

**Date:** 10 June 2020  
**Venue:** Zoom (Online Meeting)

Clerk to the Corporation  
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**Present:** Ian Falconer (Chair)  
Richard Calvert  
Shelley Hemsley  
Chris Linacre  
Michelle MacDonald  
John Mothersole  
John Timms

**In attendance:** Rob Barnett, Internal Audit Manager, RSM  
Debra Chamberlain, Financial Statements' Auditor KPMG  
Angela Foulkes, Chief Executive and Principal  
Anita Klich, Governance and Projects Officer  
Katy Matkin, Internal Audit Assistant Manager, RSM  
Mark Pearson, Director of Strategy, Planning and Systems Improvement  
Kate Platts, Executive Director of Finance and Resources (EDFR)  
Alison Shillito, Clerk to the Corporation  
Lisa Smith, Internal Audit Senior Manager, RSM

**Action**  
**by whom**      **by when**

**20/2/1      Welcome, introduction and apologies**

- 1.1 There were no apologies and the meeting was quorate.
- 1.2 The Chair welcomed John Mothersole, Chair Designate, to his first meeting of Audit and Risk Assurance Committee (ARAC) and Debra Chamberlain, Director, KPMG LLP, who would be taking the lead for the College's financial statements' audit for 2019/20.
- 1.3 Members noted that the Clerk had circulated the Internal Audit Review reports (items 9i-9v) more than 14 days in advance of the meeting, so members could consider them in detail.
- 1.4 The Chair reported that he had agreed a shorter agenda and shorter meeting time to reduce the burden on College staff while they were concentrating on reopening College premises. The items that had been deferred were the routine review of corruption control policies and committee self-assessment. These would be carried forward to the next meeting. Given the limited time, members agreed that they might benefit from a further conversation about the themes and data in the IAR reports to inform assurance planning for 2020/2021.

**ACTION:** Clerk to contact members to arrange a further meeting to focus on the themes and findings in the 2019/20 IAR reports Clerk 10/7/20

**20/2/2 Declaration of interest**

The Committee noted the standing declaration of the staff governor and agreed that no action was required in response to the declaration.

**20/2/3 Minutes of the meeting on 12 February 2020**

The Committee approved the public and confidential minutes of the meeting held on 12 February as accurate records.

**20/2/4 Matters Arising & Action Record**

- 4.1 i) **Minute 20/1/8.3: Apprenticeship Funding Review:**  
The Commercial Director provided an update on the action taken in response to the IAR recommendations. He confirmed that College managers had completed both actions (staff training and sample compliance testing). He commented that the sample testing had been of electronic documents only, due to campus closure. The Internal Audit Senior Manager commented that, in the context of the lockdown, ESFA compliance audits would be looking for a strong evidence base of electronic documents including evidence of sign-off, in the absence of wet signatures.
- ii) **Minute 20/1/5.4: Risk Management Progress Report:**  
the Committee noted that although the agenda for the June meeting had been streamlined it did include a substantive discussion of current strategic risks (item 5 below). The review of the full Strategic Risk Register would be carried forward to the October meeting.
- 4.2 The Committee noted the reports and approved the removal of the completed items.
- 4.3 The Commercial Director left the meeting at 08.35

**20/2/5 Risk Management Progress Report, Strategic Risk Register update and assurance mapping CONFIDENTIAL**

- 5.1 Mark Pearson, Director of Strategy, Planning and Systems Improvement (DSPSI) presented the risk report and highlighted the enhanced safety arrangements for reopening premises including:
- detailed risk register to identify, control and assure Covid-19 related risks;
  - detailed risk assessment for the College and the Nurseries to underpin the reopening plan. A group of governors, including the Chair of ARAC, appointed by the Governing Body had reviewed these documents and was regularly receiving updates on the reopening plan;
  - survey of staff circumstances and individual risk assessment for staff who might be at higher risk of harm;

- downloadable app for students to self-assess their health and circumstances and confirm they can attend campus;
- executive oversight of risks and reopening actions by the ELT Covid-19 Response Group (meeting frequency varying from daily to twice weekly depending on stage of planning) supported by the Health and Safety Committee (meeting weekly);
- operational risk management coordinated by the Reopening Management Group (meeting at least weekly) to coordinate and monitor managers and task and finish groups who are completing risk management actions.

5.2 The Financial Statements Auditor commented that it was important to be flexible and responsive while managing what is an ongoing critical incident. She stressed the importance of documenting a clear audit trail for decision making, using evidence such as minutes and a decision log. The DSPSI reported that:

- operational and executive groups are tracking actions and keeping a decision log;
- the Reopening Group raises and monitors completion of actions via an action log;
- ELT Covid Response Group, advised by the Health and Safety Committee for safety policies, signs off proposals for new/amended policies and completion of risk actions;
- ELT Covid Response Group reports to the Governor Group, which monitors progress against the approved Risk Assessment and general principles.

5.3 Governors considered the report and the main points discussed were:

- **the input of Recognised Trade Unions (RTUs) to reopening** and their view: the Chief Executive and Principal (CEP) said that RTU representatives had a clear role in campus reopening. In addition to more frequent meetings of Joint Consultative Committee (JCC) and Health and Safety Committee, RTU representatives were participating as members of the Reopening Group and all task and finish groups.
- **increased cyber risks:** with remote working, organisations were more susceptible to denial of service attacks and members asked if this should be included on the Covid-19 Risk Register. The Executive Director Finance and Resources (EDFR) said that the Strategic Risk Register included this risk. As previously reported, the College IT Department was constantly monitoring threats and the College was maintaining external accreditation of its Cyber Security. The DSPSI would ensure that this was reviewed in the regular update of the Strategic Risk Register and the risk owner would update the actions further, if necessary to reflect the current level of threat.
- **Health and Safety Manager:** members noted that this is a critical role and asked for reassurance on how the College was ensuring it had sufficient specialist expertise. The EDFR

said that she holds a certificate in Health and Safety leadership and would be continuing to lead the Health and Safety Team pending appointment of an interim, which was in progress. The interim would provide cover and continuity while the College recruited a permanent appointee.

- 5.4 The Committee received the report, welcoming the College's positive assurance that risk management processes are working effectively and that the enhanced arrangements are commensurate to the context.

**ACTION** check that the Cyber Risk on the Strategic Risk Register, controls and actions have been updated appropriately for the current context.

DSPSI 10.7.20

**20/2/6 Management review of Internal Audit and External Audit and Review recommendations**

- 6.1 The EDFR presented the report commenting that:
- two actions are proposed as closed (Estates IAR) as they have been superseded by different actions;
  - five actions are overdue because they cannot be completed while staff are working remotely;
  - two overdue actions relate to the Health and Safety IAR. The EDFR assured members that the re-opening plan would address all the relevant IAR findings for those parts of the campuses that are re-opening.

- 6.2 The Committee considered the report and welcomed the progress made to act on recommendations in spite of remote working. The Committee approved the removal of completed items and the revised due dates for five overdue actions.

The Committee agreed the following:

**ACTION:** for future meetings, the appendix should include the completed actions due for sign-off at the meeting including any new actions from the IARs being considered at that meeting.

EDFR 21.10.20 ongoing

**20/2/7 External Audit Strategy for year ending 31 July 2020**

- 7.1 The Chair welcomed Debra Chamberlain, KPMG Financial Statements Auditor, to the meeting, noting that the College's previous KPMG lead had taken up a different role in the firm but would still be available to support and advise the College.

- 7.2 The Financial Statements' Auditor presented the proposed strategy, highlighting the following points:
- The 'going concern' risk and the assurance measures required by ESFA have increased for all colleges, partly due to the impact of Covid but also due to concerns about sector solvency;
  - The Office for Students (OfS) has added a requirement for HE providers to disclose in their financial statements expenditure on their approved Access and Participation Plan. Auditors have asked OfS to confirm how the disclosure should be calculated and reported. KPMG had not included

this work in its original fee and therefore a higher fee was proposed to reflect this additional work.

7.3 The Committee considered the report and:

- agreed the risks and areas of focus for the financial statements audit
- accepted the proposed materiality levels;
- noted the changes to the external audit team and
- noted that the fees proposed were in line with the contract agreed with KPMG in 2018 except for the additional work required by the OfS.

7.4 The Committee approved the External Audit Strategy and recommended approval by the Governing Body of the proposed fee for the audit of the 2019/20 financial statements.

## **20/2/8 Internal Audit Review: Progress Report**

8.1 The Internal Audit Manager presented the progress report. The main points in the report were:

- Internal Audit had completed all fieldwork for the reviews in the Internal Audit Plan for 2019/20;
- Follow-up Audit was at draft report stage, subject to internal quality assurance processes;
- Contingency IA days had been used to review the College's processes for registering learners for external exams and assessment. IA had completed this additional work and the College had the draft report for review.

8.2 The Committee noted that in addition to the update on this year's plan, the progress report also includes:

- feedback from participants;
- sector briefing on Covid and Cyber risks;
- benchmarking of TSC internal audit outcomes compared to a benchmark based on RSM's other college clients.

8.3 The Committee received the report and welcomed the assurance that the internal audit plan had been completed to plan, in spite of the disruption. Members commented that the progress report and the completed IAR reports provided useful observations for the College and for the Committee, in terms of the wider risk and control environment, and agreed:

### **ACTIONS**

- i) Clerk to contact members to arrange a further short meeting to consider the wider issues, as per Action at 1.4;
- ii) Chair to include reference to the benchmarking report in his oral report to the Governing Body in July.

## **20/2/9 Internal Audit Review – English and Maths**

9.1 Members considered the report. In response to a member's question, The IA Senior Manager clarified that the review had focused on adult learners because College managers had asked for this focus. The findings were intended to inform further development of an area that needed to improve. The Executive and senior managers would be using the recommendations to

improve the effectiveness of processes for ensuring that adults were guided appropriately to the right qualification at the right level. The feedback from the College was that the findings and recommendations had been helpful.

- 9.2 The Committee received the report and welcomed the assurance that the review recommendations were already proving useful

#### **20/2/10 Internal Audit Review – IT Systems Integration**

- 10.1 Members discussed the report and the main points of the discussion were:
- **Action in response to recommendations:** there was a query about actions that were ‘to consider’ something further. The EDFR said the review had been commissioned because the College knew there were issues requiring a strategic approach and investment. Inevitably, some of the findings did require further investigation and options appraisal to determine the optimum longer term plan;
  - **Digital Strategy:** The DSPSI said that the report findings that related to the learner journey, were a priority work stream within the Digital Strategy and were being addressed through that work;
  - **Value for money:** members asked about the continued inefficiency of data transfer between systems. The EDFR said that the review confirmed that current workarounds were effective. The College had already commissioned additional systems expertise to increase the capacity of the two existing systems and to link them more efficiently to continue to support the College in the short to medium term.
  - **IT investment:** members noted that other reports mentioned investment in new IT systems and it would be important to consider the costs and benefits of capital investment in a better platform for longer term efficiency gains.

- 10.2 The Committee received the report and noted the partial assurance it provided. Members agreed that investment in IT to improve value for money in business processes in the longer term was something the Executive should consider further and report to the Governing Body at an appropriate point in the 2020/21 Cycle of Business. The Chair agreed to raise this with the Chair of Governors as part of planning for 2020/21.

Chair 2110.20

#### **20/2/11 Internal Audit Review – Key Financial Controls – Income**

- 11.1 The Committee received the report and noted the reasonable assurance it provided.

#### **20/2/12 Internal Audit Review – Human Resources Recruitment**

- 12.1 The Internal Audit Manager introduced the report commenting that it was a review that management had requested to assist the College in improving recruitment processes. It was noted that some of the actions, such as the revised recruitment policy,

had already been implemented. A member asked if the revised policy included shortlisting without candidates names to try to reduce unconscious bias. The Clerk agreed to check this point with the EDHROD and let members know. As per the action in paragraph 5.4, the Committee asked that all new actions be included in the meeting update, even those completed prior to the meeting, to provide assurance to members and a clear audit trail.

Clerk 10/7/20

EDFR 7/10/20  
ongoing

- 12.2 The Committee received the report and welcomed the reasonable assurance it provided that the controls in place to manage this risk were of suitable design and were being consistently applied.

**20/2/13 Internal Audit Review – Control of Assets**

- 13.1 The Committee received the report about the control of IT assets and welcomed the substantial assurance it provided that the controls in place to manage this risk were of suitable design and were being consistently applied.

**20/2/14 Internal Audit Plan and Internal Audit fees for 2020-21**

- 14.1 The EDFR presented the proposed Internal Audit Plan for 2020/21. The ELT had worked with RSM to develop the programme to:

- align with the Strategic Risk Register,
- take account of the three year rolling programme of assurance and
- include some areas that would benefit from a review (rather than an audit) to support continuous improvement.

- 14.2 The Committee considered the proposals as follows:

- Members expressed support for the plan as providing an appropriate amount of internal audit time;
- the 2020/21 plan would need to be quite agile, given the potential constraints and rapidly moving risks, In the report, ELT recognised that the plan might require further adjustment given the fluid nature of the impact of Covid-19 on risks and operations;
- as previously discussed, members asked that the increasing risk of cyber threats be considered in the next iteration of the plan, unless the ELT was generating sufficient external assurance from other sources. Members noted that there was an outstanding action for management to articulate the sources of external assurance on IT and cyber risks;
- It would be useful to review the detailed plan in autumn 2020, in the light of the impact of the Covid pandemic on the College's recruitment and operation in 2020/21.

- 14.3 The Committee approved the outline plan for 2020/21 and the associated fees, which were in line with the three year contract approved by the Governing Body in July 2018.

**20/2/15 Any further assurance required for 2019/20**

- 15.1 The Committee agreed that the Committee had sufficient assurance and did not wish to commission any further assurance for its annual report.

**20/2/16 Review of meeting and closing remarks**

- 16.1 The Committee had considered the agenda of business in a shorter time than normal and, as previously agreed, members would welcome a short additional meeting to discuss the strategic issues for the Committee annual report and the assurance plan for 2020/21.

Clerk 10/7/20

**20/2/17 Date and time of next meeting**

21 October 2020