AUDIT AND RISK ASSURANCE COMMITTEE
UNCONFIRMED MINUTES

Date:	**25 February 2019**	Clerk to the Corporation
		Granville Road
Venue:	**The Boardroom, City Campus, the**	Sheffield, S2 2RL
	Sheffield College	Tel: 0114 260 2620
		Email
		alison.shillito@sheffcol.ac.uk

Present: Ian Falconer, Chair
Richard Calvert (until 9.30 am)
Chris Linacre
Michelle MacDonald Staff Governor

In attendance Rob Barnett, Head of Internal Audit, RSM
Angela Foulkes, Chief Executive and Principal (for matters arising only)
Richard Lee, Financial Statements' Auditor KPMG
Kate Platts, Executive Director of Finance and Resources (EDFR), Alison Shillito, Clerk to the Corporation
Paul Simpson, Executive Director of HR and Organisation Development (EDHROD) (for matters arising minute 19/01/12.1 only)
Lisa Smith, Internal Audit Senior Manager, RSM

	Action by whom	**by when**

19/1/01 Apologies for absence and quorum

1.1 Apologies for absence were received from Shelley Hemsley, Gwyn Arnold and Clare Partridge.

1.2 The meeting was quorate. The Chair reported that one governor had to leave at 09.30 and therefore he would change the order of business to ensure all items requiring formal approval were completed while the meeting was quorate. The Committee agreed that the members remaining after 09.30 should continue the meeting, referring any matters requiring formal approval to Governing Body.

19/1/02 Declarations of Interest

The Committee noted Michelle MacDonald's standing declaration as a member of staff. In line with the Post-16 Audit Code of Practice it was acknowledged that the staff governor would not be counted for quorum or voting purposes but would contribute to the discussion and achieving a consensus. The meeting agreed no further action was required on this declaration.

Other standing declarations were noted but were not deemed to have any bearing on the business for the meeting.

19/1/03 Confidential matters

Governors noted the items marked as confidential. The staff governor was not required to leave the meeting for any of these items. Members did not require a private meeting with

internal or financial statements' auditors.

19/1/04   **Minutes of the joint meeting with Finance, Employment and General Purposes Committee held on 3 December 2018**

The Committee approved the minutes as a true record.

19/1/05   **Minutes of the meeting of the Audit and Risk Assurance Committee held on 3 December 2018**

The Committee approved the minutes as a true record.

19/1/06   **Report on the Audit and Risk Assurance Workshop held on 23 January 2019**

The Committee noted the report and asked the Clerk to add the action items from the workshop to the Action Record.   Clerk   Feb 2019

19/1/07   **Internal Audit Review: Estates Management**

7.1   The Internal Audit (IA) Manager presented the findings of the report, which gave the Committee assurance that the College had systems for identifying and remedying defects in its Estates but there were recommendations to strengthen longer term planning, monitoring and strategic development of the estate.

7.2   The Committee noted that a new accommodation strategy was being developed and would be presented to Finance, Employment and General Purposes (FEGP) Committee with the three year plan in July 2019. The Committee welcomed this development and recommended that it be supported by Key Performance Indicators (KPIs) for senior managers to monitor the effectiveness of the estates functions and FEGP Committee to monitor the effectiveness of the strategy.

7.3   Governors welcomed the assurance that the College had effective systems for notifying and correcting defects in the estate but commented on the risks of this approach. The Committee endorsed the IAR recommendation that there should be an independent 'stock condition survey' to inform estate planning and the developing accommodation strategy.

7.4   The Committee received the report and

i)   noted the assurance provided by internal audit that the Estates Department was ensuring that the College's assets were being maintained and repaired.

ii)   expressed the view that completing the Accommodation Strategy, commissioning an external conditions survey and monitoring and oversight of agreed KPIs were essential actions in order to secure adequate and effective estates management in the longer term. Members would want to see progress on these recommendations by the time of the Committee's next meeting.

iii)   asked that the report be circulated to FEGP Committee.   Clerk   May 2019

19/1/08   **Internal Audit Review: HR Data Accuracy**

8.1   The IA Manager presented the report, which had tested the accuracy of HR data in the HR system, the payroll system and the Single Central Record. The findings of the review were that the College had controls in place to ensure the accuracy of HR data but there were weaknesses in controls that had led to five management actions being agreed, four of which were medium category.

8.3   The Committee commented as follows.

i)   **Systems capability** - the benchmarking information seemed to indicate that the College was roughly in line with other colleges in terms of the capability of its HR system.

ii)   **Compliance with controls** - there appeared to be a small but significant level of non-compliance with the controls in place. The EDFR said that the College was looking to improve the digital capability of systems to improve efficiency and make it easier for staff to comply with controls. In the meantime, the actions agreed would be implemented to ensure that regular reconciliation of the information held on different systems.

iii)   **Current documentation** – members were disappointed that procedures were out of date or were not fully documented. The Committee recognised that the Executive Director of HR and Organisation Development had come into post relatively recently. Although documenting procedures was identified as a 'low priority', members said they expected procedures to be kept up to date and were keen for this action to be completed as soon as possible.

iv)   **Change audit functionality** –it was noted that the system did not have the capability to audit changes to non-financial data. The IA Manager said that there were compensating manual controls to ensure that all changes were properly authorised.

8.4   The Committee noted the report and welcomed the opinion that the findings gave reasonable assurance that the controls on which the College relied for HR data accuracy were suitably designed, consistently applied and operating effectively.

19/1/09   **Internal Audit Review: GDPR**

9.1   The IA Manager presented the report, which was an advisory report on the College's arrangements for fulfilling its data protection obligations. The reviewers had used the Information Commissioner's 12 step checklist for GDPR compliance to assess the College's arrangements. Overall, the review had found that the College had made good progress in implementing changes to comply with GDPR and the Data Protection Act 2018. There were only a couple of areas where improvements were advised.

9.2	It was noted that the recommendations included assembling a single contracts database to help ensure that personal data sharing contract clauses were being implemented where appropriate. The Committee welcomed that management had accepted this recommendation. Members had commented previously that this would strengthen other controls. .		
9.3	In relation to data sharing, a member commented that there would be additional requirements for UK organisations transferring personal data elsewhere in the EU should the UK withdraw from the EU without a transition agreement. The Clerk agreed to raise this with the Data Protection Officer to check the potential impact of this on the College and what if any action would be needed	Clerk	March 2019
9.4	The Committee noted the report, recognising that the report did not include an 'assurance opinion' but welcoming the positive progress reported in the review.		

19/1/10   **Internal Audit Review - Data Governance**

10.1   The Committee received the report and thanked the team for completing this earlier in response to the Committee's request. The IA Manager introduced the report summarising the findings as follows.

   i)   Significant changes to personnel and reporting structure had had a positive impact on the process of collecting, verifying and reporting data to senior managers and governors.

   ii) Appropriately trained people reviewed reports to ensure accuracy.

   iii) Forecasting and benchmarking were based on accurate data drawn from appropriate sources.

   iv) Reviewers were satisfied that the data governors were now receiving was accurate and timely.

   These findings had resulted in the Internal Audit opinion of 'substantial assurance'.

10.2   The Committee noted the report. Members welcomed the findings, which confirmed the positive changes governors had seen in committee and Governing Body meetings. It was noted that there was high alertness amongst governors to the risks of inaccurate reporting and therefore ongoing assurance that controls were being maintained would continue to be important. The forward plan for internal audit would include further work on data assurance.

Note   *The Executive Director of HR and Organisation Development and the Chief Executive and Principal joined the meeting.*

19/1/11   **Internal Audit Progress Report**

11.1   The IA Manager presented the report. A substantial proportion of the IA Plan had been completed. Looking ahead,

- the report on Agresso was being finalised,
- the draft report on the Learner Journey had been issued
- preparation of the draft report on risk management was on schedule.
- Follow-up audit would commence in April/May.

11.2 It was reported that senior managers had requested an additional review – a follow-up to a previous review of the College's approach to delivery of online provision. Subject to the Committee's approval, RSM proposed to deliver this within the contingency days included in the 2018/19 Plan.

11.3 Considering the reviews that had been reported, the Committee noted that the opinions in the reports were positive. Common themes emerging included:

i) **Compliance** - sometimes reviewers had found adequate controls but inadequate compliance;

ii) **Work-arounds** - these were sometimes used because systems did not fully communicate. Generally, the College's work-arounds had been found to be effective but might generate additional controls. More integrated systems could be more efficient but would require a careful analysis of the business case for investment.

iii) **Staff cooperation** - auditors found staff to be cooperative (with them and each other) with a positive attitude to change and the challenge facing the College.

11.4 Members commented that compliance with controls had been raised as an issue previously and asked the senior managers present for their views. Executive Directors said there had been a shift in how the College communicated and followed up compliance with College requirements, including

- a greater emphasis on communicating the College's expectations at induction.
- Monitoring and challenging compliance with College requirements for training, health and safety and student processes at business review meetings.
- individual staff being contacted directly about non-compliance with formal processes and timelines for escalating non-compliance.

The Chief Executive and Principal commented that the Executive Team was doing further work on simplifying policies to make it clear to staff what requirements were mandatory, make it easier for staff to comply and easier for managers to monitor and remedy non-compliance.

11.5 The Committee noted the report and

i) welcomed the progress on the plan;

ii) complimented the IA team on the quality of the reports, which included clear summaries and a good level of detail.

	iii) <u>approved</u> the addition to the Internal Audit Plan 2018/19 of a review of the College's approach to delivery of online provision.		
	iv) <u>recommended</u> that section 2 of the Progress Report be circulated to the Governing Body for information.	Clerk	March 2019

Note   Richard Calvert left the meeting at 09.30

19/1/12   Matters arising and Action Record

12.1   <u>Minute 18/2/9.4 – Payroll Expenses and HR Processes</u>

The EDHROD reported that the electronic holiday booking system was in place and working. The system initially had been implemented for teaching staff and would be rolled out to other staff groups. This completed the action and it would be removed from the Action Record. [*Paul Simpson left the meeting*]

12.2   <u>Minute 18/2/10.3 – development of a single contracts register</u>

It was noted that this action was being taken forward as a recommendation of the IA Review on GDPR. It would therefore be tracked via the report on internal and external audit recommendations.

12.3   <u>Minute 18/4/6.4 – Compliance with consumer protection law and Competitions and Markets Authority (CMA) guidance to Higher Education providers</u>

The Clerk reported that the review had been commissioned from Stone King LLP. The Vice Principal HE and Academic Studies would be considering and taking action on the recommendations. Proposals for substantial changes to the policies for HE students would be subject to approval by the relevant committee		Clerk	1 July 2019

12.4   <u>Minute 18/4/7.4 – Strategic risks: teaching quality</u>

The Chief Executive and Principal (CE/P)was in attendance for this item and commented that the quality assurance systems implemented in the Autumn term – with support from the successful bid to the Strategic College Improvement Fund (SCIF) – were working. These QA systems were generating detailed data on teaching quality, which had not previously been available. TLQ&SE Committee was receiving this data to monitor and challenge the progress that the College was making to improve the quality of teaching and learning.

12.5   Members asked if there was a need for additional external assurance of teaching quality. The CE/P said that the process was being externally assured by:

- the role that the SCIF partners had played in training and accrediting the new teacher observation scheme and

- FE Associates were undertaking lesson observations to triangulate the findings of internal observation scheme and provide additional developmental

support to individual teachers.

12.6 TLQ&SE Committee was receiving the outputs of this internal and external quality assurance as well as presentations on key aspects of the College Improvement Plan. SRG Committee had recommended that all governors should be invited to the TLQ&SE presentations. In addition, there was further consideration of what level of detail the Governing Body needed in order to assure itself of the College's progress on improving the quality of teaching and learning.

12.7 Members thanked the CE/P for her report and were satisfied that no changes were required to the 2018/19 assurance plan.

12.8 <u>Other actions from joint meeting on 3 December 2018</u>

The Clerk reported that the following actions from the joint meeting with FE&GP Committee did not appear on the Action Record as they were tracked by other means:

FEGP&ARA/18/5/5.4 - External Audit recommendations had been added to the report on internal and external audit recommendations and action would be monitored through that termly report.

FEGP&ARA/18/5/6.3 – Travel expenses policy had been incorporated on the FEGP Action Record and was on the agenda for 6 March 2019.

12.9 The Committee <u>noted</u> the updates; asked the Clerk to amend the Action Record.

Clerk | March 2019

19/1/13 Strategic Risk Register update

13.1 The Committee noted that seven new risks had been added to the Register, which were discussed as follows.

- Risks around the UK's exit from the EU and the Augar Review had been added. These had been raised by governors at the last meeting of Governing Body.

- Data centre infrastructure (66) – members recognised that investment in IT infrastructure could be very costly and asked if the College was in a position to manage this risk in a timely and efficient manner. The EDFR said that the risk had been identified in good time and the Head of IT was exploring costs and options.

- Ensuring good relationships with relevant local authorities so as to support high needs students. Members asked if this risk had crystallised. The EDFR said senior managers were taking action to improve relationships and it was relevant to highlight this via the risk register.

13.2 Members could see from the report, that the Risk Register was being actively managed by risk owners and used appropriately. Members welcomed the assurance that processes were working and were satisfied that no changes were required to the 2018/19 assurance plan.

19/1/14   **Management Review of Internal and External Audit Recommendations**

14.1   The EDFR presented the report, explaining that all actions scheduled for completion by December 2018 had been completed and new actions from the first tranche of IA Reviews had been added (including from the draft report).

14.2   Members welcomed that the log had been updated but asked that, in future, the following information be included: EDFR   July 2019

i)   completed actions be reported to the next meeting before being removed;

ii)   the original risk be included in the contextual information– so members could see the action in relation to the risk.

It was further noted that the External Audit action brought forward should have been dated December 2017.

14.3   The Committee <u>noted</u> the report and welcomed the internal assurance that recommendations from internal and external audits were being promptly addressed.

19/1/15   **External reviews: FE Commissioner Diagnostic Assessment Monitoring Visit Report – 6 December 2018**

15.1   Members received the report, noting that it had already been circulated to all governors. Governors welcomed the important positive assurance it provided on the effectiveness of leadership and management.

19/1/16   **Review of meeting and closing remarks**

16.1   Members commented as follows

i)   There was a query about how governors would monitor the expenditure and impact of the Strategic College Improvement Fund grant. The EDFR said that FEGP Committee would have oversight of expenditure and capital. The impact of the improvement activity was being reported and monitored via TLQ&SE Committee.

ii)   Members commented that the coverage and presentation of the IAR reports had been most helpful. Key reports for other governors were the Estates IAR (for FEGP Committee) and the Chair would be highlighting the Data Governance IAR in his comments at the next meeting of Governing Body.   Chair   March 2019

iii)   The Chair requested that the remaining IAR reports be circulated to members as and when were finalised, to inform the annual review at the July meeting.   EDFR   June 2019

19/1/17   **Date of next meeting for Audit and Risk Assurance Committee**

Monday 1 July 2019 at 08.30 am in the board room, City Campus

2 REPORTS CONSIDERED AT THIS AUDIT AND RISK COMMITTEE

This table informs of the audit assignments that has been completed and the impact of those findings since the last Audit and Risk Committee held.

Assignments	Status	Opinion issued	Actions agreed		
			L	M	H
Estates Management (1.18/19)	Final	Reasonable Assurance	3	4	0
Key Financial Controls – Agresso (2.18/19)	Final	Reasonable Assurance	0	4	0
Human Resources – Data Accuracy (3.18/19)	Final	Reasonable Assurance	1	4	0
GDPR Governance (4.18/19)	Final	Advisory Report	3 unclassified actions		
Data Governance (5.18/19)	Final	Substantial Assurance	1	1	0

Impact of findings to date

Current findings and management actions are graded as medium or low in line with our categorisation levels; actions are being responded to in a timely manner; and controls and risk management arrangements are effective in relation to the audits completed to date.

The overall impact on our annual opinion to date is therefore positive, with good practice being identified within the following reports being presented to this meeting:

Estates Management (1.18/19)

- Competition exercises are performed prior to the appointment of contractors, assessing both financial and quality measures. Performance of contractors is monitored and fed back to contractors through quarterly meetings. Poor performance results in additional monitoring. Invoices from contractors are reviewed for accuracy and approved prior to payment, and the associated work is confirmed as completed on the Estates Management system, Agility.

Human Resources – Data Accuracy (3.18/19)

- Processing of the data of starters, leavers and amendments is subject to a second review with exception reporting taking place to further validate any amendments made. Reconciliations to the previous months' payment file are also undertaken to identify significant changes made. Departments are also asked to validate HR / Payroll data on a periodic basis to ensure the accuracy of the HR / Payroll system.

- The security cards of staff that have left the College are cancelled in a timely manner.

GDPR Governance (4.18/19)

- A data audit has been undertaken to produce an Information Asset Register. Data owners, storage locations and retention periods have been identified. The lawful basis for collecting each data set is also stated, and consent for capturing the data is captured at a number of points.

- A Data Sharing Risk Assessment spreadsheet is in place to assess the privacy risks of sharing data with third parties. This requires the user to document a response to a number of key questions, and a risks level is then calculated based on the answers recorded.

- Policies and procedures are up to date, and job descriptions for key staff, such as the Data Protection Officer reflect their key responsibilities under GDPR. Staff are aware of the requirement to complete a Data Protection Impact Assessment prior to collecting new data. A log is maintained of any data breaches, and breaches are reported to the ICO within 72 hours once investigated internally by a dedicated team.

Data Governance (5.18/19)

- Standard Committee report templates are used which specify the author / lead with ultimate responsibility for the data accuracy of the report. Standing agenda items at Committees are included on a review schedule, which is being adhered to. Committee reports presented are in a user-friendly format, and evidence shows that data presented is challenged by staff and management where necessary.