

**Tuesday 4<sup>th</sup> May 2021, 5.30pm  
remote online meeting**

**DRAFT MINUTES**

**PRESENT:**

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

**IN ATTENDANCE:**

Ms C Biscoe, Partner, Buzzacott LLP  
Mr M Cheetham, Head of Internal Audit Service (IAS), RSM Risk Assurance Services LLP  
Mr G Thompson, Principal  
Mrs M Searle, Head of Finance  
Mrs E Lewis, Clerk to the Governors

**The meeting was opened by Mr Vianello at 5.30pm and was quorate throughout. All participants could, in the main, see and hear one another. Momentary outages were quickly restored without interruption to the meaning or understanding of the discussion.**

1. **Opening Prayer:** offered by Mr Thompson
2. **Apologies:** Mrs S Plumb, Senior Business Manager
3. **Declarations of interest:** there were none
4. **Committee time with Auditors:** the committee agreed to waive this
5. **Minutes of meeting held on 2<sup>nd</sup> March 2021:** Circulated 9<sup>th</sup> March 2021, and included in the papers for this meeting, were agreed to be a true and accurate record which would be signed in due course. The meeting had been reported to the full Governing Body on 18<sup>th</sup> March 2021.
6. **Matters arising, not covered by agenda items:**
  - 6.1. **Funding Assurance Review Report (report dated Feb 2021):** Mr Thompson introduced the report of the review for 2019 – 2020 which had been included in the papers. He confirmed that the outcome had no impact on funding and addressed the management points raised which had been accepted.
7. **Action points from previous meeting:**
  - 7.1. **Re item 4:** Follow up to Fraud Awareness presentation: It was agreed that the session had been helpful and informative.
  - 7.2. **Re item 8.4:** FMCE improvement plan: Mr Thompson introduced the report included in the papers for the meeting, which summarised progress against the two areas listed for improvement in the FMCE. He contextualised the student recruitment figures which showed a lower number of applications compared with the same point last year but an encouraging increase in acceptances. He outlined the programme of events planned for the remainder of the campaign including a student-centred virtual open event on 20<sup>th</sup> May. He said it was hoped that an in-person event would be possible on 23<sup>rd</sup> June followed by taster days to maintain the

interest of applicants.

The report noted that the college had achieved Cyber Essentials accreditation in April 2021.

- 7.3. **Re item 15:** It was noted that the two revised policies, Anti-Fraud etc and Whistleblowing reviewed by the committee had been duly approved by the full Governing Body and published.
  - 7.4. **Re item 17:** The external audit market had been tested on a fees basis and taken into account in proposing the re-appointment of Buzzacott LLP as external (financial & regularity) auditors. The continued appointment of both Buzzacott and RSM was approved by the Governing Body on 18<sup>th</sup> March 2021
8. **Updated Post 16 Audit Code of Practice (ACoP) 2020 to 2021:** The updated code had been included in the papers for the meeting accompanied by a paper listing the changes with a commentary on the impact and action required in response to the revised requirements. Mrs Lewis introduced the paper and outlined the key considerations.

The explicit requirement to regularly re-tender for external audit at least every five years was noted and would be built in to the timetable and incorporated in the financial regulations as a policy.

Mrs Biscoe confirmed that a revised letter of engagement would be issued. She reported discussions with ESFA regarding the introduction (clarification) of a requirement (para 66) that external auditors will present their findings annually to a meeting of the board of governors and whether this would mean auditor attendance at both the meeting of the Audit Committee in the autumn term (held jointly with the Finance & Resources Committee at SFX) and the full Governing Body meeting in December. Mrs Biscoe explained that in ongoing discussion and meetings with ESFA it was transpiring that the intention behind the new requirement had been to ensure that where Audit Committees were operating entirely independent of the Governing Body, the external audit outcome was reported fully to the Board by the auditors. Mrs Biscoe said that where the audit findings would be provided in the papers to governors; presented by the Chair of the Audit Committee and recorded in detail in the minutes, the attendance of auditors would not be necessary.

In practice, the established procedure for the SFX Board was that the external audit report was presented by the auditors to a joint meeting of the Audit Committee and the Finance & Resources Committee and the chairs of both committees contributed to the subsequent presentation of results and findings to the meeting of the Governing Body at which the accounts would be signed.

Mr Vianello summarised that the established pragmatic procedure should satisfy the requirements in the context in which Mrs Biscoe had reported discussions with ESFA. Mrs Meier suggested that a note in these minutes reinforced with a detailed record of the papers and report given to the full Governing Body would show that all governors had been given a clear, full and detailed account of the findings of the external auditors.

Mr Cheetham highlighted that para 73 of the ACoP which introduced a significant change of policy in that the statement of grant funding provided by the ESFA would not constitute assurance over the funds earned by the college had generated concern and discussion in the sector and could potentially require additional work by external auditors. The impact had been raised with ESFA.

9. **Regularity and Financial Statements Audits: Buzzacott:**

- 9.1. **Audit plan for year ending 31<sup>st</sup> July 2021:** Mrs Biscoe, engagement partner, introduced the plan for the college and its trading subsidiary (SFX Corporate Services Ltd) which had been included in the papers for the meeting. She confirmed that it had been prepared following a planning meeting with Mr Thompson and Mrs Searle. She further advised that the firm had attended meetings with the ESFA. Taking the audit plan as read, Mrs Biscoe outlined the scope (services to be provided) and highlighted key aspects of the process and timetable noting clarifications and updates that were being introduced. She explained revisions to auditing standards set out in the strategy document and, in particular ISA 570 and additional work to comply with ISA 570 *Going Concern* which would reverse from a negative statement to a more

positive wording.

Issues of audit significance / risk identified at the pre-audit planning meeting were set out with responses and were reviewed. Mrs Biscoe advised that the ESFA intends to publish an updated supplementary bulletin relating to issues arising from the COVID-19 pandemic. She explained the additional work that would be undertaken in response to the change in income recognition discussed in item 8. It was noted that the arising additional risk based autonomous investigations had been factored into the fee estimate for this year.

The committee discussed the implication of this on the cycle and scope of internal audit work and it was accepted that the inclusion of some element of learner numbers audit would be preferential annually to gain assurance over the validity of the ILR<sup>1</sup> data.

The plan included a breakdown of the estimated fees (excl VAT) proposed for 2020 – 2021 totalling £20,450 compared with actual £19,780 in 2019 – 2020. Mrs Biscoe advised that fees had been kept as low as possible and clarified that an uplift of £400 had been factored in for the additional work auditing the financial statement to gain assurance over ILR data as discussed and the remaining increase was inflationary. For transparency she reminded the committee that the fee last year had included an additional £950 charge to cover going concern issues in relation to COVID so the actual increase compared with 2018 – 2019 was greater.

The appendices were noted.

**The external audit strategy for year ending 31<sup>st</sup> July 2021 for St Francis Xavier Sixth Form College (and SFX Corporate Services Limited) was accepted.**

- 9.2. **Regularity Self-Assessment process:** Mrs Biscoe noted that the committee had received a copy of the Regularity Self-Assessment Questionnaire (RSQ) in the papers and confirmed that there were no significant changes to the framework. Mrs Lewis confirmed that the process of completing the questionnaire would be the same as in previous years culminating in circulation by email to the committee for confirmation prior to signing and submission to the Buzzacott team.
- 9.3. **Letter of engagement:** Mrs Biscoe advised that a draft had been finalised, incorporating the changes required by the ACoP, and would be forwarded for signing shortly.

**Mrs Biscoe left the meeting at 6.03pm**

## 10. Risk Management:

- 10.1. **Updates to full register:** The updated risk register (Summer term 2021) with summary of changes, action plan and policy had been included in the papers for the meeting. Mr Thompson introduced the register and advised that there had been minimal change since the spring term version, reviewed in March 2021 and there had been no change in the order in which the risks were ranked; Student Recruitment and Competition was ranked first with Funding second and Covid-19 Pandemic third. The policy was unchanged.
- 10.2. **Verbal report on key active internal controls and emerging risks:** Mr Thompson reported against the changes in the register.
- 10.2.1. **Student Recruitment and Competition:** Mr Thompson reflected on the data in the register noting that although applications were lower, acceptances were higher than at the same point last year. Adaptation of the interview process and move to telephone interviews had improved attendance and, therefore, the level of acceptance of offers. Upcoming recruitment / applicant events and the potential introduction of a welcome evening for prospective parents were noted.
- 10.2.2. **Funding:** Mr Thompson observed, without surprise, that the ESFA funding allocation for 2021 – 2022 was, as predicted, in the region of £20k less than this year. Non-ESFA grant income was dependant on lettings via the Trading Subsidiary was expected to pick up again as the lockdown restrictions were lifted. Some lettings had already re-opened

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<sup>1</sup> Individualised Learner Record

and more of the college facilities would be available for hire from 17<sup>th</sup> May 2021 subject to government guidelines.

- 10.2.3. **Covid-19 Pandemic:** Mr Thompson confirmed that the college was continuing to follow guidelines.  
In regard to Teacher Assessed Grades (TAGs) he advised that the centre policy had been written and staff training given on the awarding of TAGs. Assessments would be completed by 14<sup>th</sup> May. Submission of the assessed grades would be accompanied by a signed declaration confirming the grades to be a true representation of student performance. The deadline for uploading the grades was 18<sup>th</sup> June.
- 10.2.4. **Safeguarding:** No major changes had been recorded. Mr Thompson reported that more staff had been trained as mental health first aiders.
- 10.2.5. **Quality:** Mr Thompson confirmed that all quality processes including lesson observations had continued and there was a key focus on TAGs.
- 10.2.6. **HR: Staff Recruitment & Retention, Employer Relations:** Updates related to severances were noted. Mr Thompson said that recruitment of staff had been good this year and announced that the position of HR Manager was currently being advertised.
- 10.2.7. **Reputation:** Accreditation with Cyber Essentials had been noted.
- 10.2.8. **Catholic Ethos:** Information about the new Catholic Schools Inspection regime, including whether the college would be included in a pilot phase, was awaited.  
Mr Thompson flagged the formation of a new Catholic Schools Academy Trust in South London (SELCAT) as a potential risk due to the likely impact on continued recruitment of students from schools included in the MAT (Multi-Academy Trust). SELCAT would initially be formed of four schools and a further four were expected to join in 2022.
- 10.2.9. **Non-Core Activity:** As previously noted, lettings income generation was back up and running. An external consultant would join the Board of the Trading Subsidiary as a voluntary observer.
- 10.2.10. **Health & Safety:** The outcome of a Fire Safety Audit was awaited. It was noted that the retirement of the Health & Safety Co-ordinator at the end of 2021 would mean a loss of experience.
- 10.2.11. **MIS / IT:** The section had been overhauled by the Executive Director of IT. The award of annual accreditation for Cyber Essentials was noted.  
The MIS function had been endorsed by the outcome of the funding assurance review commissioned by the ESFA on funding year 2019 – 2020 which had reported some improvement action points but no clawback of funding.
- 10.2.12. **Estates and Plant:** Mr Thompson said that decisions in response to the CIF bidding round to complete fire compliance and boiler works had been delayed to June. Outcomes of the T level bid to fund the construction of a Business Hub block was expected be announced in July.  
Mr Thompson advised the committee that PACT<sup>2</sup> would be closing Oliver House school and selling the buildings (Broadoak and Hollywood). He outlined the potential impacts on the operating and safeguarding of the college estate and students and concerns about future development and use of those buildings. Professional advice and support were being provided by the RCAOS (Archdiocese of Southwark) working with them, Mr Thompson was confident that negative impact arising from the sale would be limited as far as possible.
- 10.2.13. **Management:** Minor updates were noted
- 10.2.14. **Governance:** Section had been updated by Mrs Lewis to include notice of a requirement to have an external review of governance every three years under the

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<sup>2</sup> Parents, Children and Teachers in Partnerships – an Educational Trust

strengthening governance theme of the “Skills for Jobs” white paper and key changes in updates to the Post 16 Audit Code of Practice.

- 10.2.15. **Financial Issues and Controls:** Had been updated to include the introduction of an annual strategic conversation with the ESFA scheduled for 16<sup>th</sup> June 2021.

Mr Vianello asked whether there was evidence of an encouraging level of demand to hire colleges facilities as restrictions on lettings was relaxed. Mr Thompson confirmed that previous customers were returning to renew their contracts and a campaign was underway to attract new people. The exceptional availability of the sports hall during the traditional exam period would also provide an opportunity to increase lettings income.

Mrs Meier reflected on the sale of Oliver House school acknowledging it was not a particularly welcome development she wondered whether there might be a positive aspect to it such as bringing more young families into the neighbourhood. Mr Thompson further elucidated several areas of concern about potential development of the sites, especially on safeguarding and the position of Nightingales Nursery between the two buildings. Mr Thompson confirmed he had initiated “give and take” type discussion.

Mr Navarro asked whether SFX could be part of SELCAT. Mr Thompson advised the current legal position which did not allow Catholic SFCs to academise because of the ownership of the lands and buildings. The SFCA<sup>3</sup> was continuing to lobby to have the law changed and, Mr Thompson said, this could bring about the need to make a decision without much notice. He outlined the advantages and disadvantages of academisation and said that he and the Chair of Governors had had preliminary discussions, including with the Chair and Principal of Christ the King, and intended to revisit wider strategic discussion with the Governing Body to be sure that thinking was up to date. Mr Vianello recalled the previous discussions and it was agreed that Mr Thompson would refresh the papers from that time and bring the matter back to the table.

**Revised risk register, action plan and policy were accepted.**

11. **IAS (Internal Audit Service): RSM. UK:** Mr Cheetham introduced the Internal Audit Strategy / Plan for 2021 – 2022 “Internal audit assignment planning sheets, Secure Remote Working, Information Security and Operational Resilience” which had been included in the papers for the meeting. He confirmed that the plan had been scoped for consideration in response to discussion at the previous meeting. The number of days to deliver the agreed upon procedures had been proposed as 11 in total (8½ critical assessment and 2½ management planning and reporting) at a daily rate of £645 (£7,095) plus VAT.

Mr Thompson agreed that the IT systems scope would provide a valuable review but suggested that the Learner Number Systems (LNS) review should be returned to the cycle due to its uplifted significance in the external audit work (delivered by changes in the ACoP highlighted earlier in the meeting) and management points from the funding assurance review.

Mr Thompson acknowledged, in response to Mrs Meier that including both in the strategy would generate an increase in audit days and, therefore, cost.

Mr Ebele asked what a reasonable cyclical frequency would now be for LNS work. Mrs Searle said it had been 3½ days out of a total 11 every other year. Mr Vianello flagged, confirmed by Mr Cheetham, that recent assignments had not used the full overall quota of 11 days.

Mr Vianello asked Mr Cheetham whether the IT scope could be cut down but Mr Cheetham was clear that the scope was already at the minimal level to provide a meaningful review.

Mrs Searle emphasised that routine LNS reviews would be essential. The committee discussed the necessary duration of the LNS work and accepted that it would be 3½ days. Mr Ebele asked whether, focusing on the risk, it should actually be on an annual cycle.

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<sup>3</sup> Sixth Form Colleges Association

Mr Cheetham suggested that a conversation between himself, Mrs Biscoe, Mrs Searle and Mr Thompson would be helpful to establish what level of internal audit review of LNS the external auditors would wish to see to gain assurance that grant payment funds earned by the college were confirmed.

Mr Vianello concluded that there was agreement that for 2021 – 2022 both the IT Systems review as scoped (11 days) and an LNS review of up to 3½ days (subject to discussion with the external auditors) should be in the strategy.

Mr Navarro referred to the significance of the management points raised by the funding assurance review (report at item 6.1) and asked whether an assumption could be made that once those points had been addressed the college would be at the lower end of related risk. Mrs Cheetham observed that the report was comparatively short and clean. He said that the relevance and extent of a cyclical LNS review by the IAS would be more meaningfully informed by what assurance the external auditors would seek in order to sign off the end of year accounts.

**ACTION: Mr Cheetham / Mrs Searle / Mrs Lewis. The internal audit strategy for 2021 – 2022 would be re-scoped and circulated to the Audit Committee for agreement prior to proposal to the Governing Body for approval.**

12. **Internal Audit Action Report:** Mrs Searle introduced the college report which had been included in the papers. She explained that this edition tracked actions against the management points raised by the funding assurance review as reported in item 6.1.

Mr Ebele asked whether any of the points arose from a lack of, or change of process or Covid-19. Mr Thompson confirmed that the funding year examined was 2019 – 2020 with records set prior to the pandemic. He reviewed the points, action taken and measures implemented for improvement.

**Action Report accepted.**

13. **Board Assurance Framework (BAF):** The latest updated version of the BAF had been included in the papers for the meeting and its effectiveness in giving assurance to governors that appropriate systems, actions and responses were in place to mitigate the risks faced by the college was reviewed by the committee.

Mr Thompson suggested that he and Mrs Lewis might usefully look at whether that the document could be simplified to focus in greater depth on the top five entries in the risk register, if the committee felt this might be an improvement. Mr Vianello said that the committee needed a crib-sheet tool to see easily where the assurance was and how frequently it was measured. Mr Ebele agreed that it was useful to have the visibility and landscape around the risks and felt the BAF provided the necessary assurance.

Mr Vianello concluded that the BAF could be reviewed for a possible agreeable medium of streamlining.

**Summer term 2021 BAF accepted and to be referred to the Governing Body.**

**ACTION: Mr Thompson and Mrs Lewis to have a look at the BAF and report back to the next meeting.**

14. **Committee business:**

14.1. **Planning of re-tendering for external auditors:** A process would be prepared and proposed to the next meeting for a re-tendering process in the spring term prior to the meeting in May 2022 at which the external auditors would present their plan for end of year, 31<sup>st</sup> July 2022.

**ACTION: Mrs Searle to prepare a tender to be shared with governors.**

14.2. **Timetable of meetings for 2021 – 2022:** The draft timetable was agreed with the date for the summer term 2022 meeting agreed as Tuesday 17<sup>th</sup> May 2022.

**ACTION: Mrs Lewis to issue confirmed timetable with draft minutes of this meeting.**

14.3. **Review of effectiveness and membership:** Governors would be sent an online questionnaire similar to last year for completion.

**ACTION: Mrs Lewis to set up and collate responses.**

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

16. **Date of next meeting:** Tuesday 16<sup>th</sup> November 2021 (to include a joint session with the Governors' F&R Committee)

**The meeting closed at 6.59pm**