

Date: 12 February 2020

Venue: Room TG04, City Campus, the Sheffield College

Present: Ian Falconer, Chair
Richard Calvert
Chris Linacre

In attendance: Angela Foulkes, Chief Executive and Principal
Anita Klich, Governance and Projects Officer
Richard Lee, Financial Statements' Auditor KPMG
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

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

20/1/1 Welcome, introduction and apologies

- 1.1 The Committee noted apologies for absence had been received from Shelley Hemsley, Michelle MacDonald and John Timms. The meeting was quorate.
- 1.2 The Chair welcomed Anita Klich and Katy Matkin to their first meeting of the Committee.

20/1/2 Declaration of interest

- 2.1 The Committee noted the standing declarations of Kate Platts, Angela Foulkes and Mark Pearson who were in attendance to assist the Committee. No action was required for any items.

20/1/3 Minutes of the meeting held on 27 November 2019

- 3.1 The Committee approved the unclassified minutes of the meeting held on 27 November 2019 subject to the following corrections:
 - Minute 19/4/11.3 - the review of control of fixed assets was included in the Internal Audit Plan for 2019/20 not 2020/21, as stated;
 - Minutes 19/4/15.1 and 15.2 – correction of typographical errors;
 - Minute 19/4/21.1 – redrafting to reflect that any discussion was in the context of early draft findings that would not

normally be considered by the Committee and as such any comments were putative and confidential.

- 3.2 The Committee approved the confidential minutes of the meeting held on 27 November 2019, subject to the updates agreed for the unclassified minutes.

20/1/4 **Matters arising, action record and review of completed action**

- 4.1 The Committee enquired about matters arising from the minutes of 27/11/2019 that did not appear on the tracker as follows:

Minute 19/4/10.4 refers: confidential meeting with auditors

The External Audit Manager confirmed that the College had provided the information, as agreed at the private meeting, and the External Auditor had been satisfied with the College's assessment that it did not have a material impact on the 2018/19 Financial Statements.

- 4.2 Minute 19/4/11.7 refers: Year End Report recommendations

The EDFR confirmed that the External Auditor's recommendations for control improvements had been included in the report at item 6, Management Review of Internal Audit and External Audit and Review Recommendations.

- 4.3 Minute 18/4/6.4 – Compliance with consumer protection law

The Committee noted this action had been moved from the ARAC Action Record to Finance, Employment and General Purposes Committee (FEGP) and asked for a progress update. The Clerk confirmed that FEGP had received a report on this action and had approved revised HE Terms and Conditions at its meeting on 15 January 2020. The revised HE Terms and Conditions had been published on the College website.

- 4.4 Minute 19/4/26.1 refers: OfS conditions of registration

The Clerk confirmed that Teaching, Learning, Quality and Student Experience Committee had received a report on the ongoing registration requirements of the Office for Students (OfS) and an assessment of the College's compliance at its meeting on 22 January 2020.

- 4.5 Richard Lee left the meeting for the Committee's consideration of item 4.1 (confidential minute 20/1/4.6 refers).

- 4.7 The Committee noted the reports and approved the removal of the completed items and those agreed as completed above.

20/1/5 **Risk Management progress report**

- 5.1 The Director of Strategy, Planning and Systems Improvement (DPSP) introduced the update on risk management including an extract from the Strategic Risk Register of the College's highest risks, calculated by reference to the risks with the highest residual risks and risks with highest reliance on controls.

- 5.2 The Committee considered the report including new risks added to the Strategic Risk Register, and any impact on assurance planning. It was noted that the report included three new risks, only one of which rated sufficiently highly to appear on the

extract. Members said it would be useful to receive, periodically, an update that included the full Strategic Risk Register, so they could see the scoring and movement of all risks (see action below).

- 5.3 The Committee considered Appendix B, which brought together information from the Strategic Risk Register, the College’s policy register and sources of assurance for the effectiveness of risk controls. It was noted that this was also explicitly linked to the Internal Assurance Map that the Internal Audit Service had prepared in response to an earlier request from the Committee (item 10 refers). Members commented that they were pleased to see the College was actively using its risk register and was making the connection between risk, its policy framework and assurance to ensure
- that it was investing resources in maintaining the right policies to manage risks and assure compliance,
 - that managers understood when and how those policies were reviewed and approved, including frequency of refresh;
 - policy approval complied with governance requirements for staff consultation and governor oversight.

5.4 The Committee noted the changes to the Strategic Risk Register, welcomed the assurance that the College was actively managing risk and this was having a positive impact on the College’s policy framework. The Committee confirmed that there were no matters arising requiring changes to the current assurance plan. To improve future reports and the 2020/21 assurance plan, the Committee agreed the following:

ACTIONS

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| a) the full Strategic Risk Register to be presented to the Committee at least annually so members could periodically review scoring and movement across the Register. | DPSPI | 10/6/20 |
| b) the termly RM update should note the scoring of new risks added since the last meeting. | DPSPI | 10/6/20 |
| c) for new risk 74, the role and retention of staff who are key personnel in the new software development projects, the Committee would welcome feedback from the Executive Leadership Team about where assurance would be coming from on the effectiveness of the controls to manage this risk so that members may consider if it further assurance should be commissioned via the assurance plan for 2020/21. | CEP | 10/6/20 |

20/1/6 Management Review of Internal Audit and External Audit and Review Recommendations

- 6.1 The EDFR presented the progress report, which included completion of two actions since the last meeting and two actions had been added as a result of the findings of an Internal Audit review.
- 6.2 The Committee considered the report and welcomed the progress the College had made in completing actions to implement the recommendations of internal audit and external

audit. This provided valuable assurance to the Board that external assurance activities were having a positive impact to improve the controls agreed by the Committee.

- 6.3 The Committee approved the removal of completed items and an extension to the deadline for two ongoing actions for the reasons stated in the report.

20/1/7 Internal Audit Review: Higher Education Framework – HESES Return

- 7.1 The Internal Audit Manager presented the confidential report, which gave an opinion of substantial assurance in relation to the College’s HESES return. The review had found effective controls and no examples of non-compliance. The Committee noted the report and welcomed the positive assurance.

20/1/8 Apprenticeships Funding Compliance Review

- 8.1 The Internal Audit Manager presented the confidential report. The Committee’s discussion is recorded in a confidential minute for reasons of commercial sensitivity.

- 8.3 The Committee noted the report and agreed:

ACTIONS

- i) The Committee invited the Commercial Director to its next meeting to give an update on progress on the actions.
- ii) The Committee would consider commissioning compliance testing as part of the 20/21 assurance plan.

Commercial Director	10/6/20
ARAC	10/6/20

20/1/9 Progress Report

- 9.1 The Internal Audit Assistant Manager presented the progress report and confirmed that all assignment reviews in the IA Plan for 2019/20 were in progress other than the Risk Management review (planning meeting to be scheduled) and the follow-up audit which was planned to report in Autumn 2020.

- 9.2 The Committee considered the main points in the progress report and noted in particular, the IA Manager’s comments that:
- There had been discussions about how to use the contingency days to best effect and some days had been allocated to reviewing examinations processes.
 - RSM were preparing a specific briefing for FE clients on the Office for Students’ conditions of registration as they applied to providers of HE in FE.

- 9.3 The Committee noted the report, welcoming that all assignments were in planning and that the process of collecting and responding to feedback from college participants in assignments was operating. The Committee agreed

ACTION

To include the Internal Audit Progress Report in the board pack for the Governing Body meeting on 11 March 2020 for governors to note for information.

Clerk	4/3/20
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20/1/10 Internal Assurance Map 2019-2020

- 10.1 The Committee noted the report and that the matters arising had been discussed as part of the discussion of the Risk Management update (Appendix B). Discussion of this is recorded in minute 5.3 above.

20/1/11 Anti-Fraud Policy update

- 11.1 The EDFR presented the report on the roll-out of face-to-face training for key staff on identifying potential fraud, the introduction of mandatory online training for all staff on stopping bribery and fraud and further staff training on cyber security.
- 11.2 The Committee noted the report, welcoming the significant investment in staff development that the college was making by requiring all staff to complete mandatory training in fraud and corruption. It was further noted that FEGP Committee regularly monitored completion rates for mandatory training so this would be within regular governor oversight.

20/1/12 Any other business: whistleblowing update

- 12.1 The CEP reported that she had received a complaint which included an allegation of wrongdoing in relation to ESFA funding. She had dealt with that allegation under the Whistleblowing Policy and had informed the Chair of ARAC. She had commissioned a confidential investigation by a senior manager who had no previous involvement in the matter to ensure that the investigation was independent and fair.
- 12.2 The investigation had concluded and its finding was that there was no case to answer. The CEP had informed the complainant of the outcome.
- 12.3 The Committee noted the report.

The Internal Audit Manager and the Internal Audit Assistant Manager left the meeting at 09.25.

20/1/13 Review of performance of External Auditor and appointment/dismissal for 2019/20 financial statements' audit

- 13.1 The EDFR presented a confidential report, which had been prepared in consultation with KPMG managers who had supported the audit of the College Financial Statements for 2018/19. The discussion is recorded in a separate confidential audit for reasons of commercial sensitivity.
- 13.3 The Committee received the report and agreed that there had been a thorough review of performance. Members welcomed that the review had been undertaken in consultation with the provider and that dialogue had resulted in positive outcomes, in particular the intent to put informal liaison on a more formal footing.
- 13.4 The Committee agreed to recommend approval to the Governing Body of the External Auditor fees for the 2019/20 Financial Statements' audits, as detailed in the report.

20/1/14 Review of meeting and closing remarks

- 14.1 Members agreed that the Committee had received some useful assurance during the meeting. The College was managing and tracking some new key risks but these did not require the Committee to commission any additional assurance for 2019/20. The assurance plan for 2020/21 would be a key agenda item for the next meeting.
- 14.2 Members commented that the meeting had been completed within time, due to effect chairing, succinct reports and input from officers, internal auditors and external audit.

20/1/15 Date and time of next meeting

Wednesday 10 June 2020 at 08.30 – 10.30 in the New Boardroom, City Campus