

		<b>ARAC COMMITTEE (CONFIRMED) MINUTES (20.11.2024)w</b>	
<b>Date:</b>	<b>2 October 2024</b>	Director of Governance Granville Road Sheffield, S2 2RL Tel: 0114 260 2620 Email : <a href="mailto:anne-marie.holdsworth@sheffcol.ac.uk">anne-marie.holdsworth@sheffcol.ac.uk</a>	
<b>Venue:</b>	<b>Boardroom, City Campus</b>		
<b>Present:</b>	Ian Falconer (Chair) Matthew Ainsworth (Vice Chair) Paul Senior Sol Miah (via video conference) Adrian Abdulla		
<b>In attendance:</b>	Martin Harrison, Executive Director Finance (EDF) Andrew Hartley, Deputy Chief Executive (DCE) and Executive Director Commercial and Operations (EDCO) Lisa Smith, Risk Assurance Director, RSM UK Risk Assurance Services LLP Stuart McKay, Partner, MHA LLP (via video conference) Anne-Marie Holdsworth, Director of Governance and Clerk		
		<b>Action</b>	
		<b>by whom</b>	<b>by when</b>
<b>24/3/1</b>	<b>Welcome, introduction and apologies</b>		
1.1	Apologies were received from new member Sarah Pearson.		
1.2	The meeting was quorate and started promptly at 8.30am.  The Chair welcomed Lisa Smith from RSM (representing internal audit), Stuart McKay (representing external audit), and new staff governor, Adrian Abdulla. Introductions were made for the benefit of the new member. The Chair advised that the order of business would be as per the agenda and whilst there was one item marked confidential, it would not be necessary for anyone to leave the meeting and nor would separate minutes be required. The main focus of the meeting would be about final assurance for 23/24 and the draft 23/24 annual report.		
<b>24/3/2</b>	<b>Declarations of interest</b>		
2.1	There were no new declarations of any potential conflicts of interest.		
<b>24/3/3</b>	<b>Consent Agenda Items</b>		

3.1	<p>The following items were board business not requiring a decision and which formed part of the Consent Agenda.</p> <ul style="list-style-type: none"> <li>a) <b>Minutes of the last meetings</b> <ul style="list-style-type: none"> <li>– Members to confirm the minutes of the meetings held on Wednesday 5 July 2024.</li> </ul> </li> <li>b) <b>Matters arising and action record</b> <ul style="list-style-type: none"> <li>– Members to <u>consider</u> any matters arising and updated action plan items not included on the agenda and <u>approve</u> removal of any completed items.</li> </ul> </li> </ul> <p>The Chair asked members if they wished to discuss any aspects before seeking a proposal/approval to resolve the items as presented. Only one query was raised in relation to 24.1.7.13a, regarding access for all governors to all committee papers. The DG confirmed that this was simply a technical issue with access and not refusal as a matter of principle.</p>		
3.2	The committee <u>noted</u> and <u>approved</u> all items.		
	<b>Commissioning Assurance:</b>		
<b>24/3/4</b>	<b>Risk Management: Strategic Risk Register update &amp; Risk Assurance Map</b>		
4.1	<p>The Executive Director Finance (EDF) presented the report, informing the committee that the principal matter to note was in relation to the proposed new risk, risk 85, and the increased likelihood of employment tribunals (ET) as adherence to managing public money and a change in approach would lead to greater likelihood of proceeding to ET than settlement. It was noted that the risk document did not contain all the risks on the register due to a document uploading issue.</p>		
4.2	<p>The committee received the report and members asked about what the impact was in terms of the increased number of tribunals. The EDF said that there had been a rise from approximately 1 per year to 3 per year. He said the intention of the change in requirements had been to improve resource efficiency, but that the rise in ETs now had had the converse effect in increasing legal fees and time required in relation to them.</p> <p>Members also commented that the risks which seemed to be altering related to people, these being owned by FEGP, and questioned whether any independent assurance might be needed. The Risk Assurance Director said that there was nothing in the 2024/2025 plan for HR, although there was a recruitment and induction review planned for May 2025. Whilst the latter wouldn't look at ETs it would offer assurance regarding the processes for onboarding new staff.</p> <p>Members further asked if other committees saw their section of the risk register. The EDF said not but that relevant risks were referred to in the papers for that committee. The EDF said that he would consider the presentation of risks for committees for the future. He was</p>		

	working on an online version of the risk register and hoped to be able to bring these ideas back to a future meeting.		
4.3	The Committee <u>received</u> the report for assurance and welcomed the Risk Register and Board Assurance Summary, commenting that they felt that the process was very much live and embraced by the Executive Team.		
4.4	<b>ACTION:</b> <ul style="list-style-type: none"> <li>• Ensure missing page added to papers for risk register</li> <li>• Consider how risks are presented and shared across all committees to bring back to ARAC</li> </ul>	EDF EDF	Imed. 12/03/25
<b>24/3/5</b>	<b>Internal Audit and External Audit: progress report on completion of recommendations and management actions</b>		
5.1	The Executive Director Finance (EDF) presented the report. Positive progress was being made regarding the internal audit recommendations, whilst external audit recommendations were a little more challenging. In terms of the VAT review, the matter was not fully resolved and there may be implications for the future, dependent upon the final outcome.		
5.2	Members asked if there were any implications for the college regarding Lennartz. The EDF said there were no adverse implications. The EDF would discuss Lennartz further at the next FEGP/ARAC meeting on 20 November 2024.		
5.3	The committee <u>received</u> the report and noted the progress made, being assured that recommendations from internal and external audit were being actioned. They <u>approved</u> the removal of completed items and <u>approved</u> the revised/extension dates requested.		
	<b>Receiving Assurance:</b>		
<b>24/3/6</b>	<b>Internal Audit Reports</b>		

6.1	<p>The Risk Assurance Director, RSM UK Risk Assurance Services LLP presented the following reports:</p> <ul style="list-style-type: none"> <li>• Progress report on Internal Audit Plan 2023-24 and 2024-25</li> <li>• Nursery Key Financial Controls Report</li> <li>• Follow Up Report</li> </ul> <p>There was nothing specific to note in the Progress Report except that the 16 to 19 Bursary Fund and Free Meals in Further Education audit had been brought forward slightly in preparation for an ESFA review which the college had been selected for.</p> <p>The Nursery Key Financial Controls Report was the first thematic review selected to review robustness of the control framework. The review provided reasonable assurance over the control framework and prompted two medium and one low priority management actions. The primary matters to be addressed were that debt recovery procedures needed to be tightened, and 14-day pre-payment terms needed to be made more explicit with parents.</p> <p>The internal auditor follows up all actions agreed in the preceding year, it had been agreed to follow up on all 21 management actions, comprising five medium, nine low priority and seven advisory management actions. As a result of the review, two management actions were categorised as partly but not yet fully implemented, and one management action as not being implemented. Overall, reasonable progress had been made with follow-up. Any actions not fully implemented would still be followed up in the next year.</p>		
6.2	<p>The Committee discussed the report, and the main points raised included the following:</p> <ul style="list-style-type: none"> <li>• Regarding the formatting of the reports, members queried why where the management actions were laid out, it did not state 'management agreed'. The Risk Assurance Director said that as part of the debrief following an audit there is a discussion of issues identified, and actions are agreed then so that there is buy-in from the management of the college before reports are written and finalised. The EDF clarified that as part of that process if the college disagreed with something they could rebut it but that they would have to provide supporting evidence. The Chair asked whether, in the unlikely event there was disagreement on a matter raised and this was not resolved, if it would still appear in the report. The Risk Assurance Director confirmed that it would.</li> </ul>		

	<ul style="list-style-type: none"> <li>Members clarified whether the nursery had a different financial system to the main college. The EDF confirmed that it did, and that credit control was different.</li> <li>Members also raised whether GDPR should be considered as part of the audit plan for 2025/2026 and asked for clarification regarding assurance received for this area. The DG confirmed that an annual report for data protection had been taken to the last ARAC meeting. The EDF said that for the risk register GDPR sat under the area of information, governance and legal compliance, but that some thought may need to be given to GDPR in its broadest sense and where this should sit. It was agreed that for future reporting purposes safeguarding should also be included in relation to GDPR.</li> </ul>		
6.3	The Committee <u>received</u> the reports and <u>noted</u> the assurance given. The Committee welcomed the good progress made regarding the 2023/2024 plan and 2024/2025 plan; they welcomed the reasonable assurance finding in respect of key financial controls for the nursery; they said that they were assured that the Executive follows up on previous internal audit recommendations.		
	<p>ACTION:</p> <ul style="list-style-type: none"> <li>Safeguarding to be included in the next annual Data Protection Report, from a GDPR perspective</li> </ul>	EDSSI	18/04/25
<b>24/3/7</b>	<b>Annual Report of the Internal Audit Service</b>		
7.1	<p>The Risk Assurance Director (RSD), RSM UK Risk Assurance Services LLP presented the Annual Report of the Internal Audit Service. The report summarised all the work undertaken in 2023/2024, and the RSD said she was delighted to confirm a totally green overall conclusion. The RSD went on to mention the following points:</p> <ul style="list-style-type: none"> <li>the only limitation to the opinion was that it should be remembered that there could be weaknesses elsewhere in areas not tested through the audits and the work of the internal auditors was only one source of assurance, although they had taken into consideration themselves the AoC, EBR and HE Legislative Compliance work</li> <li>by way of comparison, audit in 2023/2024 included 6 reports and in 2022/2023 there were 5. In 2022/2023, 49 management actions were agreed and in 2023/2024, there were 55</li> <li>in terms of the advisory work on T-Levels, this was very positive given that it was a new area</li> <li>the RSD confirmed that no work had been undertaken which would give rise to a declaration of conflict of interest.</li> </ul>		
7.2	Members considered the report and raised a query in relation to the exceptions raised in the T Levels Funding Compliance review. The RSD gave assurance that there were no significant concerns and that this is		

	a relatively new area which the ESFA are still working on and there was nothing in the findings which would impact on funding.		
8.4	<p>The Committee <u>received</u> the report and <u>recommended approval</u> of it to the Governing Body.</p> <p>The Chair thanked the RSD for the opinion and asked how many others had been awarded. The RSD explained that to their knowledge this was the only green/clean audit opinion issued this year and that there had been none last year.</p> <p>Members passed on their congratulations to the Executive team and their staff on this achievement and asked that this be cascaded.</p> <p>The Chair said that the Committee could confirm that they were content that the internal auditors had remained independent and thanked them for their efficiency in execution of the plan and as a trusted advisor for their sector updates</p>		
<b>24/3/8</b>	<b>External Auditor's progress report</b>		
8.1	Stuart McKay, Partner, MHA LLP provided a verbal update on progress of the financial statements audit. Progress was good in this the first week of the audit. There had been good communication and most internal controls had been passed so far. However, it was noted that there had been some staffing changes within the college, and this had impacted on the ability to meet deadlines in uploading information requested.		
8.2	<p>The Committee considered the update and asked the following:</p> <ul style="list-style-type: none"> <li>Whether there was the resilience the EDF needed in the staffing structure of his team. The EDF confirmed that there was, with a succession plan in place and an imminent appointment, along with potential for development within the current team.</li> </ul>		
8.3	The Committee <u>received</u> the verbal update and welcomed the assurance of positive progress, but noting too the staff resourcing challenges.		
	<p>ACTION:</p> <ul style="list-style-type: none"> <li>An External Assurance summary to be brought to the next meeting of ARAC</li> </ul>	EDF	20/11/24
<b>24/3/9</b>	<b>Other External Assurance</b>		
9.1	<p>MHA LLP provided a verbal update on the following:</p> <ol style="list-style-type: none"> <li>Teachers' Pension Scheme Certification 2023/24</li> <li>Draft Turing Audit</li> </ol>		

	The Teachers' Pension Scheme Certification was filed on time and the TPA would be brought to the next meeting. The Turing Audit had not initially been planned but had been under discussion and so had been added.		
9.2	The committee considered the verbal update and <u>noted</u> the assurance given.		
<b>24/3/10</b>	<b>Other Internal Assurance</b>		
10.1	<p>The Executive Director Finance (EDF) presented the following updated policies:</p> <p>a) Anti-Fraud Policy b) Anti-Bribery and Anti-Corruption Policy</p> <p>The EDF explained that the Anti-Fraud strategy had been updated due to the college's size which meant that it fell into a higher threshold. Due to the Economic Crime Act, there was now a greater potential to be fined in relation to fraud and in line with this the college was undertaking a raising awareness exercise for staff in relation to fraud. The fraud response plan was not published with the policy but sat behind it. Regarding the Anti-Bribery and Anti-Corruption Policy, there were minor changes to approve.</p>		
10.2	The Committee considered the policy changes and had no significant questions regarding them. Members did however ask whether due to the size of the Corporation it might need a tax avoidance policy. It was agreed to look at this and to report back at the following meeting.		
10.3	The committee <u>noted</u> the advised changes to the policies and <u>approved</u> them.		
10.3	<p>ACTION:</p> <ul style="list-style-type: none"> <li>to review whether a tax avoidance policy for the college is required</li> </ul>	EDF	Next meeting
	<b>Reporting Assurance:</b>		
<b>24/3/11</b>	<b>Financial Statements' Regularity Self-Assessment Questionnaire 2023/24</b>		
11.1	The Director of Governance presented the report in relation to the Financial Statements' Regularity Self-Assessment Questionnaire, highlighting that the main changes were summarised on the paper. There had been only minor changes to the questionnaire this year.		
11.2	The Committee considered the report, and the Risk Assurance Director commented that it was one of the most detailed questionnaires that they had ever seen. They said that the approach and presentation indicated that the questionnaire was really being used as intended, to identify any gaps. The external audit partner corroborated that they		

	thought it was a very thorough document. The Committee made some small suggestions as to further evidence to be included.		
11.3	The Committee <u>approved</u> the draft subject to the updates flagged and completion of the outstanding evidence.		
<b>24/3/12</b>	<b>Audit and Risk Assurance Committee Annual Report 2023/24 including updates on compliance with laws and regulations and AoC Code of Good Governance</b>		
12.1	The Director of Governance presented the Audit and Risk Assurance Committee Annual Report, summarising the work which had been carried out in the year and on which the committee needed to reach a conclusion to report back to GB on. The DG confirmed that they had retained the same format for the report with which the committee were familiar.		
12.2	<p>The Committee considered the report, and the Chair suggested that members took the report by section, pausing on each conclusion and next steps (which essentially would be their improvement advice to GB) to feed in their opinions and/or comments. The following shows the opinions/comments:</p> <p>Section 1 – ARAC Self-Assessment 2023/2024, members were satisfied with the opinion they were likely to come to. They asked if a sentence could be included with regard to attendance levels to show why the Committee had operated at 80%</p> <p>Section 2 – Commissioning and Managing Assurance, members were satisfied with the opinion they were likely to come to</p> <p>Section 3 - Governance update and self-assessment against AoC Code, members were satisfied with the opinion they were likely to come to, acknowledging that the Governance Development Plan was to be taken to the next SRG committee meeting</p> <p>Section 4 - Review of the college’s risk management and control processes for the effective and efficient use of resources, members were satisfied but mentioned that it should be noted that the risk assurance framework was to be realigned to the new College Strategy for 2025/2030 in December, although it currently remained effective</p> <p>Section 5 - Securing solvency and safeguarding assets (pending outcome of audit of financial statements), members were satisfied with the opinion they were likely to come to</p> <p>Section 6 - Conclusion and opinions, members were satisfied that they would be able to reach a clean opinion</p>		
12.3	The Committee <u>approved</u> the draft subject to the updates flagged and completion of the outstanding evidence.		
	<p>ACTION:</p> <ul style="list-style-type: none"> <li>Update Section 1 to include reference to explain attendance levels of the committee</li> </ul>	DG	20/11/24



<b>24/3/13</b>	<b>Review of meeting &amp; closing remarks</b>		
13.1	<p>Thanks were given to the EDF, DG and DCE.</p> <p>The Chair asked members if they still wished for this meeting to be calendared in the future as it was generally a shorter meeting than others; he understood that some colleges operated with only 3 meetings per year rather than 4. Members thought the meeting was useful in preparing the regularity self-assessment questionnaire and therefore should be retained.</p> <p>The Chair further reflected on conversation at the recent GB Strategy Event regarding exploring the functionality of TeamEngine and reminded committee members of this. Members were happy to consider this in line with the Governance Development Plan and training and development calendar.</p>		
<b>24/3/14</b>	<b>Date &amp; time of next meetings</b>		
14.1	<p>20/11/2024, 08.30 – 11.00 in the New Boardroom, City Campus (joint meeting with FEGP Committee)</p> <p>12/03/2025, 16.30 – 18.30 in the New Boardroom, City Campus</p> <p>18/06/2025, 16.30 – 18.30 in the New Boardroom, City Campus</p> <p>The meeting closed at 9.55am.</p>		