

**Tuesday 17th May 2022, 5.30pm
remote online meeting**

MINUTES

PRESENT:

Mr S Ebele, Foundation Governor, Vice Chair of Committee
Mr D Navarro, Foundation Governor
Mrs B Meier, Foundation Governor

IN ATTENDANCE

Mrs C Biscoe, Partner, Buzzacott LLP, External Auditors for items 1 - 9
Mr M Cheetham, Head of Internal Audit Service (IAS), RSM Risk Assurance Services LLP for items 1 - 12
Mr G Thompson, Principal
Mrs M Searle, Director of Finance and Resources
Mrs E Lewis, Clerk to the Governors

The meeting was opened by Mr Ebele at 5.30pm. It was quorate throughout. All participants could see and / or hear one another throughout.

1. **Opening Prayer:** offered by Mr Thompson.
2. **Apologies:** Mr R Vianello.
3. **Declarations of interest:** There were none
4. **Committee time with Auditors:** The committee agreed they had no matters to be raised with the auditors.
5. **Minutes of meeting held on 1st March 2022:** Circulated 10th March 2022 and included in papers for the meeting were agreed, subject to three minor grammar / typing corrections advised by Mrs Lewis, to be a true and accurate record to be signed in due course.
6. **Matters arising, not covered by agenda items:**
 - 6.1. **FMCE improvement plan tracking report.** The committee accepted the report, which had been included in the papers for the meeting, showing RAG-rated progress against the targets in the improvement plan. Mr Ebele said that the layout and the use of comparators was helpful. Noting that all offers made to prospective students were “conditional”, Mr Ebele asked whether any unconditional offers were made. Mr Thompson explained that all offers of a place at the college were conditional on meeting the entry requirements and a satisfactory academic and behaviour reference being provided and maintained for the remainder of the academic year.
7. **Action points from previous meeting:** There were none that would not be addressed through the agenda items.
8. **Updated Post 16 Audit Code of Practice 2021 to 2022:** The updated code, published in April 2022, had been included in the papers for the meeting. The committee noted the changes listed on page 5, which had also been highlighted by Buzzacott in appendix 2 of the external audit strategy.
9. **Regularity and Financial Statements Audits: Buzzacott:**

- 9.1. Mrs C Biscoe introduced the *External Audit Strategy* for the college and its trading subsidiary for the year ending 31st July 2022, which had been included in the papers for the meeting, highlighting the scope, timetable and requirements of the Audit Code of Practice and College Accounts Direction. Mrs Biscoe drew attention to the new requirement to describe the development of governors and the Clerk and to provide a summary of any external review of governance that has taken place.
- Mrs Biscoe confirmed that the Regularity Assurance Audit would follow a similar process to previous years and that the self-assessment questionnaire to inform the field work was largely unchanged from previous years.

Mrs Biscoe introduced the issues of audit significance. She explained the declaration that governors would make at the time of signing the accounts to confirm that the college was a “going concern”. The significance of meeting challenging assumptions and retaining a “good” financial health rating was noted. The accounting treatment of capital projects would be examined.

Mrs Biscoe confirmed the reliance that would be placed on the work of the internal auditors about income recognition and described the compliance and controls testing that would be carried out. She noted that management override of controls and related party transactions were areas of inherent high risk.

The breakdown of fees proposed in the plan was accepted as the same as quoted in the re-tendering. Attention was drawn to the appendices which included further detail on the terms of engagement and audit work.

Mrs Biscoe outlined the timetable for the external audit work – the bulk of which would be in October preparing for report to governors in mid-November.

In response to Mr Ebele, Mrs Biscoe described what the commentary on reviews of governance could contain including the self-assessment process, cascading of information to keep governors up to date; training / development the Clerk had undertaken; rotation of governors, skills audit. Mrs Lewis briefly outlined the new condition of funding requirement for external reviews of governance to take place once every three years and for that to be confirmed in the annual report and accounts.

In response to Mrs Meier, who enquired about the expected date of completion of current capital projects, the committee was advised that the Boiler works had slipped a little to address some additional pipe work. Construction of the T-Level Business Hub was progressing on schedule to be available from August 2022. A launch event might be considered.

The External Audit Strategy was accepted.

- 9.2. Regularity Self-Assessment process: The questionnaire had been included in the papers for the meeting and was noted. It would be circulated to the committee for review once completed by the college team. The assessment process had been included in the strategy and would follow the pattern of previous years.
- 9.3. Letter of engagement with Buzzacott: A letter would be issued following the re-engagement of Buzzacott. **ACTION: Mrs Biscoe.**

Mrs Biscoe was thanked for her presentation of the External Audit plan.

Mrs Biscoe left the meeting at 5.52pm.

10. Risk Management:

- 10.1. The register and action plan updated for the summer term 2022 had been included in the papers for the meeting. Changes since the previous spring term 2022 edition had been highlighted.

10.2. Principal’s verbal report on key active internal controls and emerging risks:

Mr Thompson drew attention to changes in ranking of the risks and explained why the positions had been revised. He noted that Quality had moved up one place into third position in response to concerns about students taking exams for the first time in two years. As

outcomes would impact on reputation this had moved up two positions and was now ranked fourth. MIS / IT Infrastructure had moved up one place to reflect the risk of cyber security. Estates and Health & Safety had moved up two positions to rank 7th.

10.2.1. **Student recruitment and competition:** Mr Thompson emphasised that the risk to enrolling the target number of students lay in conversion from acceptance of offer to enrolment and the priority would be keeping those offer-holders engaged and interested in taking up their places at SFX. He advised that this had just been heightened by the resignation, with one month's notice, of the new Marketing and Recruitment Manager, who had been appointed in January 2022. He outlined plans to mitigate this including making an interim / temporary appointment of someone experienced in student admissions.

Mr Thompson confirmed to Mr Navarro that one month was standard for support staff contracts but would be reviewed to mitigate future risk. Governors explored the reasons for the resignation of the post holder. Mr Ebele sought assurance that the digital marketing strategy and processes, that had been successful previously, remained in place. Mr Thompson confirmed that the strategy and resources were in place and explained that most of the active recruitment marketing takes place in the autumn term and the focus switches to admissions from January and thereafter to conversion. He acknowledged that the existing job embraced a range of tasks and the role was, therefore, being re-evaluated. Mr Ebele emphasised that this risk was very high and mitigation needed to be managed.

10.2.2. **Funding and Finance (incl Fraud and Non-Core business):** It was noted that due to lagged funding related to student numbers the grant funding would be healthy for 2022 – 2023 but this was against the backdrop of emerging risks of inflation and significant price rises for services and utilities. Mrs Searle outlined controls being put in place to counter the increased outgoings in the budget for 2022 – 2023. It was hoped that improved efficiency of the new boilers and zoned heating would cushion the impact of higher charges. Mr Thompson announced the development of a new sustainability strategy for the college which would raise awareness of the difference small actions such as switching off lights and PCs could make and promote renewable options. Mr Navarro said that this strategic commitment should be an attractor for prospective students as it was an important matter for young people. Mrs Searle advised that information about emissions and energy ratings was published, as required, on the college website.

Mr Thompson advised that the college was collaborating in an £80k bid led by South Thames College to develop a level 2 course in bio-diversity which would be part of a broader South London local green skills improvement bid.

It was acknowledged that the age of some of the parts of the college limit the options for improving energy efficiency. Mr Ebele asked whether there were other opportunities for CIF¹ bids to deal with this. Mrs Searle reported that the resubmitted fire door bid had been successful. The intention to continue to work with bid writers on future applications, due to their success, was noted.

10.2.3. **Quality:** Mr Thompson explained that the main risk to quality judged on outcomes stemmed from the fact that the current cohort have not taken external exams before including vocational students who had moved to the RQF framework. He described the range of activities and support that the students had engaged in, including exam preparation and skills. The tuition fund had been used to enable many of these.

10.2.4. **Reputation:** The impact of quality judgements by Ofsted on reputation was acknowledged. Mr Thompson and the SLT were preparing for the likelihood of an inspection in the next academic year. He reported an improvement in behaviour in the local neighbourhood and said there was greater rigour in scrutinising the references of

¹ Conditions Improvement Fund

prospective students. Mr Thompson advised there was a new element of the Ofsted inspection framework, under Leadership & Management and Curriculum Intent, which would look at preparing students and the provision of courses that would meet skills needs in the local area. An inspector would be assigned to look solely into this aspect and Mr Thompson explained that, although this was more relevant to General FE Colleges, it did constitute an element of risk. Mr Ebele asked whether guidance had been provided on meeting this additional requirement. Mr Thompson explained that the expectation would be that the college had researched local and national skills gaps and adapted the curriculum to meet those skills needs. He would review inspection reports to assess the nuances and prepare a narrative setting out how the college meets the criteria through the development of digital skills; broadening of the curriculum to include T Levels and work with local employers.

Mr Ebele said it was good that the topic was already referenced in the Risk Register and under discussion at CSQ² and appropriate to rehearse the mitigations.

10.2.5. **Catholic Ethos:** The register noted a fall in the number of Catholic students attending the college. Mr Thompson reported his confidence in the positive impact the Chaplain and Apprentice Chaplain were having. The Chaplain would be invited to the governors' focus morning on 8th October 2022. He noted that the college was preparing for the Catholic Schools Inspection due next year (post Easter 2023). The Catholic Identity of the college would be more obvious with increased iconography around the site and creation of a mural of St Francis Xavier in the foyer. The Ethos Day on 12th July would focus on what it means to be a member of staff in a Catholic college. Words / phrases from the new mission statement would be stencilled around college.

Mrs Meier outlined her intentions as the link governor for the religious life of the college.

10.2.6. **MIS / IT Infrastructure:** The risk from cybercrime was highlighted and Mr Thompson reported that a number of SFCs / Academies had been targeted. He announced that the college had, following a rigorous assessment process, been re-certified with the Cyber Essentials accreditation for a further year. The RSM Internal Assignment³ report was awaited.

10.2.7. **Estates and Health & Safety Compliance:** Mr Thompson advised there would be a "Root and Branch" review of the college estate to include a topographical survey to update measurements of rooms etc. This would support the Estates strategy and review the space needed to deliver an expanding portfolio of T levels. It was noted that the new Health and Safety coordinator would be given support and ongoing training to develop her experience in that aspect of her role which was combined with being Head of Exams.

10.2.8. **Safeguarding and Wellbeing:** Had previously been ranked at position three and had moved down to reflect "living with covid". Mr Thompson described the current low levels of infection in the college amongst staff and students and confirmed that teaching staff absence was being covered with ease. There was no longer any impact on the day-to-day operation of the college.

Mr Ebele asked what impact the escalating cost of living was having on the students and whether more of them were struggling. Mr Thompson explained that the college was quite generous with bursaries and had a hardship fund plus the Free College Meals (FCM) provision which was maintained during the holiday periods. It was noted that because the catering provision had improved students were using the FCM allowance in the canteen. Mr Thompson commented that there was a big push to communicate what was available to students at the beginning of the year but there had been limited uptake since then. Mr Ebele said that the trend needed to be watched as the cost-of-living crisis was unlikely to recede. Mr Thompson assured governors that the college would continue to do what it could to support students.

² Curriculum Standards Quality Committee

³ Secure remote working, Information Security and Operational Resilience

10.2.9. **Staff recruitment & Retention, Employer Relations:** Mr Thompson reported that there were a number of experienced staff who would be leaving this year but he had confidence in the replacements that had been recruited to replace them so far. He said some restructuring had been incorporated to free up Directors of Faculty from their Head of Department role to focus on directing quality and learning & teaching. This had resulted in some opportunities for internal progression. He said that employer relations were generally very good and formal meetings were held with the LCC⁴ once a term. It was acknowledged that the cost-of-living award might disappoint and could be an emerging risk.

10.2.10. **Leadership and Governance:** Mrs Lewis outlined the current and expected foundation governor vacancies and the ongoing search for a parent governor. Mr Ebele asked whether there should be a clergy governor. Mrs Lewis had raised this with the Diocesan Education Commission and had been advised that there was no requirement to have a Priest on the governing body and neither did they have anyone available on the list of potential volunteers.

11. **IAS (Internal Audit Service) RSM UK:** Mr Cheetham advised that the IT Infrastructure assignment report on Secure remote working, Information Security and Operational Resilience was not yet available due the internal / QA processes that had to be completed. He had not heard of any significant recommendations arising from it. Mr Thompson said that the college team had received some feedback.

ACTION: Mrs Searle and Mrs Lewis to follow up.

12. **Internal Audit Action Report:** Mrs Searle introduced the tracking report which had been included in the papers for the meeting. She reported progress of the two points (one medium – Study Programmes, English and Maths and one low – Base documentation) arising from the Learner Number Systems assignment visit in March 2022⁵, against the response agreed by college management, and confirmed that both were on schedule for completion by the date agreed in the assignment report. She advised that any actions arising from the IT assignment report would be added, once received.

Mr Navarro enquired how the requirement to sign an IAG form had changed (point referenced 1.3). Mr Thompson explained that paper forms had been replaced by an electronic process incorporated with the learning agreement.

MSe confirmed to Mr Ebele that all internal audit reports would be shared with the External Auditors, acknowledging that more work was required on the learner records and reliance was no longer solely on internal audit findings. She confirmed that these action points carried no funding implications.

The action tracking report was noted.

Mr Ebele extended thanks to Mr Cheetham and his team for their Internal Audit Service assignment work, reports and contribution to meetings over the years.

Mr Cheetham left the meeting at 6.44pm

13. **Board Assurance Framework (BAF):** The draft 2022 had been included in the papers for the meeting. This version had been updated and mapped against the streamlined Risk Register. The committee confirmed that the presentation was clear and satisfied that the controls are adequate, and the cycle of assurance reviews is effective to give the appropriate assurance to the Governing Body.

Mr Navarro asked what training or preparation was available to prepare / upskill governors for inspection. It was confirmed that this would be a topic for the governors' focus morning⁶ and that governors would be prepared with potential questions. Inspectors would expect governors to know

⁴ Local Consultative Committee (representatives of the staff associations / unions)

⁵ The Assignment Report had been omitted from the papers and would be provided with the minutes

⁶ Saturday 8th October 2022

the college well which would also be evidenced through the link governor scheme, involvement in other activities and confident articulation of the influence and impact they had on college performance.

14. Internal Audit:

14.1. The committee acknowledged that a risk-based consideration of priorities was the starting point for commissioning audit assignments in 2022 – 2023. Mrs Meier referred to Marketing and Recruitment and the heightened risk of managing that. It had been agreed that this area of risk would be closely monitored.

Mrs Searle explained why the MIS System and ILR (learner number) systems would need an annual review. Formerly financial controls and learner numbers had been audited in alternate years and Buzzacott had been able to place reliance on that work. However, now the requirement on verifying grant income had expanded in the external audit work the learner numbers assurance work ought to be annual. Mrs Searle confirmed that Buzzacott could extend the scope of their work for an additional fee but she commented that they are not Internal Auditors. Another option would be to commission a third party review.

Mr Ebele agreed that whilst the internal controls related to funding are good they should be audited independently and how assurance related to the top ranked risk (funding) could be best achieved to satisfy governors and the external audit should remain under consideration.

ACTION: Verification of learner numbers to remain on the agenda for decision / action.

The committee discussed whether peer reviews between colleges would be a practical way to undertake assignments identified by risk assessment. Mrs Meier raised a concern about this approach potentially contravening competition law but discussion alleviated this. It was agreed that giving / having access to another college's systems would not be advisable.

Mr Ebele mentioned the area of non-core activity. Mrs Searle confirmed that monthly accounts showed that this was self-financing. Funds generated were gift-aided back to the college. She explained how regular termly meetings of the Board of Directors of the Trading Subsidiary, reported to the Governors' F&R Committee, monitored the risk of not reaching income targets and directed appropriate action for marketing and promotion.

Assessment of internal control / audit assignments would be a standing consideration linked to the risk register at each meeting.

14.2. **Review of performance of RSM as IAS:** The committee completed the questionnaire which had been included in the papers for the meeting, in discussion with college management present and in the context of RSM's disengagement from providing an internal audit service. Overall satisfaction was noted for the Learner Number Systems assignment.

15. Committee business:

15.1. **Timetable of meetings for 2022 – 2023:** The timetable was agreed as drafted. Mr Ebele noted that the IAS Strategy for 2022 – 2023 was due to be presented to the full Governing Body on 5th July 2022.

ACTION: Mrs Lewis to draft a paper to cover this.

15.2. **Review of effectiveness and membership:** Committee members would be sent an online evaluative questionnaire for completion.

16. **Any other business:** There was none

17. **Date of next meeting:** Tuesday 15th November 2022.

18. **Closing Prayer:** The Hail Mary prayer was said.

The meeting closed at 7.19pm

SIGNED: _____

DATE: _____