

Date: 3 March 2021

Venue: Zoom (Online Meeting) 16.00 – 17.15

Clerk to the Corporation
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Present: Ian Falconer
Matt Ainsworth
Sol Miah
John Mothersole (until 17.00)
John Timms

In attendance: Lisa Smith, Internal Audit Senior Manager, RSM
Salma Younis, Financial Statements' Audit Senior Manager KPMG (until 17.00)
Angela Foulkes, Chief Executive and Principal
Martin Harrison, Executive Director Finance (EDF)
Anita Klich, Governance and Projects Officer
Katy Matkin, Internal Audit Assistant Manager, RSM
Mark Pearson, Executive Director Strategy and Systems Improvement
Alison Shillito, Governance Advisor and Clerk to the Governing Body

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

21/1/1 Welcome, introduction and apologies

- 1.1 The committee received apologies for absence from Shelley Hemsley, Saleem Rashid and Debra Chamberlain. The meeting was quorate.
- 1.2 The Chair welcomed to the meeting Salma Younis from KPMG, attending on behalf of the external audit director.
- 1.3 The Chair checked that all members had received the agenda and papers for the meeting and members confirmed they had.
- 1.4 The committee noted that the agenda included an opportunity for members to meet privately with the financial statements' auditor and the internal audit service. All parties confirmed that they were content to consider the committee business in the presence of managers and auditors.

21/1/2 Declaration of interest

- 2.1 There were no declarations reported by members in relation to the business.

21/1/3 Minutes of the meeting on 25 November 2020

- 3.1 The Committee approved the minutes of the meeting held on 25 November 2020 as an accurate record.

21/1/4 Matters Arising & Action Record

- 4.1 The Committee considered the matters arising as follows:

Minute 19/4/11.3 refers: Fixed Asset Register and Minute 20/4/12.6 Management review of external audit recommendations

The Committee noted that these actions were duplicated on the External Audit recommendations tracker and agreed that they should be removed from the matters arising tracker.

- 4.2 Members identified two actions raised at the meeting on 25/11/2020 that were not captured on the matters arising tracker and asked that they be added.

Minute 20/4/2.6 refers: Bank loans maturing in 2021 the committee noted a verbal update from the Executive Director Finance (EDF) and agreed that this should be added to the tracker as it could have an impact for the preparation of the 2020/21 financial statements and compliance with loan covenants.

EDF Dec 21

Minute 20/4/19.1: Control environment for an outstanding college the committee is keen for the college to be ambitious to improve its control environment from adequate and effective to highly effective. Post-Covid, a small group of business services managers should consider how to continue to improve the college control environment and what "highly effective" would look like.

ELT July 22

- 4.3 The Committee noted the reports, agreed to add the actions above and approved the removal of the completed items.

21/1/5 Performance of the External Auditor

- 5.1 The committee received the report and agreed to consider its recommendations for appointment at the end of the meeting.

21/1/6 Strategic Risk Register 2020-21 update

- 6.1 The Executive Director Strategy and Systems Improvement (EDSSI) presented the Strategic Risk Register update and the changes and movements since the last meeting, including three changes to strategic risks (one reduced, two removed); five risks that are rated as inherently high; and eight risks with high reliance on controls.

- 6.2 The Committee discussed the report and the main issues were:
Impact of BREXIT on employment laws: the risks relating to BREXIT had been removed as BREXIT was a management issue rather than a risk. The EDSSI reported that the college

had not seen any immediate impact from the changes brought about by BREXIT for staff, students or supplies. The committee raised the possibility of longer term changes for example, of employment law (risk 71), emerging due to BREXIT. The EDSSI agreed to ask this the Executive Director People to consider this in the next review of the Risk Register.

COVID-19 Risk Register: members discussed the separate risk register for COVID-19, noting that a working group of governors is continuing to meet periodically to monitor changes to the risks, risk mitigation measures and college re-opening. The EDSSI reported that from 8 March, the college would be bringing many more students back onto campus compared to Autumn 2020. National guidance continues to advise home working where possible and social distancing, the latter inevitably limits the number of students on campus. Therefore, students will continue remote learning for knowledge building learning and the college is prioritising campus-based learning for practical skills and assessments.

Support for colleges to re-open: a member asked about the advice and guidance available. The Chief Executive and Principal (CEP) said that schools and colleges had received daily guidance, and also had good working relationship with the Regional Director of Public Health England and local hospital trust. The college had stepped up its weekly communications to staff and students to communicate the new messages.

COVID-19 testing: this is a new risk on the COVID-19 risk register. The CEP reported that the college will operate three COVID-19 testing centres (City Hillsborough and Peaks) for returning students and a system for collecting home tests. A member asked if return to campus would be conditional on a negative test. The EDSSI said that taking tests is voluntary. The college is keeping records to monitor college case numbers. In spite of its limitations, the test does provide an additional safety measure by identifying asymptomatic cases that might otherwise have spread the virus in class. The college is actively and strongly promoting the benefits of testing, tied into the college values of respecting the welfare and safety of other people.

Staff attitudes to returning to campus: the EDSSI said that the college is monitoring this closely via the working groups meeting to plan wider opening. The morale amongst teaching teams due to return to campus is high. Staff are eager to return to teaching in person as soon as possible. Staff and students who are Clinically Extremely Vulnerable are continuing to shield at home.

- 6.3 The committee received the report and considered if any third level assurance would be helpful to support managers in the early stages of the return to campus. The EDSSI said he would discuss with Internal Audit managers where they might be able to bring additional assurance to managing the risks of re-opening.

The committee welcomed the assurance and agreed

ACTION: that the Chair should authorise use of contingency funds, to support assurance activities if managers and internal auditors agreed this would be helpful and requested funding.

EDSSI 31/3/21
RSM

21/1/7 Internal Audit update, recommendations and management actions progress report

- 7.1 The EDF presented the update and reported that, since circulating the paper, work on integrating aspects of CHRIS and Agresso had also been completed as had basic training on reporting from Agresso. The EDF requested an extension to the deadline for staff to complete advanced training on reporting from Agresso (action 191). The Finance team had reviewed the level of skill required and decided to recruit to a specialist post to provide training to other staff.
- 7.2 The committee considered the report and the request for an extension. Members wished to ensure that actions were not delayed any further than necessary but could see that remote working had made specialist practical skills training more difficult. The committee approved the removal of completed items and the revised due date for action 191 to July 2021.

21/1/8 External Audit update, recommendations and management actions progress report

- 8.1 The EDF presented the report on progress on the actions identified by external auditors in the audit of the financial statements. He reported that the work with a deadline of 31 March was on track. The changes requested to the fixed asset register, had been delayed by staff turnover and recruitment difficulties but the EDF was looking to complete these by the rescheduled due date of 31 July 2021.
- 8.2 The committee considered the recent recommendations and asked the external audit manager for advice on meeting the recommendation on management review of pension valuation. The External Audit Senior Manager commented that pension valuation is a complex specialist area, and it is recommended in accounting standards that auditors see evidence of challenge to the valuations the client receives from actuaries. It requires a lot of work in the background to be able to challenge an expert's valuation. In considering how they respond to this recommendation; clients would want to consider the costs and benefits of preparing challenge. Based on a simple cost/benefit analysis, clients may find that commissioning further expert advice to aid effective challenge would not be good value for money.
- 8.3 In relation to staff training for finance staff, a member asked if the EDF would be undertaking a review of the roles and development of team members. The EDF said that through business planning, finance managers would be looking to improve controls, service and response. The college's Go Further Review process specifically considers skills development for individuals and teams on an ongoing basis.

- 8.4 The Committee received the reports. Members were assured that college managers were committed to completing the outstanding actions.

21/1/9 Internal Audit Report: Equality and Diversity

- 9.1 The Internal Audit Manager introduced the report, a governance review of equality and diversity that resulted in an opinion of reasonable assurance with two medium and four low priority actions.
- 9.2 Members welcomed the assurance provided by the report and commented on the ongoing reputational risk of not being adequately representative of the community the college serves. It was suggested that the Governing Body should agree and adopt EDI ambitions for the board – in addition to those for the college as a whole – and look more creatively at marketing vacancies using social media to target people with protected characteristics that are under-represented on the board as well as the workforce. The committee did not underestimate the task of achieving the ambition to be more representative.
- 9.3 The Committee received the report and welcomed the internal audit opinion of reasonable assurance. The Committee agreed **ACTION:** the Governing Body should discuss its ambitions as a board, set clear targets and have a strategy to achieve them.

21/1/10 Internal Audit Report: Health and Safety

- 10.1 The Internal Audit Manager introduced the report, a review of controls for health and safety that followed up the audit in 2019, which had resulted in partial assurance opinion. This review had resulted in an opinion of reasonable assurance with four medium priority and one low priority recommendations.
- 10.2 The committee considered the report, and the main issues were as follows.
- **Process for formally updating and publishing procedures:** this seemed to be a relatively easy thing to fix and it was worrying that it was still being reported as an issue.
 - **Return to campus study:** members recognised that most staff and students had not been on campus since March 2020 but the return to campus on 8 March made it a priority that the college is able to rota adequate numbers of trained fire marshals and first aiders at each campus. Similarly, the process for checking that first aid boxes are adequately stocked is important for the return of large numbers of students to campus workshops and practical classes.
- 10.3 The CEP said that a new Health and Safety Manager had started at the college on 4 February. The Health and Safety team had been concentrating on supporting the college response to COVID-19 and its capacity had been affected by turnover and sickness absence. The Executive Director for Commercial and Operations (EDCO) is the executive lead for health and safety. The EDCO is also leading on planning for re-

opening to ensure that all health and safety requirements are in place for 8 March.

- 10.4 The committee received the report and commented that seeing progress and completion of the actions would be a high priority for the members. The CEP agreed:

ACTION: to provide the committee with an update on completion of the urgent actions in relation to re-opening.

CEP
EDCO 31.1.21

21/1/11 Internal Audit Progress Report on 2020-21 Internal Audit Plan

- 11.1 The Internal Audit Manager introduced the report on progress against the agreed for 2020/21 including:

- Internal Audit (IA) work is continuing on a remote basis and there are no changes to the plan proposed at this stage. It was likely that some hybrid of remote and onsite would continue in the longer term.
- All audits are scheduled and RSM are confident that they can complete the plan to time.
- Two draft reports have been finalised since the submission of reports to this meeting – Apprenticeship Funding Compliance and Learner Support Funds. These will be considered at the next meeting.
- RSM have run the first workshop on the Individualised Learner Record (ILR) and a second one had been scheduled. The EDSSI said that feedback from staff on the first ILR workshop had also been positive and the team had valued the development.

- 11.2 The committee noted the positive feedback in the report, which had been given by college leads and staff who contributed to the internal audit process on conduct of the two IARs considered above.

- 11.3 The Chair noted that much of the IA Plan had been focused on compliance. It would be useful to use any remaining contingency to share good practice on good and outstanding control environments that enabled colleges to be more effective and efficient in achieving their mission to support and educate students. The IA Audit Manager said that RSM had just released a paper on this which she would share with the college.

- 11.4 The committee received the report, welcomed the good progress and agreed:

ACTION

Receive the report on examples of good/outstanding control environments and circulate to members.

RSM/
Clerk 31.3.21

21/1/12 Internal Audit: FE Benchmarking Report

- 12.1 The Internal Audit Manager introduced the FE Benchmarking Report, comparing the performance of The Sheffield College with that of the other FE colleges.

- 12.2 The committee received the report and welcomed the information on benchmarking, which is particularly important to governors in evaluating the information they receive from internal audit. Members noted that the college's IA Plan had targeted areas where managers saw scope for improvement and the profile in the report reflected this.

21/1/13 Review of performance of IA Service

- 13.1 The committee had the opportunity for a private meeting with the internal auditors and agreed that it was not necessarily.
- 13.2 The committee considered the report by the EDF. It was noted that the committee had reviewed the performance of RSM in October 2019. The early review for 2020/21 had been scheduled as it was the final year of an initial three year contract and there was the opportunity to re-tender the work should this be required.
- 13.3 The committee agreed that progress was good on the 2020/21 internal audit plan. RSM and the College's Executive Leadership Team (ELT) had established a good working relationship. The internal audits were being effective in identifying risks where effective controls were not in place, and actions to reduce them. This work is supporting the college to deliver its strategic objectives. Members also appreciated the additional material that RSM provides, which valuable context to its work.
- 13.4 On the basis of its review, the committee agreed that it continued to be satisfied with the performance of RSM as internal auditor and would be recommending their re-appointment.

21/1/14 Re-tender plan for board assurance providers

- 14.1 This discussion is recorded in a separate confidential minutes.
- 14.2 Based on the discussions in the meeting with the two assurance providers, the committee agreed to:
- i) Recommend approval to the Governing Body that the college exercise its option to extend the contract of RSM to provide internal audit services for two years (1.8.2021 – 31.7.2023). The college would review the market for internal assurance providers in 2022/23.
 - ii) Recommend approval to the Governing Body to re-appoint KPMG for one year to conduct the external audit of the 2020/21 financial statements. The committee would review the appointment again in March 2022, following the review of the 2020/21 audit.

21/1/15 Review of meeting and closing remarks

- 15.1 Members reviewed the meeting and the main issues discussed were as follows.

Impact on students: there had been a useful and timely discussion on managing COVID-19 risks for the return of more staff and students to campus.

The health and safety IAR provided assurance that the college had made improvements since the 2019/20 IAR. The committee would be closely monitoring progress on management action on the recommendations to ensure that the college continues to embed effective controls to keep staff and students safe.

Timing of meeting: the trial of afternoon meetings did not seem to be having the intended impact on attendance. It was appreciated that health issues had affected attendance, it had been disappointing that auditors had not been able to attend for the whole meeting.

ACTION communicate to assurance providers that we do expect attendance at meetings by relevant staff and planned changes to link personnel to be communicated with good notice.

EDF 31.3.21

21/1/16 Date and time of next meeting

16.1 24 May 2021 at 16.00 – 17.30