the delay in DfE approval. The Principal clarified that although the pay award noted in the report was agreed in 2025, it relates to pay dating back to 2024. Senior staff have received no pay award since 2023. The delay continues to create tension within the sector.

**Action:** Provide an update to the Governing Body in closed session, confirming that CEF continues to actively engage with DfE to resolve the issue.

#### b) Operational Risk Report

The Deputy CEO presented a summary of some of the operational risks in his directorate across Finance, HR and Estates, a brief discussion took place and the following points were noted:

The Governing Body Chair requested an update on the recruitment exercise for the vacant posts within the Finance Department. The Deputy CEO reported that recruitment for the management accountant posts was closed earlier this week, and recruitment activity for two additional posts is now commencing. He expressed optimism about attracting strong candidates, noting that the College is regarded as an attractive place to work.

Members queried whether any opportunities existed to link recruitment with students completing the College's own accountancy programmes.

The Principal explained that the College currently has an Accounting Technician role and a strong history of developing finance staff internally. However, he emphasised that the Finance Team has recently lost several senior colleagues, leaving critical gaps at senior level that must be filled before re-establishing a trainee programme.

He added that with the current lean team (as confirmed in the operational risk paperwork) there is presently no capacity to supervise a trainee, and stabilising the senior structure is a prerequisite to restarting internal development pathways.

The Committee moved onto discuss the Estates-related risk concerning the expiry of the PSC and TSC framework contracts, as referenced in the DCEO Operational Risks – January 2026 report, where this is recorded as a Red-rated operational risk (Score 12).

Members queried why this risk does not currently appear on the Strategic Risk Register (SRR). The DCEO explained that this is a sector-wide issue, and the intention is to progress procurement as quickly as

possible. It is hoped that an extension to March 2027 will be secured, providing a buffer period to avoid service disruption.

The Chair of the Governing Body noted that legal advice should fully acknowledge the breadth of risks involved, particularly given the contractual, operational, legal and health-and-safety implications.

The Principal outlined the position, stating that the primary reason the risk has not been escalated to the SRR is that the Business Case has now been approved and the process is actively moving forward. This keeps the residual risk below the current escalation threshold. Nonetheless, the risk will remain under close monitoring.

Members discussed potential mitigations including front-loading orders and other work-around options should further delays occur in procurement.

The Chair emphasised that although the risk is being managed operationally, it remains significant and questioned how the Committee could maintain visibility if the risk does not sit on the SRR. He noted that it involves three critical contracts, including the Jane system, and therefore requires continued oversight.

The Principal confirmed that the risk will either be resolved and reported to the Committee at its next meeting, or—if circumstances deteriorate—it will be escalated to the SRR.

The Chair reaffirmed that the intention is not for the Committee to encroach on the remit of the Operational Risk Management Team, but that the Committee must retain visibility where risks have strategic implications.

The Principal explained that the Risk Management Team evaluates risks that sit in the “grey area” between operational and strategic. Decisions are based on likelihood, mitigation strength, and whether strategic intervention is required. The SRR must remain concise and meaningful, containing only risks requiring Governing Body-level oversight.

Members highlighted that the risk continues to be visible through other governance channels, including updates provided in the FGP Estates Report, so Committee-level oversight is maintained even without SRR inclusion.

The DCEO concluded by giving a brief rationale as to why the Jane system end-of-life position is similarly not a strategic risk at present, noting that mitigations and timelines are already in place and actively managed through sector-wide coordination.

**Action:** Whether or not the risk on the TSC and PSC Contracts is added to the SRR, an update will be provided to this Committee at the next meeting.

### c) IT Resilience Statement

The Committee received the IT Resilience Statement for January 2026. It was noted that the former Information & Cyber Security Committee (ICSC) has been dissolved and replaced by the newly formed Digital Trust & Assurance Committee (DTAC), whose remit will more tightly focus on oversight of Cyber Security, Data Protection and AI-related risk. Due to scheduling commitments, DTAC has not been able to meet formally ahead of preparation of the report.

In response to the Chair’s query regarding membership, the Chief Technology confirmed that DTAC will include representation from Learning Academy, Data Protection, HR, and Finance, with the Deputy CEO

acting as Chair. The Deputy CEO added that day-to-day operational systems oversight should remain separate from the governance remit of DTAC.

The Committee noted a temporary reduction of the College's Microsoft Secure Score by 3% in late November—from 89% to 86%—arising from new Microsoft technical controls and reduced device availability over the Christmas period. After evaluation and implementation of required changes, the score has now returned to 88%, meeting the College benchmark target.

The Committee noted that:

Cyber Essentials certification was achieved in December 2025.

The CSMA action plan is largely complete, with only one remaining policy-alignment action outstanding, now scheduled for completion by March 2026.

The Chair queried whether the remaining actions were on track for March; the committee requested that BitLocker be removed from the “on hold” list where it is no longer relevant.

The CTO also highlighted IT systems BCP testing is carried out every summer, and the associated recovery plan feeds into the wider organisational BCP.

#### d) AI Scoping Objectives

The Committee reviewed the AI Objectives Update from January 2026. As outlined in the paper, the former ICSC functions relating to AI have moved to the Digital Trust & Assurance Committee (DTAC), which will take forward formal AI governance.

A formal DTAC meeting is scheduled, with the purpose of progressing AI governance, policy and organisational readiness. The draft AI Policy remains under consultation with stakeholders. Once approved, further staff guidance and communications will follow, ensuring clarity of direction and ethos for AI use across the College.

Work continues to ensure that:

- Historical sharing permissions are reviewed and corrected to prevent accidental data leakage.
- Systems are in place to monitor and track AI usage across the organisation.

The committee welcomed the introduction of a single approved tool for staff, noting it provides greater control and reduces risk. Emphasis was placed on the importance of staff education and encouraging constructive use of AI tools such as Copilot. Members noted that the College has developed a register of all AI tools currently in use, with 27 desktop applications and 143 cloud-based AI services identified as of January 2026.

The Deputy CEO highlighted that Objective 5—cataloguing and monitoring AI tools—remains particularly challenging as cloud-based AI use continues to expand.

The Committee discussed the emerging AI risk management framework, which will be integrated with the College's existing risk-management arrangements, supplemented by AI-specific guidance.

A member requested that consideration be given to developing a report capturing the impact of AI on staff and student efficiency, including value-for-money indicators. The CTO noted that measuring success in AI adoption remains challenging.

The DCEO advised that requests for AI access will need to be tightly governed due to the volume of tools being developed and will link into the risk-management framework.

The Chair concluded the discussion by advised he welcomed the comprehensive overview and noted that it will be important for the Committee to revisit AI governance regularly to track organisational progress and maturity.

#### 4) Internal Audit

Mr Archibald provided a verbal update on progress with the Internal Audit Programme. He confirmed that this is Year 1 of the new three-year internal audit cycle and expressed his appreciation for the high level of engagement from both the College and the wider sector in reaching an agreed Terms of Reference (ToR) for the sector-wide audit work (Mandatory DfE review – Assurances on College Performance Data).

Sector input was received from the Department and NIFON, and agreement has now been reached on the final ToR. The proposal is to conduct the first review in NWRC, with resources allocated in March and April to complete the same work across the remaining five colleges. This will enable a consolidated sector report to be completed in time to support the Annual Audit Report by the end of May.

Mr Archibald outlined that the remaining three internal audit reviews included in the 2025/26 plan are progressing well and expressed his thanks to the Deputy CEO for facilitating discussions with the relevant Executive Leads. Fieldwork is underway.

He noted linkages between the internal audit work and Student Admissions and confirmed that the same audit teams will run reviews in parallel, supported by a senior team member to reduce the operational impact on SERC staff.

Digital-related audit fieldwork is scheduled to take place in March.

The Chair thanked Mr Archibald for the detailed update and noted the meeting in April will review the completed reports.

#### 5) Policies

No policies were presented for review.

#### 6) 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.

#### 7) Fraud Update

*Paper previously issued to all Members.*

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

The Deputy CEO highlighted the NFI data matching exercise was carried out on 18<sup>th</sup> November, there were 173 matches, all were investigated and no instances of fraud were found.

#### 8) Any other business

No other business was discussed.

**The Chair declared the meeting closed at 7.24pm**