

South Eastern Regional College

Audit & Risk Committee Annual Report
Financial Year: August 2024 to July 2025

To: College Governing Body and College Accounting Officer

Introduction

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This report has been prepared in accordance with the DfE Code of Guidance on Audit for the Governing Bodies of Further Education Colleges.

The period referred to is 1 August 2024 to 31 July 2025.

Background

The Audit Committee is responsible for reviewing the effectiveness of the College's accounting procedures and systems of internal control and reporting to the Governing Body. The Audit Committee provides a channel of communication from the College's auditors, who are not controlled by College management.

Committee Membership

Members of the Audit Committee are drawn from the Governing Body.

Members who served on the Audit Committee during the period 1 August 2024 to 31 July 2025 were as follows:

| Audit Committee Member |
|---|
| Samuel Hagen (Committee Chair) |
| Daren Stewart (Committee Vice Chair) |
| Mark Huddleston (Term ended December 2024) |
| Mrs Nuala Reid |
| Mrs Nicola Wilson |
| Mrs Carolyn King |
| Mr Michael McQuillan |
| Ms Catherine McKay (became a member of the Audit Committee November 2024) |
| Mr Chris Bruton (Student Governor term began 1 st October 2024) |
| Vikki Pinkerton (Student Governor) (Term ended 30 th September 2024) |

During the same period, the duties of Committee Secretary were undertaken by Claire Williamson.

Meetings of the Committee

The Articles and Terms of Reference for the Audit Committee state that the Committee should meet at least 4 times a year, and more frequently as circumstances require. During the 2024/25 financial year there were 5 Audit Committee meetings held.

A quorum for any meeting of the Audit Committee is 3 members. All meetings of the Audit Committee for the year August 2024 to July 2025 were quorate. Attendance during the year at Audit Committee meetings was as follows:

| Audit & Risk Committee Member | Meetings Attended | Out of a Possible |
|---|--------------------------|--------------------------|
| Mr Samuel Hagen (<i>Committee Chair</i>) | 5 | 5 |
| Mr Christopher Bruton (<i>Student Governor 2024-25 – Term commenced 1 October 2024</i>) | 4 | 4 |
| Mr Mark Huddleston (<i>Term ended 9 December 2024</i>) | 2 | 2 |
| Mrs Carolyn King | 4 | 5 |
| Ms Catherine McKay (<i>Term commenced 25 October 2024</i>) | 3 | 4 |
| Mr Michael McQuillan | 1 | 5 |
| Ms Vikki Pinkerton (<i>Student Governor 2023/24 – Term ended 30 September 2024</i>) | 1 | 1 |
| Ms Nuala Reid | 5 | 5 |
| Mr Darren Stewart | 3 | 5 |
| Ms Nicola Wilson | 4 | 5 |
| <i>In attendance</i> | | |
| Principal & Chief Executive | 5 | - |
| Chair of the Governing Body | 4 | - |
| Deputy Principal: Planning, Performance & Engagement | 2 | - |
| Deputy Principal: Curriculum | 3 | - |
| Acting Director: HR & Facilities | 5 | - |
| Acting Director: Finance & IT | 4 | - |
| Head of Finance | 2 | - |
| Deputy Head of Finance | 2 | - |
| Head of Business Engagement | 1 | - |
| Head of Training Programmes & Apprenticeships | 1 | - |
| Northern Ireland Audit Office Representative | 5 | - |
| Internal Audit Representative | 5 | - |
| Department for the Economy Representative | 5 | - |

Representatives of the College Management Team (CMT), the Department for the Economy (DfE), Internal Audit (RSM), Northern Ireland Audit Office (NIAO) were in attendance at meetings of the Committee.

Other attendees are invited to attend the Audit and Risk Committee meetings if a discussion is to be held around their particular business area.

Committee Terms of Reference

The Terms of Reference of the Audit Committee are based on the model terms of reference for audit committees set out in the Articles of Association.

The Terms of Reference were reviewed in June 2025 by the committee and adopted by the Governing Body in June 2025.

Internal Audit Provision

- Internal Audit within the College was provided by third party auditors, RSM

RSM was appointed, following completion of a sector wide competitive tender process, on a three-year contract basis for the years 2020 to 2023. The contract was extended for an initial period of one year up to 2nd August 2024, and again to September 2025.

- At its September 2020 meeting, the Audit Committee agreed the Strategic Audit Plan for 2020/21 – 2022/23 which was used to develop the detailed Operational Audit Plan for each individual year. The focus of the plan was on those areas of highest strategic risk to the College as well as on providing assurance on key financial, operational and governance matters across the College. It was estimated that an annual average of 50 days over the three-year period was required to carry out the strategy.

The Internal Audit Strategy for 2024/25 was reviewed at the beginning of the extension to the contract for internal audit services, to ensure that it continued to address the key risks, some of which can change during the period.

The Audit Strategy was reviewed by the Audit Committee in 2024/2025 and will continue to be reviewed, by the Audit Committee, at least annually in relation to:

- The College's on-going risk management process;
- The Internal Audit findings from the previous year;
- Developments in the sector and external influences;
- The College's changing priorities and systems.

The Internal Audit Plan for 2024/25 was presented to the Committee at its September 2024 meeting (Appendix A).

- At its September 2024 meeting the Committee received and considered the Internal Auditors' Annual Assurance Report for 2023/2024 (**Appendix B**).

In 2024/25 the internal auditors completed 4 reviews. Reports on all reviews have been considered by the Audit Committee. The audit reports reviewed by the Audit Committee are set out below.

| Area reviewed | Assurance Rating |
|---|-------------------|
| Human Resources: Recruitment Process | Satisfactory |
| IT Security | Limited Assurance |
| Review of Additional Support Funding and Funding Allocation Processes | Satisfactory |
| Key Financial Controls | Satisfactory |
| | |

- The Internal Auditors have provided the College with an overall Satisfactory Assurance Rating on the Internal Control Framework and the Risk Management process operating within the College.

The Audit Committee is satisfied with the achievement of an overall Satisfactory assurance rating (the highest available) and commends all the staff involved.

- Typically, the Committee seeks a response from College Management in relation to Internal Audit recommendations contained in the above reports. In 2024/25, 8 low priority, 6 medium priority and 1 high priority findings were identified across the 4 reviews undertaken by RSM. The committee accepted these findings and noted management's response to fully implement the findings across the College.

To ensure the implementation of internal audit recommendations, the Committee has in place a recommendation implementation review process. At each meeting, the Audit Committee reviews information on the progress on implementing audit recommendations and discusses progress with senior staff. The timelines on these updates are reconciled with the Internal Auditors' update reports.

The Audit Committee noted that RSM met all their own KPI's in the Assurance Report presented to the committee.

Other Audit Reports

The Audit Committee did not receive or review any other Audit reports during the year.

External Audit

The Comptroller and Auditor-General (C&AG) is the appointed external auditor of the South Eastern Regional College

- Year End 31 July 2024

The June 2024 meeting of the Audit Committee was informed of the potential significant risks to be considered during the External Audit and the Committee approved the External Audit Strategy. The significant risks of material misstatement considered during the completion of the audit are: fraud arising from management override of controls; and fraud in revenue recognition.

The draft accounts for the year 2023/24 were prepared by the College Finance Team and following review by the Finance and General Purposes Committee and the Audit Committee were submitted to DfE. Field work by the External Auditors commenced immediately after the submission of the draft accounts.

At its meeting on 21st November 2024, the Audit Committee formally reviewed the Annual Report and Financial Statements for 2023/2024 presented by the Deputy Head of Finance.

Following the review of the Financial Statements, the Committee received a presentation from the External Auditors, NIAO, on the findings contained in the Report to Those Charged with Governance. The NIAO commented on all the key areas as identified in the Audit Strategy and no issues or weaknesses were identified during the audit.

In overall terms, the Audit Committee noted that the External Audit of the 20223/24 Annual Report and Financial Statements resulted in the Comptroller and Auditor General certifying the 2023/24 Financial Statements with an unqualified opinion, without modification, on the financial statements and their regularity. No report on the financial statements was therefore required.

A copy of the Report to Those Charged with Governance 2023/24 is attached for information at Appendix C.

- Year End 31 July 2025

The June 2025 meeting of the Audit Committee was informed of the potential significant risks which would be considered during the External Audit and the Committee approved the External Audit Strategy. The significant risks of material misstatement considered during the completion of the audit are: fraud arising from management override of controls and fraud in revenue recognition.

The draft accounts for the year 2024/25 were prepared by the College Finance Team and following review by the Finance and General Purposes and Audit Committees in September 2025 were submitted to DfE. Field work by the External Auditors commenced immediately after the submission of the draft accounts.

Other Work undertaken by the Audit Committee

The key issues discussed at the Audit and Risk Committee meetings during the 2024-25 financial year were as follows:

- Risk Management Reporting & Risk Horizon Scanning
- Annual Report & Financial Statements (including Governance Statement)
- Internal Audit and External Audit reports
- External Audit Strategy 2024-25
- Fraud Updates
- IT Resilience
- Business Continuity Planning
- Environmental Social Governance
- Gift and Hospitality Register annual review
- Finance & Information Technology Services Policies
- National Fraud Initiative
- Department of Finance Annual Theft & Fraud Report

Risk Management

The Committee reviews how the Management of Risk is being undertaken throughout the College at each of its meetings. In undertaking its reviews during the year, the Committee's strategy has been:

- To seek assurance that risk is being monitored and addressed appropriately
- To review audit reports covering areas of risk
- To challenge senior management on their approach to identifying and mitigating risk.

The Committee is also keen to ensure that risk management is disseminated and embedded at all management levels throughout the College, and this will continue during 2025/26. The Audit Committee monitors the Strategic Risk Register to ensure that it remains fluid and dynamic. The Committee agreed to review operational risks on a rolling basis and members of CMT have attended meetings since January 2017 to present the high-level operational risks from their Departments, this was paused during 2024/25 as the CMT were operating with interim personnel in place. It was agreed the operational risk reports would recommence in November 2025 when the Deputy Chief Executive Officer was in post.

The College's Strategic Risk Register forms the basis of the Internal Audit Strategy on an ongoing basis and audit reviews planned for 2025/26 will be based on areas of perceived risk.

Fraud Notification

There was one fraud case reported in 2024/25. The case was reported to DfE on 11 November 2024.

The case refers to suspected theft of an asset, linked to employee payment process (not related to the supplier payment process). The suspected fraud was identified via the operation of controls procedures within the Finance Department.

An internal investigation into the suspected fraud was completed. No finding of fraud has been substantiated from this report.

Review of Non-Audit Reports & Correspondence

The Audit Committee reviewed the following non-audit reports and correspondence:

- Accounts Direction 24-25
- National Fraud Initiative (NFI) in Northern Ireland: Data Matching Exercise 2024-25
- Assurance on College Performance Data
- Role Of Departmental Representatives at Audit and Risk Committees
- NIAO Developing the skills for Northern Ireland's future
- The National Fraud Initiative in Northern Ireland 2024
- Comptroller and Auditor General's Report on Financial Audit Findings 2024 – Central Government
- DAO: Corporate governance in central government departments: Code of good practice NI
- NIAO Good Practice Guide (enc)

- GIAS Global Internal Audit Standards

Requirements

- NIAO Strategy 2024/25
- SERC Report to Those Charged with Governance for the Year Ended 31st July 2024

Approval of Policies

The Audit Committee reviewed the following policies throughout 2024/2025 and noted there were no substantive changes, therefore, they did not progress to Governing Body for adoption:

- IT Security Policy
- Disaster Recovery Policy
- Information Governance
- Information Systems Incident Management

Whistleblowing / Raising a Concern

During 2024/25 the College had one incident reported under the Raising Concerns Policy. After an investigation the case is now closed and was not progressed.

Cyber Security

The Committee received regular updates as a standing item at each meeting, from the Acting Director of IT & Finance on IT Resilience and Cyber Security. These updates allow the Committee to regularly scrutinise cyber security arrangements.

The National Audit Office Cyber security and information risk guidance for Audit Committees is used by the committee as it provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management
- Capability needed to manage cyber security.
- Specific aspects, such as information risk management, network security, user education, incident management, malware protection, monitoring, and home and mobile working
- Related areas, such as using cloud services and developing new services or technology.

Audit Committee Opinion

The Audit Committee's opinion on the adequacy and effectiveness of arrangements for Internal Control and Risk management is based on the information presented to it at its meetings during 2024/25

In forming an opinion, the Committee has considered:

- The Report to those Charged with Governance 2023/24;
- The Annual and Individual reports of the Internal Auditors;
- Reports from the College Management Team on the Management of Risk;
- Feedback from DfE on the accuracy of information provided by the College;
- The overall Satisfactory Assurance rating provided by the Internal Auditors;
- The Statement of Corporate Governance and Internal Control 2024/25;
- The NIAO's recommendation to the Comptroller and Auditor General that he certifies the 23/24 Financial Statements with an unqualified audit opinion.

Based on the above information the Audit Committee is satisfied with the overall Satisfactory Assurance rating made by Internal Audit. The Internal Auditors have commented that they have confidence in the information provided by the College and management responses have been positive.

Based on the above sources of information the Audit Committee judges that the adequacy and effectiveness of the College Risk Management Process and other Internal Control arrangements are satisfactory.

In conclusion, the Committee wishes to thank the Committee Secretary and the College Management Team, together with the representatives from DfE, RSM, and NIAO, for their support and input into the work of the Committee during the year.

Signed on Behalf of the Audit Committee



Mr Samuel Hagen
Chair of the Audit Committee

Appendices:

- Appendix A [Internal Audit Plan for 2024/25](#)
- Appendix B [Annual Assurance Report for 2023/2024](#)
- Appendix C [Report to Those Charged with Governance 2023/24](#)