	ARAC COMMITTEE CONFIRMED NONCONFIDENTIAL MINUTES (2.10.2024)	
Date:	**3 July 2024**	Director of Governance Granville Road Sheffield, S2 2RL Tel: 0114 260 2620 Email : anne-marie.holdsworth@sheffcol.ac.uk
Venue:	**Boardroom, City Campus**	

Present:	Ian Falconer Matthew Ainsworth Paul Senior (from 8.45am onwards) Sol Miah
In attendance:	Martin Harrison, Executive Director Finance (EDF) Andrew Hartley, Deputy Chief Executive (DCE) and Executive Director Commercial and Operations (EDCO) Mark Pearson (EDSSI) (from 10.40am until 10.55am) Lisa Smith, Risk Assurance Director, RSM UK Risk Assurance Services LLP Stuart McKay, Partner, MHA LLP (via video conference from 8.40am) Seb Smith, DPO at The Sheffield College (at 9.45am, for Item 10a only, the annual report on Data Protection) Ed Wynn, Chair of ARAC at Greenhead College, Huddersfield (visiting) Sharon Roper, Clerk at Greenhead College, Huddersfield (visiting) Anne-Marie Holdsworth, Director of Governance and Clerk Emma Lake, Executive Services and Governance Officer

		Action by whom	by when
24/2/1	**Welcome, introduction and apologies**		
1.1	Apologies were received from Saleem Rashid due to illness and from Mark Pearson, Executive Director Strategy & Systems Improvement for Item 14 (The College Strategy 2025/2030) which was to be presented by the CEP in his absence.		
1.2	The meeting was quorate and started promptly at 8.30am. The Chair welcomed Lisa Smith from RSM (representing internal audit) and Stuart McKay (representing external audit), along with Ed Wynn and Sharon Roper from Greenhead College who were in attendance as observers following ARAC's approach having been recommended to them as good practice.		

	The Chair advised that whilst items 3, 6, 7 and 11 were confidential items on the agenda, no-one would be required to leave for these items, however, for confidential items 12 and 14, placed at the end of the agenda, both the internal and external auditors would be asked to leave, along with the visitors.		
	The Chair further advised that the order of business would otherwise be as per the agenda, except for the consent agenda items. The Chair explained that a consent agenda had been trialled at GB and was now being trialled at ARAC; whilst items 15-17 appeared at the end of the agenda these consent matters would be taken at the start of the agenda, as the Chair felt that was more appropriate. The primary focus of business would be in relation to Item 6 (Internal Audit plan), Item 7 (External Audit strategy), Item 9 (Internal Audit reports) and Item 13 (self-assessment).		
24/2/2	**Declarations of interest**		
2.1	The standing declarations of interest were noted and there were no new declarations of interest.		
24/2/3	**Consent Agenda Items (15-17)**		

3.1	The following items were board business not requiring a decision and which formed part of the Consent Agenda.
	
	    a) **Minutes of the last meetings**
	  − Members to confirm the minutes of the meetings held on Wednesday 20 March 2024.
	    b) **Matters arising and action record**
	  − 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.
	    c) **Policy update**
	  − Members to <u>approve</u> the Conflicts of Interest Policy following a minor amendment to wording.
	
	The Chair asked members if they wished to discuss any aspects before seeking a proposal/approval to resolve the items as presented, noting that the latest position on the action record showed that 2 actions were behind, 3 were on track and 6 items which had been completed were to be removed.		

3.2	The committee <u>noted</u> and <u>approved</u> all items without further question.		
	Commissioning Assurance:		
24/2/4	**Strategic Risk Register update & Risk Assurance Summary** **CONFIDENTIAL**		
	The next section of the meeting was confidential and is recorded in separate Confidential Minutes – minute 4.1 to 4.3		
24/2/5	**Strategic Risk Strategy 2024-2025**		

5.1	The EDF presented the report covering the strategy for the next academic year and the annual review of the Risk Management Policy. A piece of work had been undertaken which would drive key matters to report against with the development of the SRR increasingly cognisant of departmental risks. Further development work would take place in advance of the next meeting of the committee.		
5.2	The committee received the report and the Chair commented that whilst he had previously said that he would be wary of mid-year changes to the college's approach, he accepted that risks are driven by strategy and strategy is going to change, so while the process for risk management would remain the same in 2024/2025 it was inevitable and appropriate that the strategic risks themselves might alter once the new 2025/2030 Strategy was agreed. A committee member asked for a minor edit regarding 5.1.4 of the Risk Management Policy, to reflect the regularity with which the committee review the strategic risk register. The external auditor proposed that in section 9.7 of the Risk Management Policy, regarding Risk Monitoring, where the residual risk scoring table appeared, greater delineation could be made between risks which were remote but which could have serious impact for the college if they did arise, and those risks which happened more frequently but had low impact for TSC. The committee agreed to colour code the appropriate cell to enable easy identification of the former risks. Committee members also considered section 9.3 of the policy and whether there had been any changes to the college's risk appetite. The EDF confirmed that the risk appetite had not changed from that which the committee had previously agreed. Members asked when risk appetite had last been reviewed by the Board and the internal auditor suggested that it would be a good time to review this in line with the launch of the new college strategy for 2025/2030. The committee agreed that they would like both strategy and appetite to be reviewed later in the year and would also welcome the proposed change of summarising each risk on a separate page.		
5.3	The committee approved the changes to the Risk Management Policy and guidance subject to the change to the policy regarding 'likelihood 1 risk factor 5' being amended to an amber rating in section 9.7 and the rewording of 5.1.4.		
5.4	**ACTION:** • Amend wording to 5.1.4 of Risk Management Policy • Amend categorisation of risk for low-risk high-impact in 9.7 of the policy • Add to ARAC and Board agendas a review of risk appetite and strategic risks once the new 2025/2030 Strategy agreed.	EDF EDF DG	Imed. Imed. Autumn Term?
24/2/6	**ESFA Audit Code of Practice 2023-2024**		

6.1	The DG introduced the report and the changes to the Audit Code of Practice for 2023/2024 which was only published in March 2024.		
6.2	The Chair commented that there was nothing radical to note regarding the changes to the ACoP but noted a concern that the code was being introduced late in the year to which it related. The committee further reaffirmed their view that having a staff governor of ARAC did not compromise their independence or objectivity even though ESFA said it wasn't usual practice to have one. The committee confirmed they did not need to change their ToR for 2023/2024 in light of the new ACoP and that they would consider ToR for 2024/2025 under Item 13 of the agenda. Moreover, the committee would welcome the DG bringing her first draft of the regularity self-assessment questionnaire to the next meeting for it to be approved by them at the following ARAC meeting once finalised.		
6.3	The committee received the report and <u>noted</u> it for information.		
6.4	ACTION: • A draft of the regularity questionnaire to be brought to the first meeting of ARAC in 2024/2025	DG	Sept. 2024
24/2/7	**Internal Audit Plan 2024-2025** **CONFIDENTIAL**		
	The next section of the meeting was confidential and is recorded in separate Confidential Minutes – minute 7.1 to 7.3		
24/2/8	**External Audit Strategy for year ending 31 July 2024** **CONFIDENTIAL**		
	The next section of the meeting was confidential and is recorded in separate Confidential Minutes – minute 8.1 to 8.3		
8.4	The committee received and <u>approved</u> the plan and associated fees.		
24/2/9	**RSM Thematic Assurance Review**		
9.1	The Chair introduced the item saying that at the last meeting they had discussed a thematic review from RSM and 20 themes, following which the committee had asked the EDF to produce a summary of the college's position against each of the themes. A self-assessment had been drafted against the themes including an action column which detailed ongoing activity. The Head of Internal Audit for RSM added that she thought the self-assessment against the themes was a fair one and that she had nothing further to add.		
9.2	The committee discussed the report noting:		

	• 5 themes were self-assessed as amber. For 2 of these, improvement plans were already in place ensuring regularity of updates. The committee sought to understand how they could be updated on the 3 remaining amber areas and whether these could also be added to the action tracker. The EDF said that he would prefer to have a separate assurance for these 3 and to bring a progress update to the committee. • The committee requested to see the paper annually as there may be different themes one year to another. The Head of Internal Audit for RSM confirmed that the thematic review could be included each year and the EDF agreed to provide a progress update. The DG said that she would add the item to the annual committee workplan. • The positive action the executive team was taking in this respect for assurance by providing scrutiny at this level and not adding extra burden to the GB or duplicating scrutiny by passing up to board unless relevant.		
9.2	The committee considered the report and <u>noted</u> the assurance given, commending the self-assessment on themes which the committee knew were prevalent elsewhere.		
9.3	**ACTION** • Thematic review by RSM and progress review by EDF to be added to the committee annual workplan	DG	Imed
24/2/10	**Internal Audit Reviews 2023-2024**		
10.1	Progress Report on 2023-2024 Internal Audit Plan: The Head of Internal Audit for RSM presented the summary of progress report explaining that 3 reports had been finalised since the previous ARAC meeting and that the 2 remaining reviews were under way, these being for the nursery (accounts receivable) and the follow up audit and would be finished on schedule and by the end of the year. Appendix A showed that assurance was completely green and subject to finalisation of the remaining audits, RSM felt confident of proposing an overall green assurance rating for the college, noting that these were exceptionally awarded.		
10.2	The committee considered the report, and the main points were as follows: • A committee member said that whilst their question was not a specific one about each internal audit report, they had noted from RSMs findings that there appeared to be a theme about operational matters rather than strategic ones, and so wondered if staff were overburdened and if they were trained appropriately to be able to eradicate the operational errors. • The EDF said that T-levels were new this year and so had been included on that basis for assurance that the college		

	were handling things correctly. Additionally, the HR data accuracy report had been included too to ensure that the college proactively addressed emerging challenges. The EDF assured the member that there were no significant risks in these areas rather it was a focus on improving functionality and efficiency. • The Chair also said that whilst the college had previously needed to address a non-compliance culture, he was confident that this had been addressed and he felt the reports were selected not on that basis but as the EDF had described, and to improve already defined processes. • The Head of Internal Audit from RSM also confirmed that T-levels were new from 2020 through 2022 for all colleges and so everyone needed to learn from this area at the moment. She commended the college on their work and their thinking about industry placements which some colleges were not considering and asserted the substantial assurance view for this area. (See point below). • The committee was comfortable with the relationship between TSCs ELT and the internal auditors which they saw as being based on the utmost transparency. This transparency and openness of conversation, they felt was the best assurance a committee could have. • The committee stated that where there were any issues e.g., with apprenticeships and E & M, these were correctly identified and being acted upon.		
10.2	The committee noted the report and strong assurance provided therein.		
10.3	T-Levels Funding Compliance: The Head of Internal Audit for RSM presented the report and said that there was nothing particular to comment on and that the report could be taken as read by the committee.		
10.4	Members considered the report and noted the advisory review, welcoming the fact that no issues had been identified in testing. The committee also welcomed the fact that there had been only 4 medium priority actions agreed. Of these, the committee noted that 3 had target dates for May and 1 was for the end of July and the EDF confirmed this to be the case with progress as to completion being evidenced on the tracker.		
10.5	The committee welcomed the assurance and noted the action already taken to improve controls.		
10.6	HR Data Accuracy: The Head of Internal Audit for RSM presented the report saying that there was substantial assurance for this area with only 4 low actions reported.		
10.7	The committee considered the report and asked if compliance with GDPRs 7 principles was part of the scope as it was felt this could be a key risk, for example rules on data retention and an individual's right to confirm that what is held in relation to them is correct. The Head of		

	Internal Audit for RSM said that this had not been a specific focus of the report. The committee also discussed the efficiency of systems and how this might impact on delivery, commenting that there was an IT strategy, but that digital transformation was a challenge for a large-scale operation such as TSC, although something which could be looked at in the next year to support with the issues raised.		
10.8	The committee <u>noted</u> the report and welcomed the assurance provided.		
10.9	Framework for Compliance with Legislative Requirements: The Head of Internal Audit for RSM presented the report commenting that no management actions were needed and governors well informed of ONS's reclassification.		
10.10	The committee <u>noted</u> the report and welcomed the substantial assurance it offered.		
24/2/11	**Internal Assurance Annual Reports**		
11.1	The following group of internal reports were presented: a) Data Protection Officer's Annual Report 2023-2024, by the DPO b) Fraud and Corruption Report 2023-2024, by the EDF c) IT Update Paper (Cyber Essentials Plus certification and JISC Cyber Security Report), by the EDF d) Gifts and Hospitality Log 2023-2024, by the DG e) Whistleblowing Annual Report 2023-2024 and Periodic Policy Review of Whistleblowing Policy, by the DG f) DfE College's Financial Handbook, a verbal update by the EDF		
11.2	The DPO joined the meeting at 9.45am to present the report and take questions from the committee. The report highlighted that the college was in a good place in respect of GDPR and added that improvements in the business planning had begun to further improve responsibility for their processing and having visibility of that processing.		
11.3	The committee considered the report and discussed the following: • could the business planning annex be explained? The DPO said that one of challenges he had was in recording data processing, but business planning had highlighted this responsibility and now all departments had an action in this respect. He added that there had been an increase in engagement with privacy programme and that once data protection processes are raised, he can assess these and, in return, raise any actions needed. The EDF said that the intention was to review data protection as part of Performance Reviews in-year and to look at any risk if progress was not being made.		

	• whether the report considered data accuracy and retention, an issue raised by the committee in relation to the HR Data Accuracy internal audit report previously discussed on the agenda. The DPO confirmed that these areas were included. In respect of data retention and auto deletion he explained that it would be possible to automate some of this within the college but not in all areas due to the age and sophistication or otherwise of IT and software systems. • How progress was being made with records of processing activities (RoPAs). The DPO confirmed that good progress was being made and that high-risk areas of finance and HR had been prioritised. • Whether GDPR was a mandatory training module. The DPO confirmed that it was a mandatory training module for all staff, but the DG added that it was not currently a mandatory training area for governors. • Whether best practice across colleges was shared. The DPO said that this wasn't something he'd accessed but would look into but assured the committee that the college used leading software for GDPR management.		
11.4	The committee noted the report and welcomed the assurance it provided. They acknowledged that there had been data breaches but nothing of a serious nature which required reporting to the ICO which was very positive.		
11.5	Fraud and Corruption Report 2023/2024: The EDF presented the report saying that there had been an improvement in phishing activities being blocked.		
11.6	The committee received the report and noted the nil return and assurance provided. They asked that a focus be maintained regarding training and raising awareness in respect of the area.		
11.7	IT Assurance Update: The EDF presented the report commenting that whilst the Cyber Essentials award had been achieved, greater assurance would come from the JISC report expected in December 2024. He added that progress had been made with multi-factor authentication (MFA), this having been rolled out across the college since January 2024, and additionally there had been a stronger focus on IT security with changes to the structure of the IT team.		
11.8	The committee considered the report and asked how AI (Artificial Intelligence) was impacting. The EDF said that this was being considered as part of the JISC review and could be reported on through this, although it would be important to consider where external assurance was sourced for this in the future to ensure sufficient competency. The External Audit and Client Relationship Manager reminded the committee that the biggest issue commonly faced is cyber fraud with cash fraud now being very low.		
11.9	The committee received the report and noted the assurance provided, asking that an update on progress against the action tracker be brought to the next meeting.		

11.10	Gifts and Hospitality Log 2023-2024: The DG presented the report outlining those instances of gifts and hospitability declared within the academic year.		
11.11	The committee discussed the report and asked how assured they could be that all staff were adhering to the requirements in the Anti-Bribery Policy as the log only detailed declarations from senior post holders. The DG explained that declarations were recorded as set out in the policy and the EDF said that whilst all staff did not have to complete a return, they were all required to report anything over £50 in value. The Head of Internal Audit from RSM suggested that it might be useful to add reporting requirements for budget holders and estates. The committee said that some thought needed to be given to this, and the matter could be picked up again at a later meeting.		
11.12	The committee received the report and noted the assurance given that there was a system in place which was working.		
11.13	Whistleblowing Report 2023/2024: The DG presented the report informing the committee that there had been no new whistleblowing cases in 2023/2024. The case carried over from 2022/2023 had been closed in the Autumn Term. Additionally, there had been a minor amendment to the Whistleblowing Policy to update terminology regarding the GAC and DG.		
11.14	The committee received the report and noted the assurance offered; they also approved the revised policy. The Chair reminded the committee that should any whistleblowing instances arise then he would be informed.		
11.15	The EDF gave a brief verbal report regarding the DfE College Financial Handbook and requirements for governors.		
11.16	The committee noted the information on governors' responsibilities and that there were no new rules.		
11.17	ACTIONS: • EDF to check if the college had achieved cyber essentials plus or just cyber essentials as this was not clear from the report. • Update on progress against the IT Assurance report be brought to the next meeting • ELT to reflect on the anti-bribery policy and whether all staff were reporting matters as necessary or if the policy needed to be updated to add others to the formal recording process than SPH.	EDF EDF EDF/DG	For Oct meeting For Oct meeting For Oct meeting
24/2/12	**Internal Audit and External Audit Update: progress report on completion of recommendations and management actions** **CONFIDENTIAL**		
	The next section of the meeting was confidential and is recorded in separate Confidential Minutes – minute 12.1 to 12.2		
12.3	The committee approved removal of completed items and the revised dates requested and noted the assurance which could be provided to the GB that the controls improvement process was working.		

24/2/13	Committee Self-Assessment 2023-2024, Terms of Reference Review, and Workplan 2024-2025		
13.1	The DG introduced the report to consider the committee's effectiveness in 2023/2024 and their self-assessment, the ToR and suggested amendments for 2024/2025, and workplan for 2024/2025.		
13.2	The Chair reminded the committee that it is SRGs responsibility to advise the Board on governance, but that as part of that process SRG asks each committee to self-assess its effectiveness against their ToR. He went on to say that ARAC would have regard to SRGs conclusions when they reached their own audit opinion on adequacy and effectiveness of governance arrangements next term. The Chair reflected that, whilst the DGs report rightly referred to the AoC Code of Good Governance (2023), adopted by the Board in January 2024, and the committee's requirement to declare compliance with that Code in its CGIC statement, he felt cautious about this as whilst the new Code was not supposed to have introduced any changes in requirements, he felt that SRG still needed to complete some work to map the new Code to TSCs various ToR. As such, he recommended that the committee confirmed their self-assessment at the meeting as against the current ToR in Appendix A. The committee considered the report and their self-assessment. They discussed whether attendance of members had been satisfactory; whether operations of the committee had been effective, and whether it had received papers which had been timely and helpful; whether the committee had fulfilled their workplan; and whether they had been effective in raising and closing actions (Appendix D). The committee commented that they felt all had been good but that they still need to broaden membership of the committee and increase its size. Additionally, Appendix D had been useful in helping to review effectiveness.		
13.3	The committee reviewed the draft ToR for 2024/2025 and considered the inclusion of references to adherence to the College Financial Handbook and AoC Code of Good Governance (2023) and suggested no further amendments.		
13.4	The committee considered the draft Workplan for 2024/2025, noting that it required the following amendments: • add the thematic review from RSM and college's self-assessment against this • remove the subcontracting controls assurance for the next academic year		
13.5	The committee agreed in terms of its self-assessment that it continues to be effective in addressing its ToR; approved the workplan for 2024/2025 subject to the amendments outlined; and recommended approval to GB of the ARAC ToR for 2024/2025, subject to the further work of SRG on these.		

24/2/14	**Performance of Internal Auditors** CONFIDENTIAL		
14.1	The public part of the meeting closed at 10.35. The External Audit and Client Relationship Manager from MHA, the Head of Internal Audit from RSM, and the two observers from Greenhead College left the meeting. Minutes of the confidential section of the meeting (Minutes 14 and 15) are recorded in a separate set of confidential minutes – minutes 14.2 to 14.4 and 15.1 to 15.3		
24/2/15	**College Strategy 2025-2030** **CONFIDENTIAL**		
	The EDSSI joined the meeting at 10.40am and left the meeting at 10.55am.		
24/2/16	**Review of meeting & closing remarks**		
16.1	Members of the committee reflected on the meeting and commented that they felt it had been a good meeting which was very engaging. The EDF made committee members aware that the college had been made subject to an ESFA s A127 audit. Additionally, SYMCA had also chosen to audit the college with this audit being scheduled for the following week in line with the 5 days' notice provided of such.		
24/2/17	**Date & time of next meeting**		
17.1	02 October 2024 08:30-10:30, The Boardroom, City Campus Meeting closed at 11.01		