

Minutes of the 6th Audit & Risk Committee meeting

Date: Thursday, 21st December 2023

Time: 12noon via MS Teams

Chairperson: Mr Jim Bergin

Attendees: Ms Imelda Buckley
Mr Sean Quigley
Mr Kevin Lewis

Apologies: Ms Nora Widger
Ms Kathleen Holohan

In attendance under the Code of Governance:

Ms Elaine Sheridan, Vice President for Corporate Affairs and Finance
Mr Cormac O'Toole, Vice President for Corporate Affairs

In attendance for Agenda Items 2 & 3

Ms Susan Green, Risk & Compliance Officer
Ms Sarah Morrissey, Corporate Integration Lead

In attendance for Agenda Item 4

Ms Cristiona Innseaduin, Finance Manager
Ms Eleanor Rea, Finance Manager
Mr Brian Stenson, Accounting & Financial Reporting Manager

Secretariat: Ms Annette Byrne

Item Title	
1.	<u>Chairperson's Opening:</u>
1.1	<p><u>Welcome & Approval of Agenda</u></p> <p>NOTED The Chairperson thanked all for making themselves available for this meeting and opened the meeting. He indicated that the purpose of the meeting today was to review the first set of draft Annual Financial Statements for South East Technological University (16 months to the period ending 31 August 2023).</p> <p>NOTED Ms Sheridan informed all that the Finance and Capital investments committee have conducted a review of same at their meeting the previous afternoon. She also indicated that this particular set of draft statements will be submitted to the Comptroller & Auditor General (C&AG) for audit purposes and have not been provided to the Governing Body pre submission to the C&AG due to timing deadlines. This matter has been advised to the President and Chairperson of the Governing Body.</p> <p>Ms Sheridan also indicated that the inclusion of draft internal audit reports in supporting papers was for the purpose of forming assurances regarding the Statement of Internal Controls, however these reports</p>

will be required to be reviewed further at the next meeting. Mr Quigley made reference to a query he had submitted in advance of the meeting regarding a specific inclusion within the Internal Control Framework briefing note and it was suggested that this would be clarified during the meeting.

1.2 Conflict of Interest

NOTED The Chairperson asked members if they had any conflicts of interest to declare particularly associated with items on the meeting agenda. No member present declared a conflict for this meeting.

2. Internal Audit reports

NOTED Ms Green and Ms Morrissey were welcomed to the meeting. Ms Green presented a summary of findings regarding the following internal audit assignments; Internal Financial Controls Review 2023; Review of Workforce Planning 2023 and Follow Up review 2023, noting that final presentation and review of same will be conducted at the next ARC meeting. The following findings were noted;

- Internal Financial Controls Review 2023 – 1 Moderate finding; 3 Minor findings;
- Review of Workforce Planning 2023 – 1 Moderate finding;
- Follow Up Review 2023 – 25 recommendations of which 9 have been implemented, 12 are in progress and 3 have not yet started however will be addressed as part of a new Safety Management System in Q2 2024;
- IT Governance Review Audit has now been superseded by work currently in progress and being led by the VP Academic Affairs. It was suggested that a presentation regarding this matter would be tabled for the next ARC meeting.
- An update regarding an In-House Follow Up Review – further details to be provided at the next meeting.

3. Report on the Effectiveness of system of internal control

NOTED Ms Green continued by providing a presentation regarding the review of effectiveness of the system of internal control 2022/2023, outlining processes that have been conducted to provide assurances that all aspects of risk management and internal control are in place and being implemented. The processes and controls include; management structures, internal control framework, robust risk management and policy in place, regular reporting to EMT and ARC, effectiveness questionnaire, internal audit and external audit reports. In addressing the query raised by Mr Quigley prior to the meeting regarding “Lines of Defence” and where the role of the Audit & Risk Committee sits in this regard it was agreed that the document would be amended to provide clarity that the role of the ARC is one of oversight role.

Ms Morrissey further outlined details of the various assurances and controls identified to reflect the internal controls framework. These include a review of controls by management and executive management, the effectiveness of controls have been identified and an action plan has been agreed for controls which require strengthening. Sources of assurance on the system of internal control as provided informs the basis for the preparation of the Statement of Internal Control. The Chairperson suggested that additional backup documents provide support for assurances indicating that there has been ample engagement and therefore satisfied that what has been presented provide adequate assurances. The opportunity for committee members to further question inclusions as per the Corporate Governance Statement and Statement of Internal Control was provided. Mr Lewis requested the inclusion of detail regarding Cyber Security. It was agreed that this would be reflected in an amended version prior to submission to the C&AG.

AGREED The Audit & Risk committee to confirm to the Governing Body that they have undertaken a review of the effectiveness of the SETU internal control systems for the period May 2022 to August 2023. In doing so they also confirmed satisfaction with the Statement of Internal Controls and Corporate Governance Statement for inclusion in the consolidated financial statements. The Chairperson

thanked Ms Green and Ms Morrissey for the work they have carried out in relation to this matter, wished them a happy Christmas and they left the meeting.

4. Annual Financial Statements: South East Technological University (16 months to 31 Aug 2023)

NOTED The Chairperson welcomed Ms Rea, Ms Innseaduin and Mr Stenson to the meeting. Ms Sheridan firstly drew attention to a memo issued to the committee outlining a note regarding a prior year adjustment in consolidated legacy accounts and as per instruction from the C&AG regarding treatment of this transaction, this is now included within the SETU financial statements for year ended 31 August 2023. Additional notes outline details of non-compliant/non-competitive procurement; compliance with government travel circulars; awaiting finalisation of the LI4 subsidiary financial statements; and submission of consolidated financial statements. It was also noted that there is difficulty in comparisons due to different periods of time.

Mr Stenson provided a review of the draft consolidated statements noting that as the finance team continue to refine this particular set of accounts, further adjustments and changes to the consolidated position may arise. He continued by outlining draft results regarding the following;

- Income categories; including Recurrent Grant, TUTF funding, HCI funding, Minor non-capital work and other minor funding grants. A decrease in tuition fee income was noted due to a declining trend on student intake numbers. This matter has been flagged to the Governing Body and plans to address this issue are in train;
- Research income; State/EU, Industry and other;
- Student support funds; Disability and Student Assistance Fund;
- Other income, Amortisation, Interest income & deferred pension funding (noting no obligation to the University, however requested that this is stated);
- Staff costs – including the impact of pay increase, pay restoration and increased headcount;
- Other operating costs;
- Depreciation;
- Transfers to and from Capital Development Reserves;
- Statement on the financial position of the University;
- and Cashflow statement.

In concluding the review Mr Stenson indicated that there is nothing material to be highlighted to the committee as already provided in accompanying notes and implied that preliminary results reflect a relatively good position to meet short term working capital. Ms Buckley enquired about the recommendation of the Finance & Capital Investments committee and if they had sought clarification regarding any material items. It was confirmed to all that they had concluded a review of same and content to recommend submission of same based on the presentation and information provided.

AGREED The Chairperson recommended that the Audit & Risk committee confirms satisfaction to proceed with submission of the draft financial statements to the C&AG. This was accepted by all. He extended his gratitude to the Finance teams for their diligence and commitment to the work carried out under difficult time deadlines. He wished Ms Rea, Ms Innseaduin and Mr Stenson well for the holiday season and they left the meeting.

3. AOB:

NOTED The Chairperson acknowledged approval by the Governing Body to appoint executives roles as follows;

- Vice President Governance/University Secretary – Ms Elaine Sheridan;
- Vice President Finance/Financial Controller – Mr Cormac O’Toole.

He extended congratulations to both and wished them well in their new positions. He also indicated that this would be communicated to absent members.

NOTED Next meeting scheduled for Monday 8th January, 4pm via MS Teams.

There being no other business to attend to the Chairperson apologised for the overrun, thanked all for their attendance, wished all a happy & healthy Christmas and closed the meeting.

Approved: 8th January 2024