



**AUDIT AND RISK ASSURANCE COMMITTEE
CONFIRMED MINUTES**

Date: 23 March 2022

Venue: New Boardroom City Campus

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Present: Ian Falconer (Chair)
Matt Ainsworth, Governor
Gwyn Arnold, Governor (by videoconference)
Sol Miah, College Governor (by videoconference)
Saleem Rashid, Staff Governor (by videoconference)

In attendance: Francesca Cliffe, Executive Assistant to the Clerk and EDF, notetaker
Angela Foulkes, Chief Executive and Principal
Martin Harrison, Executive Director Finance (EDF) (by videoconference)
Andrew Hartley, Executive Director Commercial and Operations (EDCO)
attended for items 1-4 only
Robert Knowles, Internal Audit Manager, RSM (by videoconference)
Mark Pearson, Executive Director Strategy and Systems Improvement (ED SSI)
Alison Shillito, Governance Advisor and Clerk to the Governing Body (Clerk)
Lisa Smith, Internal Audit Senior Manager, RSM (by videoconference)

Action
by whom **by when**

22/1/1 Welcome, introduction and apologies

- 1.1 The Chair welcomed Matt Ainsworth to his first meeting since his appointment as a college governor in December 2021.
- 1.2 It was noted that the focus of the meeting would be to ensure effective implementation of the Internal Audit Plan, to monitor the adequacy and effectiveness of the College's frameworks for risk management and the actions being taken to address recommendations from internal audit and other assurance activities.
- 1.3 The meeting noted apologies from David MacDougall, a recently appointed member of the committee.

22/1/2 Declaration of interest

- 2.1 The committee noted the standing interests of Saleem Rashid as a member of college staff. There was no action required on any agenda items.

22/1/3 Minutes of the last meeting

- 3.1 The committee confirmed the minutes of the meeting held on 24 November 2022.

22/1/4 Matters Arising and Action Record

- 4.1 The committee agreed that all relevant matters arising had been added to the Action Record and considered the matters arising that were not covered elsewhere on the agenda.

4.2 Minute 21/2/6.5 refers: Fire Risk Assessment

Andrew Hartley, Executive Director Commercial and Operations (EDCO) provided an update on completion of actions raised in response to the recommendations in the Fire Risk Assessment that had been completed in May 2021. Members noted that there were actions outstanding that had been due for completion within six months of the FRA and sought reassurance that the delays were not giving rise to undue risks to safety. The EDCO said that the actions had been scheduled on a risk basis having regard to the other risks arising from deprioritising other works. The Head of Health and Safety and the Head of Estates were satisfied that the actions were being completed in a reasonable timescale and the risks were tolerable and adequately managed through fire safety plans.

4.3 Minute 21/3/8.1 refers: Internal Audit recommendations

The committee asked the EDCO to update on completion of the outstanding recommendation from the Health and Safety Internal Audit to implement a system for regularly checking that first aid boxes were adequately stocked. The EDCO said that college had introduced a system for checking and filling the primary first aid boxes at each site but still needed to embed changes to make sure that all first aid boxes were routinely checked.

4.4 Minute 20/4/2.6 refers: Loans

The Executive Director of Finance (EDF) confirmed that the action to roll forward maturing loans for a three year term had included the loan that had been due to mature in July 2022.

4.5 Minute 21/3/3.2 refers: Reserves Policy

The EDF reported that he was taking further advice on drafting a reserves policy. Such policies were not common in the FE sector and it was important that the policy supported the college to apply its resources in creating excellent learning opportunities. The EDF was modelling the impact of different approaches to discuss with ELT and present proposals to Finance, Employment and General Purposes Committee (FEGP) in June.

4.6 Minute 21/4/12.3 refers: Cladding

Following a query from the college's insurers, the college was continuing to review the fire resistance of insulation materials in

the estate. There were no implications for safety in the event of a fire, nor any detriment to the college's insurance cover.

4.7 **Minute 21/2/4.4: control environment for an outstanding college**

The EDF reported that vacancies in the finance team had meant that he was not yet able to present the work on the self-assessment of the college's financial controls against best practice. New appointments were in progress including a new Finance Analyst who had already started and a new Procurement Manager due to start in April. The EDF said that this was a useful exercise for the team and the committee agreed to amend the deadline to the July meeting.

- 4.8 The committee welcomed the update, noted the assurance that the college is addressing actions raised by the committee and approved removal of completed actions from the Action Record.

22/1/5 **Strategic Risk Register 2021-22 update**

5.1 **Changes to the Strategic Risk Register (SRR)**

Mark Pearson, Executive Director Strategy and Systems Improvement (ED SSI) introduced the report highlighting the changes proposed to the Strategic Risk Register (SRR) since the last meeting. The changes were a result of the regular review of strategic risks by risk owners and consideration by the Executive Leadership Team (ELT) in business review and team meetings.

- 5.2 The committee considered the changes noting that there were no new strategic risks, the closure of one risk and changes to the residual scores of two risks because of the impact of risk management measures. The committee endorsed the changes to the SRR.

5.3 **Covid Risk Register**

The committee noted that the Covid Governor Group had endorsed the proposal to close the Covid-19 major incident formally and incorporate the Covid Risk Register into the SRR and relevant operational risk registers. The EDSSI said that the SRR already addressed the strategic risk of the pandemic. The college would be maintaining its Covid-19 risk assessment and actions. In response to a question about the potential heightened risk to older staff and students, the Chief Executive and Principal (CEP) said that the college was continuing to implement actions to mitigate the spread of the virus in the college including encouraging people to isolate if they felt unwell or tested positive for Covid-19, promoting public health messaging, providing hand sanitiser and additional cleaning materials and encouraging people to report a positive Covid test result.

The committee agreed that it was assured by the action the college was taking to incorporate the Covid-19 risks into its normal risk management arrangements.

5.5 Risk Assurance Summary

The EDSSI presented the updated risk assurance summary commenting that the ELT was reviewing the summary monthly. Recent discussion at ELT had focused on movements in the college's key risks including the following.

Teaching and learning quality: on the advice of Teaching, Learning, Quality and Student Experience Committee (TLQSE), the Deputy Chief Executive had reworded the main teaching and learning quality risk to emphasise the need to maintain the improvement in quality the college had made whilst continuing to enhance provision.

Apprenticeship quality: had substantially improved but remained a risk and would have a continuing negative impact on achieving the college strategy until Ofsted had judged it as good.

Safeguarding there was a perception that the inherent risks to student safety and wellbeing were moving upwards taking account of the longer term negative impact of Covid-19 on learning and personal development. This had not triggered a change in risk rating but was being kept under review.

Qualification reforms and the impact of regulatory and policy changes on the FE and skills curriculum are potentially increasing risks depending on the outcome of consultations. ELT have been considering how the college can partner to influence policy as well as planning to address the outcomes once the consultations resolve into new regulations.

- 5.6 The committee considered the assurance summary, which it had commissioned, and the main issues discussed were as follows.

Staff retention and recruitment: a member asked if the turnover in vice principal and assistant principal roles had any adverse implications for ELT's review of the residual risks around teaching and learning quality. The EDSSI said that the evidence from the data reviewed by managers and TLQSE was that the college had embedded and was maintaining its quality assurance processes. The impact of staff turnover was more likely to be felt in student facing roles in hard to recruit to subjects such as construction and this had been factored into the scoring.

Higher Education (HE): the Link Governor for HE commented that proposals for changes to assessing HE quality and intervention posed risks to HE in colleges and asked if this should be included as a key theme in the summary. The EDSSI said that the SRR included several risks for HE. The college was monitoring the potential impact of different variations within the proposals and would reassess the HE risk ratings once the outcomes of the consultations were finalised and published.

ACTION review movement in HE risks once the outcomes of the Office for Students' consultations are confirmed.

DCE/DP 6.7.22

Format of Risk Assurance Summary: it was suggested that it would be helpful to have clearer RAG rating of each of the key themes against the annual assurance plan and if it could be

made more visually attractive with fewer words as the detail was already contained in the SRR.

Clerk 6.7.22

ACTION review format to seek to simplify the summary.

- 5.7 The committee noted the changes to SRR. Members were satisfied that the Covid-19 Risk Register had been adequately incorporated into the SRR. The committee agreed that it was satisfied that its assurance plan continued to be appropriate to the risks.

22/1/6 Internal Audit and External Audit update: recommendations and management actions, progress report

- 6.1 The EDF presented the report, commenting that some actions were still in progress because managers were ensuring they were addressed thoroughly to achieve the desired impact and be sustainable. There was a request for one deadline to be delayed so that a new post holder could complete additional training.
- 6.2 The committee noted the report and approved the removal of completed actions and the revised date for completion of one action, as requested in the report.

22/1/7 Policy Review: Anti-Fraud Policy and Fraud Response Plan

- 7.1 The EDF presented some changes to the Anti-Fraud Policy resulting from a periodic review. The main change was to separate the Fraud Response Plan from the Anti-Fraud Policy. It was also proposed to keep the Fraud Response Plan confidential as information on how the college investigated fraud might be used by someone trying to commit fraud.
- 7.2 As the proposed changes were procedural, the committee approved the updated Anti-Fraud Policy and the confidential Fraud Response Plan on behalf of the Governing Body.

22/1/8 Policy Review: Anti-Bribery Policy

- 8.1 The EDF presented changes to the Anti-Bribery Policy proposed following a periodic review and to make it consistent with the changes to the procedures in the Anti-Fraud Policy.
- 8.2 As the proposed changes were procedural, the committee approved the updates to the Anti-Bribery Policy on behalf of the Governing Body.

22/1/9 Internal Audit Progress Report

- 9.1 The Internal Audit Senior Manager presented the progress report. It was reported that there was one review that had yet to be scoped but this was additional work and the plan was on track to be completed by the end of the college year.
- 9.2 The IA Senior Manager also reported that RSM's internal audit processes and practices had been reviewed via an External

Quality Assessment (EQA). The outcome was that RSM's processes were found to "generally conform" to relevant professional standards, the highest rating available.

- 9.3 The committee considered the issues in the progress report and the main points discussed were as follows.

Scheduling: there were six reports for the July meeting, so members would appreciate receiving those reports as soon as they were finalised to spread the reading load.

Service quality: members welcomed the positive feedback to assignment surveys, performance against the service key performance indicators and the assurance provided by the recent EQA result

Business Continuity review: the Chair mentioned that the lack of landlines as back-up for contacting key personnel during a major incident had been highlighted by recent incidents in other sectors. He recommended that this be considered in implementing improvements to business continuity planning.

- 9.4 The committee noted the report and agreed

ACTIONS

- a) Circulate new IAR reports to members once they were agreed
- b) Circulate links to the sector updates mentioned in the Progress Report as the links in the PDF were broken.

22/1/10 Internal Audit Review: Cyber Security

- 10.1 The Internal Audit Senior Manager presented the Cyber Security review report. It was noted that organisations were finding increasing number of cyber-attacks and in March the National Cyber Security Centre (NCSC) issued a warning for all UK organisations to bolster their Information Security systems in response to a heightened cyber threat. The report identified five low priority and one medium priority recommendations. One of the low priority actions had been completed prior to the report being finalised.
- 10.2 The EDF reported that the IT team had completed the medium priority action by the January deadline and were on course to complete the remaining four actions by the April deadline.
- 10.3 The committee noted the reasonable assurance opinion in the report and welcomed that work was on target to update documentation as recommended by the remaining actions.

22/1/11 Internal Audit Review: Risk Management

- 11.1 The Senior Auditor presented the report commenting that the review had assessed the college as having a good risk management framework in place and that the board could take substantial assurance that the controls to manage risk were

consistently applied and effective. There was one medium priority management action to ensure that risk actions were consistently updated once completed or new actions added.

11.2 The committee considered the report and discussed if and how governors who were not members of Audit and Risk Assurance Committee (ARAC) should understand and engage with the college's key risks. The Risk Assurance Summary linked each committee directly to the highest risks in their remit so might prompt discussion at Governing Body. The CEP reminded members that every board paper included a reference to the strategic risk(s) to which it related so committees could see how their work supported risk management. In the annual updating of the board report template, the risk section could be expanded to give a live link to the risk register or include more information from the Strategic Risk Register.

11.3 The committee noted the report, welcoming the substantial assurance and agreed the following.

ACTION

At the annual review of the board report template, consider expanding the risk section to include a comment on the movement of the related risks and what if any impact the assurance provided by the report has on risk rating or actions.

ELT 1.9.22

(Internal Auditors left the meeting at 09.50 am.)

22/1/12 Appointment of External Auditors

12.1 The EDF reported on the bids received in response to the most recent tender exercise and presented proposals for completing the selection of the External Auditor for the audit of the 2021-22 financial statements.

12.2 The committee approved that a selection panel comprising the Chair of ARAC, EDF and CEP be delegated to interview the shortlisted bidders and recommend approval by the Governing Body of the appointment of the firm that most closely matched the selection criteria. The appointment would be for up to five years, subject to annual confirmation.

ACTION

Convene the selection panel and submit a recommendation for approval by the GB.

Clerk 30.3.22

22/1/13 Any other business: Whistleblowing policy

13.1 The Chair reported that since the last meeting, he had been notified of a disclosure that had been made as a protected disclosure under the Whistleblowing Policy. The EDF had been appointed to investigate the matter and the investigation was ongoing. The Chair was satisfied that the process was being properly conducted.

ACTION

Keep the Chair of ARAC informed on the progress and the outcome of this investigation.

EDF 6.7.22

22/1/14 Review of meeting and closing remarks

- 14.1 The members joining remotely commented the videoconference facility had worked well with the quality of sound being fair (some echoes) and external members having a good view of the meeting. This was a significant improvement on the October meeting and important for governance continuity at a time when the number of Covid-19 cases seemed to be on the increase again.

22/1/15 Date and time of next meeting

6 July 2022, 08.30 – 10.30 in the New Boardroom, City Campus