



**ARAC COMMITTEE  
CONFIRMED MINUTES**

**Date:** 04 October 2023

**Venue:** Boardroom, City Campus

Clerk to the Corporation

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Sheffield, S2 2RL

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**Present:** Ian Falconer (Chair)  
Peter Brooks  
Matthew Ainsworth  
Paul Senior  
Saleem Rashid (up to minute reference 12)  
Sol Miah (by videoconference)

**In attendance:** Martin Harrison, Executive Director Finance (EDF) (up to minute reference 12)  
Andrew Hartley, Deputy Chief Executive and Executive Director Commercial and Operations (DCE) (up to minute reference 12)  
Stuart McKay, External Audit Partner, Macintyre Hudson LLP (by videoconference)  
Alison Shillito, Governance Advisor and Clerk to the Governing Body (Clerk)  
Lisa Smith, Risk Assurance Director, RSM UK Risk Assurance Services LLP

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

**23/3/1 Welcome, introduction and apologies**

- 1.1 There were no apologies received. The meeting started at 08.40 and Sol Miah joined at 8.50 (minute 4 onwards).
- 1.2 The Chair welcomed Andrew Hartley, Deputy Chief Executive (DCE) to the meeting. It was noted that Andrew had been invited to attend committee meetings on a regular basis to provide information from the Executive Team.

**23/3/2 Declaration of interest**

- 2.1 The committee noted the standing interests of members and agreed there was no action required on any agenda items.

**23/3/3 Minutes of the last meeting**

- 3.1 The committee confirmed the accuracy of the minutes of the meeting held on 5 July 2023 subject to amending Lisa Smith's title to Risk Assurance Director.

## 23/3/4 Matters Arising and Action Record

4.1 The committee agreed that all relevant matters arising from the last meeting had been added to the Action Record. Before considering the matters arising, the committee asked the DCE to update the committee on the major incident on 28 September 2023 and the effectiveness of the major incident process.

### 4.2 Major Incident: Hillsborough Campus closure 28 – 29 September

The DCE reported that on Thursday 28 September, the college had declared a major incident at Hillsborough Campus, having been advised by South Yorkshire Fire and Rescue to evacuate. The DCE convened a Major Incident Team (MIT), under the new policy to manage the situation. The MIT met at 1.00pm and 3.00pm on Thursday to assess the situation and agree communications.

By 3pm on Thursday, it was clear that the external fire risk was reducing but the college would need to check and reset the local Active Fire Management system before the premises could reopen. The MIT recommended that Hillsborough Campus be closed to students and staff on Friday 29 September. Where staff needed to attend the campus to make the site safe, managers would:

- (i) take further advice from the fire service to check the status of the fire and smoke risks
- (ii) do a dynamic risk assessment early Friday morning to ensure it was safe for staff and
- (iii) take mitigating actions to remove any heightened risks identified due to smoke or debris present on the site.

The MIT met at 8.30am on Friday morning and received reports from the site safety checks. Based on the reports and the update from the fire service, it was agreed that the site could reopen for weekend events and on Monday for students. The MIT would be meeting to review the implementation of the policy and lessons learnt.

It was noted that one student attended hospital due to symptoms related to smoke inhalation and was discharged the same day.

4.3 The committee received the report and was assured that the college had implemented the Major Incident and Business Continuity Policy effectively and it had provided a thorough approach to managing the incident safely and resuming teaching, learning and assessment in an appropriate manner.

**ACTION** FEGP Committee should consider the post-implementation review report the report and provide the assurance that the college was identifying lessons learnt and taking action as appropriate.

DCE/  
FEGP

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### 4.3 Minute 21/4/12.3 refers: Cladding

The DCE reported that the external surveyor had completed field work. There were no major issues reported and the college was awaiting the written report on the findings.

#### 4.4 **Minute 23/1/8.3: Control Environment for an outstanding college**

It was noted that the due date had transposed and should have been 4 October (not 10 April). The Executive Director Finance (EDF) said that the work plan would come to the next meeting.

### **23/3/5 Strategic Risk Register update & Risk Assurance Summary**

5.1 Martin Harrison, EDF, introduced the report, which included the full Strategic Risk Register (SRR) and Risk Assurance Summary as well as details of changes since the last meeting. The changes had emerged from the regular review of strategic risks by risk owners and had been discussed with the Executive Leadership Team (ELT) in business review and team meetings.

5.2 The committee noted there had been 28 changes since the last meeting including two risks being closed because they considered the threats were no longer relevant or had crystallised.

5.3 The main risk discussed was Apprenticeship recruitment. Members commented that the risk assessment seemed accurate and was corroborated by their experience of the challenges being reported by other colleges. A member asked if the mitigating actions reported were sufficient. The DCE said that the college was responding to the high risk rating by recruiting a new Director of Business Development and restructuring the apprentice recruitment function. The college was also planning to increase the number of higher level and degree apprenticeships as this was a lower proportion of college provision than the national picture. This was a competitive market but the college had a good record of providing high quality apprenticeships at levels 4 and 5 with key partners.

5.4 The committee received the risk register and commented that the college's response to apprenticeship risks provided strong evidence that the risk process is live and driving improvement.

#### 5.5 **Risk Assurance Summary**

The committee received the summary and noted that as it was updated in parallel with the Strategic Risk Register (SRR) one of the ratings in the summary was out of line with the most recent SRR. The EDF said that they were looking at how the Summary was compiled to ensure that the summary and SRR aligned. The Risk Assurance Director commented that the next steps in developing the risk summary could be reviewing the priority themes and the Board's risk appetite for each theme. This would enable the Board to consider how well the risks were being managed in the context of its risk appetite.

**ACTION:** check and update the risk summary to ensure it aligns with the highest risks on the SRR for November.

EDF 22/11/23

#### 5.6 **Risk Management Policy**

ARAC received the biennial review of the Risk Management Policy. It was noted that the updates to the policy were minor, to amend the

Executive role responsible and update role titles. The committee agreed to recommend approval to Governing Body (GB) of the updated Risk Management Policy.

**23/3/6 Internal Audit & External Audit update: Progress Report on Completion of Recommendations and Management Actions**

- 6.1 The EDF presented the report, commenting that reporting on the implementation of the Major Incident Plan had completed another of the open actions. Regarding External Audit recommendations, two actions had been completed when the report was finalised, a further action had been completed since the writing of the report and there was a plan to complete the remaining two actions in-year. The committee asked if the two actions would have an impact on this year’s external audit. The External Auditor said that they would not be an obstacle to completing the audit but they would be reported as ongoing in the management letter.
- 6.2 The committee noted the report, approved the removal of completed actions and the revised date for completion of two external audit actions.

**23/3/7 Internal Audit: Progress Report**

- 7.1 The Risk Assurance Director presented the progress report, which reported that all the fieldwork was completed for the 2022-23 plan and the reports were being finalised with management actions. The majority of medium priority actions dealing with non-compliance with policies appeared in the Planned Preventative Maintenance audit where there had been staff turnover and there was a need to raise awareness of policy requirements.
- 7.2 The EDF reported that the Funding Compliance Review had been completed but, to reduce duplication, it was planned to circulate the report for the next meeting so it could be considered with the feedback from the ESFA Funding Compliance Audit which was in progress.
- 7.3 The committee received the Progress Report and noted that there would be several reports due at the next meeting including Carbon Reporting and the Follow-up Audit as well as the annual report for 2022-23. ARAC requested the following actions.

<b>ACTIONS</b> (i) circulate final reports to members as soon as they are available so members have more time to consider them, and	GAC	22/11/23
(ii) given that non-compliance with policies was re-emerging as a theme, college managers to consider best practice for contract renewal and procurement to ensure that the college could demonstrate practice that secured good value for money.	EDF/ELT	22/11/23

**3/3/8 Estates – Planned Preventive Maintenance**

- 8.1 The Risk Assurance Director presented the internal audit report, which reported several examples of good practice but had found that

some of the sample contracts had been delayed for retender due to Covid or concerns about a retender resulting in increased costs. The Risk Assurance Director said the team should explore other ways of market testing and document the process used to assure value for money. The college's Mainteno system could be used to document the process for each contract to provide assurance.

- 8.2 The committee welcomed the reasonable assurance provided by the report and noted the management actions proposed to address the four medium and six low priority recommendations.

### **23/3/9 External Auditor's Progress Report**

- 9.1 The External Audit Partner reported that the statutory audit was progressing well. Again, the valuation of the college's share of the local government pension scheme required attention, due to national changes, this was valued as a significant asset to the college but not an asset the college could realise. The External Auditor was in consultation with pension advisors about the valuation and treatment of pensions in the accounts.
- 9.2 The Chair reported that, following the External Auditor's advice at the last meeting, the whole board had been briefed on and had considered the impact of reclassification on governance. The result had been that governors were satisfied that the college had updated its regulatory framework for the new requirements and that the reporting framework would enable the Board to identify and report relevant transactions. The External Auditor said that the Department for Education (DfE) had circulated a draft of the College Financial Handbook for consultation. The draft reflected the bite sized guides and letters previously circulated. The governor strategy event where members had considered the impact of the requirements meant the college was well-placed for implementing the DfE College Financial Handbook in Spring 2024. The External Auditor said this was an example of best practice that they had not seen elsewhere.
- 9.3 The committee received the report, welcomed the substantial progress made and requested that any concerns arising in the final stages of the external audit be raised with the Chair of ARAC as early as possible.

**ACTION:** circulate to members the MHA Digest, which will include an update on preparing to implement the College Financial Handbook.

### **23/3/10 Other External Assurance: Annual Certification of Turing Scheme Expenditure for Grant Period Year 2022-23**

- 10.1 The External Auditor presented the report on the tests that had been conducted in accordance with the managing authority's requirements for an end of year certificate. There were no significant exceptions or errors identified.

- 10.2 The committee received the report for assurance and noted that the reported expenditure was below the original grant amount. The EDF said that this would be repayable to the granting body.

**23/3/11 Financial Statements' Regularity Self-Assessment Questionnaire 2022-2023**

- 11.1 The GAC presented the draft Regularity Self-Assessment Questionnaire for 2022-23, which included new questions on the Board's response to reclassification. The committee received the report and commented as follows.

**Reclassification:** the draft should reflect that all members of GB had received training and briefing on novel, contentious and repercussive transactions and senior pay not just members of FEGP Committee.

**Settlements:** a member asked how governors were assured that settlements agreed to resolve a staff dispute were reasonable and within the new rules. The GAC said that FEGP received a termly report on People matters which included the numbers of grievances and staff issues and how these had been resolved. The Chair of GB had access to a list of all settlements with further information. It was recommended that ARAC should receive stronger assurance on college compliance with DfE requirements for special payments, including severance, compensation and ex-gratia payments.

**Additional assurance:** the assurance provided in the October meeting should be added to the responses.

- 11.2 The committee recognised the significant amount of work that had been involved in completing the self-assessment, approved the draft and recommended signing to the Chair of Governors and Accounting Officer on behalf of GB, subject to the updates agreed. The following action was also agreed.

**ACTIONS**

- |  |     |          |
|--|-----|----------|
| i) on p.5 subcontracting amend the reference to annual external assurance as this would be triennial in future.  | GAC | 22/11/23 |
| ii) add external assurance on Turing Scheme expenditure to the evidence on p. 40 and a reference to the deliberations on Whistleblowing to p.24.                     | GAC | 22/11/23 |
| iii) propose a way for ARAC to be assured on college compliance with DfE requirements for special payments, including severance, compensation and ex-gratia payments | EDP | 22/11/23 |

**23/3/12 Audit and Risk Assurance Committee Annual Report 2022-2023 including update on Compliance with AoC Code of Good Governance**

- 12.1 The GAC presented the final draft of the ARAC Annual Report that had been prepared based on
- assurance received in the year including the IA Plan for 2022-23,
  - members' discussions about the committee self-assessment at the July meeting and

- assurance from the draft Governance Annual Self-Assessment considered by GB at its meeting in July 2023.

**12.2 Self-assessment against the AoC (Association of Colleges) Governance Code 2021**

The GAC presented the latest self-assessment against the college's chosen governance code. The committee noted that the actions taken since the last self-assessment in November 2022 had resulted in several Red/Amber rated "Should" statements being regraded from Amber to Green. This included the work done at the January and September Governor Strategy Events and the outcome of the review of the college's contribution to meeting local skills needs. These initiatives had engaged governors with topics that other college Board's had yet to consider.

**12.3** The committee considered the report, considered the opinions in the draft, discussed examples of best practice demonstrated during the period and approved the opinions in the report as follows:

- The committee had been effective in fulfilling its terms of reference in 2022-23 and had been highly effective in promoting continuous improvement of the control environment and encouraging professional services teams to benchmark against best practice examples
- The college's assurance arrangements remained adequate and effective
- The college's framework for governance remained adequate and effective in 2022-23 with some examples of best practice, including proactive governor engagement with the requirements of reclassification, streamlining meeting agenda and innovating using the new board portal
- The college's risk management framework continued to be adequate and effective during the period. The regular review of risk and continued development of the risk management policy and risk summary had demonstrated that the college was highly effective in managing risk
- Based on the evidence received to date, the college's controls framework continued to be adequate and effective
- The committee was satisfied that the college had appropriate arrangements for maintaining adequate and effective data management and quality
- The committee was of the opinion that the college's arrangements for securing the solvency of the college and safeguarding the college assets remained adequate effective in 2022-23 and up to the date of the meeting, subject to the awaited assurances from FEGP Committee and External Audit.

**12.4** The committee approved the report and agreed that the next steps should be:

- to continue to strengthen committee membership

- incorporating reference to the additional evidence (Internal Audit Annual Report and External Audit Management Letter) due to be presented at the November meeting
- to add the evidence of good and best practice mentioned in the meeting
- to add a continuous Improvement action to develop the Risk Summary and Strategic Risk Register in 2023-24 to ensure this is best practice in the sector and is efficient
- to keep on promoting continuous improvement of the control environment and agree and implement a plan for further self-assessments against best practice for 2023-24.

**ACTION:** update the report as commented in the meeting

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The Staff Governor and College Executive members withdrew from the meeting.

### **23/3/13 Whistleblowing Log (Confidential Item) – Independent Members and Professional Advisors**

- 13.1 The GAC gave a verbal update on a Whistleblowing disclosure received since the last meeting. The discussion is recorded in a separate confidential minute.
- 13.3 The committee received the report and confirmed that ARAC was satisfied that the Whistleblowing Policy was being appropriately implemented.

### **23/3/14 Review of meeting & closing remarks**

The committee thanked the EDF and the GAC for their thorough reports. The work of the committee, to ensure that the college had regard to good governance, value for money and effective systems for building maintenance, had an important if indirect impact on the student experience.

### **23/3/15 Date & time of next meetings**

Wednesday 22 November 2023 09.30 – 11.00 (joint with FEGP)  
 Wednesday 20 March 2024 08.30 – 10.30  
 Wednesday 3 July 2024 08.30 – 10.30.