
Date: 20 March 2017

Venue: The Board Room, Sheffield City College

Present: Neil Fletcher - Chair
Kathy Atkin
Seb Schmoller
Kim Streets

In attendance: David Claybrook, Manager, Grant Thornton
Rob Hampson, Grant Thornton
Phillip Keown, Director, Grant Thornton
Jason Pepper- Executive Director, Finance & Resources
Clare Partridge - KPMG
Heather Phillipson, Health and Safety Manager for item 8
Alison Shillito- Clerk to the Corporation
Heather Smith - College Principal

Action

- 17/1/1 Apologies for absence**
No apologies for absence were received.
- 17/1/2 Declarations of Interest**
Kathy Atkin declared her interests as a member of staff of the College working in Business Development which is likely to be involved in the planned review of the College's implementation of the Apprenticeship Levy.
- 17/1/3 Minutes of the meeting (Joint with Finance Employment & General Purposes Committee) held on 5 December 2016**
The minutes were approved as an accurate record.
- 17/1/4 Risk Management Reports: Motor Vehicle Department - examinations review**
- 4.1 The Committee received the report which was marked strictly confidential on the grounds that it contained personal data and its dissemination could prejudice completion of internal investigations and procedures. The report and supporting documents detailed the investigation by Grant Thornton into concerns raised in a public interest disclosure about irregularity in the conduct of some examinations.
- 4.2 The Grant Thornton lead investigator presented the report. The investigation had found no reliable evidence to support allegations that

students' had cheated nor that the Principal encouraged practice that would breach examination regulations. The investigation had found weaknesses in arrangements intended to ensure robust invigilation and secure examination conditions and evidence that invigilation protocols had been breached.

4.3 The Executive Director for HR and SRIS reported that, in response to the findings, the College had instigated the following actions.

i) The Examinations Team has put in place additional safeguards for booking and invigilating all 'offline' examinations. The protocols for invigilators have been strengthened so that Examinations Team centrally manages the procedures for invigilators to have secure access to all offline as well as online examinations.

ii) the College has sampled 139 other qualifications across Engineering and Construction disciplines to check that all the examination regulations including arrangements for independent invigilation were fully evidenced. The outcome of the additional sampling and testing was that invigilation procedures had operated according to the regulations in all the examples tested. In addition, the other qualifications had security features which meant that weaknesses similar to those identified for the motor vehicle examinations could not arise.

iii) The HR team has completed internal staff disciplinary investigations and is taking proceedings against individual staff, where justified by the evidence, for the breach of invigilation regulations.

4.4 It was noted that, following further discussions with students about the allegations, the awarding body had agreed that the College could progress claims for certificates.

4.5 The Committee noted that there had been local press coverage of the allegations and suggested that once all disciplinary proceedings had been completed there should be an internal communication to managers of curriculum areas about the allegations. The communication should make clear that the College has taken robust action to investigate allegations of malpractice and put a stop to practice that is not consistent with the College's expectations of its staff and its commitment to ensuring the integrity of assessment.

4.6 The Committee thanked the Grant Thornton lead investigator for the thorough report. The Committee requested that the EDHR&SRIS compile a detailed written report on the additional sampling and testing of other qualifications undertaken, including which qualifications were checked, the checks conducted and the number of exams sampled. The report to be submitted to the Committee for consideration at its next meeting.

EDHR&
SRIS

17/1/5 Termly review of Risk Management Framework 2016/17

5.1 The report was marked confidential due to the commercial sensitivity of its content. The Executive Director of Finance and Resources presented the Risk Management Framework and updated Risk Register. The Committee considered the report as follows.

5.2 A number of risks have been removed or the risk downgraded or mitigated:

- Matrix accreditation secured;
- new contract from Sheffield City Council for high needs provision,

gives certainty for planning purposes

- the College's cash position has improved with completion of property transfer.
- recent engagement with lenders has led the College to reduce the risk rating of being able to secure long term credit.
- the risks around apprenticeships have been reduced because the College is making strong progress with recruitment this year.

5.3 The Committee agreed that the re-assessment of these risks seemed appropriate and queried whether there were other risks that should be given a higher rating or added to the risk register, particularly

- risks around student recruitment, given the continuing downward trend in the number of 16 - 18 years in the region in 2017/18, should this be increased
- risks around senior staff recruitment and succession planning given the changes to senior staffing in June/July.

5.4 As regards student recruitment, the EDF&R responded that the risk had been downgraded to medium in September 2016 on the basis of improved marketing, a more attractive offer to students and what appeared to be a relatively strong initial enrolment. The number of student withdrawals although only marginally higher than those in the previous year, raised concerns about the volume of (retained) students and the impact of the 'lagged funding model'.

5.5 It was noted that the risks around grant funding had been upgraded reflecting the changes to the EFA allocation for 2017/18. The College is awaiting notification of its SFA grant allocation and is working on a proposals to develop a budget for 2017/18 that included efficiencies to mitigate the recruitment and funding risks.

EDF&R

5.6 The Committee stressed the need to guard against the risk of over-optimistic recruitment forecasts at a time when the overall number of students in the region is decreasing and the competition to recruit students to employment, education or training continues to increase. The Committee recommended that the student recruitment risk should be high on the risk register for the next three to four years.

EDF&R

5.7 Regarding the risk of recruiting senior staff, it was noted that the College intends to recruit a financial consultant as soon as possible specifically to assist in preparation of planning data and to ensure smooth transition for year-end processes, pending recruitment and start of a new Financial Director. The Committee agreed that the risks of succession planning for senior posts should be added to the risk register.

EDF&R

17/1/6 Internal Audit Reviews 2016/17 and progress report

6.1 It was noted that there had been a delay in initiating some reviews due to prioritising the examinations review. In addition, two reviews had been deferred to 2017/18 on the grounds that this would be more appropriate in terms of enabling the College to derive best value from the review.

6.2 The Committee considered whether the revised plan is appropriate and address the risks of the College effectively. It was noted that the plan was one year within a three year cycle which aimed to ensure coverage

of all main areas of assurance. Internal Audit advised that the overall plan remains sufficient to the risk.

6.3 The Committee received the report and recommended that:

- i) Planning and Performance Committee be included in consultation about the scope of the planned review of Resource Planning and GT
- ii) the College's external auditors be informed of any matters arising from the reviews of capital projects that might have an impact on the year-end accounting procedures. GT

17/1/7 Procurement and Payments internal audit report

7.1 The scope of the review covered the College's procurement processes, including the use of procurement cards, and controls over the College's purchase ledger. The overall assessment of the findings was rated 'amber due to the one high and three medium priority recommendations. All the recommended actions had been agreed by management and it was acknowledged in the responses that work is progressing to address the concerns.

7.2 The management responses were considered as follows

- i) High priority - to strengthen internal controls for ordering replacement corporate purchase cards and reconciliation of purchases against receipts. The Executive Director of Finance and Resources reported that the College currently has relatively few purchase cards, most of which are held by procurement staff in Finance. The controls on the amount and type of expenditure are in the context of very few staff having cards. The Executive Director of Finance and Resources agreed to check and report back to the Committee on the exact number of cards and arrangements for signing off purchases. EDF&R
- ii) Medium - access to supplier master data and systems capability to audit changes. The Executive Director of Finance and Resources confirmed that access rights to edit supplier master data would be reviewed and rights restricted to a subset of Finance team staff on a needs basis. Changes to supplier master data would in future be subject to review by the Head of Finance.
- iii) Medium - due diligence checks of new suppliers not completed in all cases. The Executive Director of Finance and Resources reported that the College manages the risk of suppliers who may be financially unstable and / or unable reliably to satisfy the College's requirements by only paying suppliers following receipt of goods and services and using suppliers from a recognised buying framework. The College agrees that additional due diligence checks should be applied to new suppliers that represent a material financial risk as part of a tender process.
- iv) Medium - tendering process not detailed in a procurement policy. The Executive Director of Finance and Resources responded that the Financial Regulations provide that any goods or services over £25K should be tendered or purchased through a buying framework or have a waiver. The College is improving guidance to staff about robust tendering processes to increase consistency but the volume of activity would not justify a separate procurement policy.

- 7.3 The Committee requested that the recommendations be added to the regular report which summarises progress on the implementation of internal and external audit recommendations. This report to be updated and presented to the next meeting of the Committee.

**EDF&R
and
Clerk**

17/1/8 Compliance with laws and regulations - update on 2015/16 report

- 8.1 The Clerk presented an update on the compliance report outlining how the College secures compliance with relevant laws and regulations. In considering the update, the Committee recommended that:
- i) preparation for the implementation of the General Data Protection Regulation in May 2018 be added to the compliance requirements for data protection and
 - ii) the College should assure itself that in providing language courses to overseas students, it complies with any laws or regulations relevant to organisations that do not hold a Tier 4 licence.
- 8.2 The Committee received the report and asked for a further update to be presented at its September meeting.

Clerk

17/1/9 Post-16 Audit Code of Practice 2016 to 2017: Assurance and accountability requirements for post-16 providers March 2017

The Committee noted the Post 16 Audit Code of Practice, which replaces the Joint Audit Code of Practice. It was commented that in adopting the Code of Good Practice for English Colleges, the College had committed to fully adopted mandatory requirements (indicated in the Code as 'musts') and having regard to other requirements (written as 'should'). Most of the Audit Code of Practice requirements are mandatory and reiterate conditions in SFA funding agreements.

17/1/10 College's Health & Safety Report - Autumn term 2016

- 10.1 The Health and Safety Manager presented an update on the work done addressing areas of non-compliance identified in 2015/16 Health and Safety audits and annual report. The report included that the Health and Safety Service had completed 29 out of 32 planned audits last year and continues to follow-up areas of non-compliance that are outstanding.
- 10.2 The main areas of non-compliance are failure to undertake refresher online training and maintain appropriate risk assessments. In response to feedback and that the College is a low risk environment, the training refresh period has been amended to three years. Staff with mandatory training outstanding are being reminded by automatic emails fortnightly to complete the training.
- 10.3 The Committee asked how the College assures itself that the measures to manage risk in the risk assessment are being implemented. The Health and Safety Manager responded that there are general inspections and testing of high risks such as fire, for other risks the assessment is checked where there is an incident or a near miss.
- 10.4 The Committee received the report.

17/1/11 Review of Meeting

The Committee thanked the Executive Director of Finance and Resources for his service to the Committee and the College.

17/1/12 Date of Next meeting

Monday 26 June 2017 at 8.00 am in the Boardroom, City Campus