

**Tuesday 5th May 2020, 5.30pm
Held via remote online meeting platform**

MINUTES

PRESENT:

Mr N Sheta, Foundation Governor, Chair of Committee
Mr R Vianello, Foundation Governor, Vice Chair of Governors
M S Ebele, Foundation Governor
Mrs B Meier, Foundation Governor

IN ATTENDANCE:

Ms C Biscoe, Engagement Partner Buzzacott LLP (items 1 to 8)
Mr M Cheetham, Partner, Head of Service, RSM Risk Assurance Services LLP (IAS)
Mrs S Flannery, Principal
Mrs M Searle, Head of Finance
Mrs S Plumb, Senior Business Manager
Mr G Thompson, observing, Associate Principal / Principal Designate
Mrs E Lewis, Clerk to the Governors

The meeting was opened by Mr Sheta at 5.34pm and was quorate throughout. All participants could hear and see each other.

1. **Opening Prayer:** offered by Mrs Flannery.
2. **Apologies:** there were none, all present.
3. **Declarations of interest:** there were none.
4. **Committee time with Auditors:** It was agreed that this was not required.
5. **Minutes of meeting held on 3rd March 2020:** Draft minutes previously circulated on 7th April 2020 and included in the papers for this meeting were agreed to be a true and accurate record and would be signed in due course by Mr Sheta.
6. **Matters arising, not covered by agenda items:** there were none.
7. **Action points from previous meeting, not covered by agenda items.** Mr Sheta noted that:
 - 7.1. **Re item 14:** Updated terms of reference had been approved and adopted.
 - 7.2. **Re item 16.1 and 16.2:** The continued appointment of both audit firms had been approved by Governing Body, 17th March 2020 and the Heads of Service subsequently notified. Performance indicators would be amended as agreed for next performance review.
 - 7.3. **Re item 16:** Market testing of audit services would be undertaken as required by the college financial regulations and reported in due course.
8. **Regularity and Financial Statements Audits: Buzzacott: Catherine Biscoe**
 - 8.1. **Audit plan for year ending 31st July 2020:** Mrs Biscoe introduced the External Audit Strategy (revised 1st May 2020) for year ending 31st July 2020 for St Francis Xavier 6th Form College (and SFX Corporate Services Limited) which had been included in the papers for the meeting. She confirmed that the working plan had been drawn up following a virtual pre-audit planning meeting with Mrs Searle on 2nd April. It was noted that the ESFA had yet to publish either the College Accounts Direction for 2019 / 2020 or the Post-16 Audit Code of Practice for the

current financial year. Mrs Biscoe therefore explained that the strategy was based on the best expectation and reporting requirements of previous years and would include the Financial statements audit; Regularity assurance and Teachers' Pension Scheme audit. Mr David Wallis would be the Engagement Partner and Mrs Biscoe would be the Engagement Partner. The provisional timetable and reporting deadlines were set out at Appendix 1 but it was accepted that some flexibility may be necessary as a result of the impact of Covid-19 restrictions on working practices.

The Strategy as presented by Mrs Biscoe provided:

- An overview of arrangements (services to be provided)
- Financial statements audit and regularity assurance (pending guidance being issued)
- Issues of audit significance (including Coronavirus and going concern)
- Fees – indicative fees had been estimated, exclusive of VAT, totalling £19,780 (£18,290 previous year). Mrs Biscoe explained the increase included an extra £950 in respect of additional work required in order to undertake a more detailed review of the College's going concern position and financial forecasting and planning.

Appended, along with the proposed timetable, were (2) terms of engagement and ethics; (3) nature and scope of work and (4) Sector developments which set out four main areas.

Mrs Biscoe highlighted that a separate statutory audit would be performed on the subsidiary company with a review of the forecasting of profit and assessment of it as a going concern.

Mrs Biscoe confirmed that on conclusion of the audits the findings would be presented to the joint meeting of the Audit Committee and the Finance & Resources Committee (F&RC).

No questions were raised and Mr Sheta thanked Mrs Biscoe for her succinct presentation of the strategy.

- 8.2. **Regularity Self-Assessment process:** Mrs Biscoe advised that the questionnaire and regularity assurance framework had not yet been issued. She would flag this to the college team as soon as it is released. Neither Mrs Biscoe or Mr Cheetham were aware of any changes that might have been made.

[Mrs Biscoe left the meeting at 5.49pm]

9. Risk Management:

- 9.1. **The risk register and action plan with policy** had been included in the papers updated for the summer term 2020. Changes had been highlighted.

Mrs Flannery introduced the updated register noting that there had been substantial changes in the ranking to accommodate two new significant risks: Covid-19 Pandemic ranked 3rd and Safeguarding ranked 4th. She said that Safeguarding had been split out from health and safety and, in its own right, incorporated existing and new challenges including risk to life in the current circumstances. Student Recruitment remained the top risk – competition had been subsumed into the overall risk rather than being listed as a sub-category.

The updated ranking was accepted.

- 9.2. **Verbal report on key active internal controls risks:** Mrs Flannery ran through the top ten risks on the register with an outline of the key impacts and internal controls in place:

- 9.2.1. **Student Recruitment and Competition:** Mrs Flannery reported a positive impact of the extended media platforms for marketing the college. The recruitment campaign for starters in autumn 2020 was continuing and applications were 528 ahead of the same time last year. Mrs Flannery said that taster sessions had started earlier than usual, taking place online. She said that all changes and differences introduced in the current campaign were showing a positive impact but cautioned that due to the current situation there may be a stronger tendency for students to return to their present providers (schools) and schools would be keen to recruit healthy numbers into their sixth forms. Mr Vianello asked what was being done about admissions interviews. Mrs Flannery said routine interviews had been suspended except for those considered to be high risk applicants following a desktop assessment who were being interviewed by telephone.

Mr Ebele asked what qualitative feedback was being gathered to measure the success of the new digital marketing initiatives in addition to measuring the number of applications and acceptances. Mrs Flannery replied that different data would be gathered and confirmed to Mr Ebele that response to the new genres of marketing had gone down well and had been especially effective in the lockdown situation. She emphasised that contact with prospective students was being maximised.

Mrs Flannery advised there was no new competition to report apart from the new 16 – 19 centre being opened in September 2021 by the Harris Academy chain 1½ miles from the college which was being monitored closely.

9.2.2. **Funding:** Mrs Flannery reported and commented on progress with the planned reduction in staff numbers / costs. She said there would definitely be a reduction of 4 FTE by the end of the academic / financial year. She said the financial plan had been on track but the situation was changed now and there would be financial losses arising from the pandemic.

9.2.3. **Covid-19 Pandemic:** Mrs Flannery outlined losses in nursery income from the nursery and reported that the nursery staff had been furloughed. She said that there would also be a potential loss in lettings income - although efforts were being made to postpone bookings no new business was being generated at present. Some agency staff contracts had been closed down. Mrs Flannery described a range of cost-savings that were being implemented. She reported action being taken to ease cases of student hardship and how requests for IT and wi-fi support were being met.

Mr Sheta raised the possibility that some customers may not come back to hire college facilities or populate the nursery. Whilst Mrs Flannery was positive that the majority would she said a minority may fall away. She commented that creating adequate social distancing would be a major challenge in the nursery setting.

Mr Sheta asked how many staff and students had been directly affected by the virus: Mrs Flannery advised the extent and warned that some staff were shielded / shielding which would affect their ability to return to work in June.

Mrs Flannery described how the college had begun to open up for some high needs students, operations personnel and senior staff. She said the test of social-distancing would require a major re-write of the teaching timetable.

Mr Ebele referred to the impact on student achievement and asked how remote learning was going and for how long it could be sustained. Mrs Flannery described how the engagement of students in remote learning was being monitored and tracked and said typically about a third of students were engaged in activity in any one week but this might be higher with the high needs students. She said the picture was mixed – a “tapestry of holes” - and spoke about the particular challenges of keeping year two students on task and efforts being made to supply students with adequate IT equipment. It was noted that the digital innovation strategy had meant the college was ready to implement remote learning (Apple Distinguished and Google platform) and the advantages were being recognised by teaching staff.

Mr Ebele asked about the eight staff who had been furloughed under the government scheme. Mrs Flannery explained that they were staff employed in the commercially run Nursery which could not be supported from the grant funding income. She emphasised her hope that the nursery would be up and running again so that jobs there would not be at risk.

Mr Ebele said that part of the furlough scheme was to make training available and asked whether this was available to those staff. Mrs Flannery said that the college continued to be engaged in major CPD for all staff and the particular steer for the specialist needs of the nursery team would come from the Nursery Manager.

9.2.4. **Safeguarding:** Inclusion of this as a discrete risk was acknowledged and the controls / actions in place were noted. Mr Vianello asked whether the college was seeing a high level of students with anxiety and mental health concerns. Mrs Flannery confirmed this

to be the case and also reported a higher level of engagement in online gaming etc. She had personally observed students in their homes who seemed frayed and dejected in particular those who were due to be going to University. Mrs Flannery described the support the college was providing to them dropping off equipment and supermarket vouchers to those in poor economic circumstances to buy food. All staff members were alert to keep in touch with students regularly during the college closure and to pass on emerging safeguarding issues to the safeguarding / welfare team.

- 9.2.5. **Quality:** Mrs Flannery outlined the complex process of centre assessed grades; gathering data; moderation and deliberations to ensure the rationale makes sense and is forensically applied. She confirmed that the data for this academic year would not be used by Ofsted and would not appear in the performance tables. Mrs Flannery said that she and Mr Thompson would ensure that Value Added is reflected in the centre assessed grades to be fair to the students and the institution and the indications had been for an incremental improvement.
- 9.2.6. **Staff recruitment and retention; employer relations:** Mrs Flannery announced that remote selection interviews with four candidates would be taking place online on Monday and Tuesday of the following week supported by Ms Paddy Rowe (Governor Chair of CSQ Committee) the post of Associate Principal, Curriculum. She reported the response to the adverts and her confidence in the quality of short listed applicants for most of the senior roles. It was noted that the campaign to recruit an MIS Manager may have to be extended to attract more applications.
- 9.2.7. **Reputation:** Mrs Flannery said there were no particular changes to report. She advised that responses from parents show that they are satisfied with what the college is doing to ensure that their youngsters are getting the best they can out of this unprecedented time.
- 9.2.8. **Catholic Ethos:** Mrs Flannery announced the fortunate appointment of a temporary Chaplain, to cover sickness absence, who was keeping the daily thoughts going and reaching out to motivate the students. She commended the pastoral team who were monitoring welfare and said that all staff are doing their best to maintain a connection with students and are worried about them.
- 9.2.9. **Non-core activity:** The impact on income generating activity had been included in discussion of other risk areas.
- 9.2.10. **Health & Safety:** Mrs Flannery predicted that this risk in all its aspects including the physical estate and cyber vulnerability may have to move further up the ranking to reflect the extent of keeping staff and students safe going forward post-lockdown.

Risk register, action plan and policy were accepted and the rankings approved.

10. IAS (Internal Audit Service): RSM. UK: Mr Cheetham offered apologies on behalf of Ms Raynes.

- 10.1. **Internal Audit Strategy / Plan for 2020 – 2021:** Mr Cheetham introduced the scope and strategy included in the papers for the meeting which had been drawn up to confirm the audit assignments discussed at the previous meeting. The on-site assignment visit was planned for January 2021. Mrs Flannery confirmed with Mr Cheetham that the safeguarding review would use the expected updated guidance.

Plan accepted.

- 10.2. The committee had received in the papers, for information, an RSM alert publication re fraud risks in uncertain times "Covid-19 Fraud Risks". Mr Cheetham commented on the increase in potential opportunist fraud during the current crisis including heightened cyber activity (eg phishing emails) which Mrs Flannery had mentioned and which may catch staff working remotely off guard. It was observed that the need for making sure financial controls with robust checks and balances were in place was increasingly essential to protect against fraud.. Mr Sheta asked whether Mr Cheetham was aware of any Covid related fraud cases yet, but he was not.
- 10.3. **Letter of Engagement:** Mr Cheetham explained that a new letter of engagement (LOE) had been issued, following the decision to re-appoint the firm and routine revision to take account

of updated standard Terms and Conditions for GDPR (2018). It was noted that the LOE contained, in essence, the same format and content as the previous version. A copy had been included in the papers for the meeting and was unanimously agreed for signing.

ACTION: Mrs Lewis to sign and return the LOE electronically on behalf of governors and on the instruction of the committee.

11. Internal Audit Action Report: Mrs Searle introduced the college tracking report which had been updated as at 29th April 2020 and included in the papers for the meeting. It was noted that all actions had either been implemented or were in progress to be actioned by the agreed completion date.

12. Board Assurance Framework (BAF):

12.1. The updated BAF mapped against the current version of the Risk Register had been included in the papers for the meeting. The committee confirmed that the assurances and controls recorded in the framework were adequate and the cycle of assurance reviews were effective in order to give the appropriate assurance to the Governing Body prior to approval of the end of year audit.

13. Committee business:

13.1. **Timetable of meetings for 2020 – 2021:** The draft timetable and schedule of business was agreed.

13.2. **Review of effectiveness and membership:** The committee would be sent a link by email to a *Google* online evaluation questionnaire. Membership of the committee was currently settled with no upcoming vacancies arising.

14. Any other business:

14.1. Mr Sheta asked Mrs Searle whether there was a link between development of the IFMC¹ and the delayed issue of the Accounts Direction handbook. He recalled that the IFMC had been rather tortuous to complete. Mrs Searle explained that the IFMC introduced in 2020 for the first time was a cashflow and financial forecasting template expected to be submitted annually at the end of January (filing in late February 2020 for the first year had been an introductory concession). She said that amendments had been anticipated but timings were uncertain. Mrs Searle advised that there was a growing expectation that the ESFA would request re-forecasting due to the impact of the Covid-19 situation but, regardless, she was working on compiling a working budget.

15. Date of next meeting: Tuesday 17th November 2020, 5pm, followed by a coming together with the Finance & Resources Committee (F&RC) to receive the audited annual report and accounts for year ending 31st July 2020.

The meeting ended at 6.40pm

SIGNED: _____

DATE: _____

¹ Integrated Financial Model for Colleges