

Tuesday 9<sup>th</sup> May 2017, 5.30pm

MINUTES

**PRESENT:**

Mr N Sheta, Foundation Governor, Chair  
Mr R Cuthbertson, Staff Governor  
Mrs S Spazzini, Foundation Governor  
Mr R Vianello, Foundation Governor, Vice Chair, from 6.04pm

**IN ATTENDANCE:**

Mrs C Biscoe, Partner, Buzzacott LLP for items 1 - 7  
Mr T Lo, Audit Manager RSM Risk Assurance Services LLP UK  
Mrs S Flannery, Principal  
Mr A Taylor, Strategic Director Financial and Physical Resources  
Mrs M Searle, Head of Finance  
Mrs E Lewis, Clerk to the Governors

**The meeting was opened at 5.30pm by Mr Sheta. It was quorate throughout.**

1. **Opening Prayer:** offered by Mrs Flannery using a Franciscan Blessing.
2. **Apologies:** There were none for absence. Mr Vianello had sent apologies for anticipated late arrival.
3. **Declarations of interest:** There were none
4. **Committee time with Auditors:** not required.
5. **Minutes of meetings held on 28<sup>th</sup> February 2017:** Circulated in draft on 8<sup>th</sup> March 2017 and included in the papers for the meeting were agreed to be a true and accurate record and were duly signed by Mr Sheta.
6. **Matters arising, not covered by agenda items:**

Mrs Lewis announced that the outcome of the performance reviews on both audit firms completed at the previous meeting had been reported to the full Governing Body on 22<sup>nd</sup> March 2017 and subsequently confirmed to the Audit Partners of Buzzacott and RSM with notification that the PIs would remain the same for the next period of review.
7. **Regularity and Financial Statements Audits:** Mrs Catherine Biscoe, Partner, Buzzacott LLP introduced the Audit Strategy for Year ending 31<sup>st</sup> July 2017 which had been included in the papers for the meeting. The committee noted that a revised version including Appendix 4 "Sector Developments" would be circulated after the meeting.

**ACTION: Mrs Lewis to upload revised copy with appendix 4 to portal.**

Mrs Biscoe confirmed that the arrangements in the plan had been agreed in consultation with Mr Taylor and Mrs Searle.

The committee received an overview of the Audit Strategy plan and services to be provided from Mrs Biscoe. The timetable of field visits and reporting was noted. Mrs Biscoe would be the Audit (Engagement) Partner and Mr David Wallis, the Audit (Engagement) Manager.

Mrs Biscoe advised that the applicable College Accounts Direction for 2016 – 17 released in March 2017 contained few changes. The Direction Handbook with accompanying Casterbridge model was expected to be published soon after this meeting and not anticipated to introduce any significant change.

It was noted that the ESFA Post-16 Audit Code of Practice (March 2017) referenced publication of a Regularity self-assessment qualification relating to the updated framework. Release of the

questionnaire would now be delayed by the period of purdah leading up to the General Election on 8<sup>th</sup> June 2017.

Estimated fees and billing profile for the audit work broken down by service were noted to total £17,100 excluding VAT.

Mrs Biscoe outlined the contents of appendix 4 “Sector Development”. She would seek confirmation from tax expert colleagues to a point raised by Mr Taylor in regard to “Payroll and taxation” and the college responsibility and extent of liability for operating IR35 off-payroll working rules in the case of contractors working for the college.

**ACTION: Mrs Biscoe to advise Mr Taylor by email.**

**The Audit strategy was accepted and Mrs Biscoe duly left the meeting.**

## 8. Risk Management:

8.1. **Full register and action plan as at May 2017:** The committee received the latest (summer term, 2017) full register, action and policy document which had been included in the papers for the meeting. Updates had been highlighted and it was noted that there was no change to the order of ranking since the spring term version reviewed at the previous meeting in February 2017. There was no change to the policy.

8.2. **Key active internal controls, risks \* emerging risks:** The Principal and Mr Taylor reported against the register with a verbal review of the top ten key active internal controls risks:

8.2.1. **Funding:** Mr Taylor confirmed that funding remained joint risk number one. He advised the committee that there was no emerging good news with regard to income streams. Formula Protection Funding would end (loss of £69k) and the per capita grant funding would be unchanged at £4k (£3,300 for 18+ year olds). He described the impact of 4 to 5 years of static income against rising costs and reminded the committee of the challenging staff reduction programme that is being worked through to achieve the target of 75% pay expenditure. The policy of non-replacement of staff would continue. Mr Taylor advised that once the end of year resignations were confirmed there may be a need to revisit the severance or redundancy programme.

A campaign<sup>1</sup> by the SFCA<sup>2</sup> to relieve funding pressure in sixth form colleges was noted. Reduced funding was a widespread issue in the sector and also emerging in schools where some institutions were considering introducing a 4½ day.

8.2.2. **Quality:** Mrs Flannery announced that the third support and challenge visit by the designated HMI visit would take place later in the week. The next full inspection would be no later than March 2018. She discussed the major changes, strategies and resources in place to make progress against the improvement plan. Mrs Flannery commented on the anticipated divergence in outcomes of linear A Levels and confirmed that students had taken mock exams which showed progress

### 8.2.3. Student Recruitment and Competition

Mr Taylor advised that recruitment continues to be challenging and the impact on funding if the target numbers are not enrolled. No growth had been factored in for 2017 – 18. The student applicant journey had undergone a satisfactory review as an internal audit assignment in September 2015. The process of recruitment, interviewing and offers would continue in earnest through to enrolment and the start of the new term. Mrs Flannery commented on the impact of competition and uncertainty in the context of major decisions on mergers and no waning of school sixth forms against an emerging mandate of the tightening up on agreement of additional provision and anxiety about Sixth Form provision in schools. These shifts were expected to cause a re-think but change would take time to have an impact on recruitment for SFX.

[Mr Vianello arrived during this item]

<sup>1</sup> Support Our Sixth-formers (SOS) campaign launched on 8th May 2017

<sup>2</sup> Sixth Form Colleges Association

- 8.2.4. **HR: Staff Recruitment & Retention, Employer Relations:** Mrs Flannery described difficulty recruiting teaching staff in three subject areas. The use of agency staff had put pressure on costs. Consultation on staffing structure and timetable / contact time changes for teaching staff had recently concluded for the new academic year. A retiring Assistant Principal would not be replaced – the responsibilities of the post would be devolved through the revised college structure.
- 8.2.5. **Reputation:** Mrs Flannery articulated that the big risk to reputation was not returning to a “Good” inspection judgement. She recounted that there had been no major issues to adversely affect reputation with regard to student behaviour this year.
- 8.2.6. **Catholic Ethos:** Mrs Flannery confirmed that a watch was being kept on developments with the structure of Catholic education across London and also the impact of the new section 48 Catholic inspections framework currently being designed.
- 8.2.7. **Non-Core Activity:** Mr Taylor reviewed non-core funding streams noting that income from lettings was up whilst corporate was down on target. He advised there would be changes to the apprenticeships scheme which had been a potential growth area. The thirty apprentices on programme would be supported but recruitment had been paused due to uncertainty about affordability due to government funding and contracting arrangements. Recruitment of 16 – 19 apprentices and the creation of diversification had not materialised as desired.
- 8.2.8. **Health & Safety:** Mr Taylor confirmed there were no new risks to highlight in this area but mentioned that the most recent bid to the BCIF for roof work had been close to successful but not granted. A contingency plan to address some remedial work was underway. The bid would be re-submitted at the next opportunity.
- 8.2.9. **MIS / IT:** Mr Taylor commented on the security and stability of the systems and noted the ever increasing demands arising from e-safety and BYOD<sup>3</sup>. Penetration testing was taking place. He alerted the committee to the risks of failing to prepare for the impact of the GDPR<sup>4</sup> coming in to force on 25<sup>th</sup> May 2018. This would be discussed in the scoping of the Internal Audit assignment plan.
- 8.2.10. **Estates and Plant:** Mr Taylor advised that there had been significant investment in the estate in recent years – the annual plan of works and maintenance would be agreed with the Governors’ Finance & Resources (F&R) committee subject to budget available. He explained a bid was being prepared to *Sport England* to fund 50% of the £125k conversion of the outside courts into a multi-use sport pitch. Progress would be complicated by being intertwined with the indefinite and uncertain pause to the *Red and Yellow* dementia care home development and planning issues for floodlighting. If the *Red & Yellow* development recommenced there would be a need to move quickly to relocate art teaching from the area affected by loss of light.
9. **IAS (Internal Audit Service):** Mr Tim Lo, Client Manager RSM Risk Assurance Services LLP UK.
- 9.1. **Annual summary of assignments completed (in 2016/17) / Internal Audit Strategy / Plan for 2016 – 17:** Mr Lo introduced and reviewed the summary report. He confirmed that two actions followed up in 2016/17 related to Learner Number Systems and Learner (applicant) Journey had both been implemented.  
It was agreed that the two day remaining contingency would be carried forward into the plan for next year (2017 / 18).
- 9.2. **Internal Audit Strategy / Plan for 2017 – 18:** The plan had been included in the papers for the meeting. An RSM briefing flyer “Is Your Business GDPR Ready” was tabled for the committee. Mr Lo outlined the areas for coverage by the proposed assignments as Key Financial Controls (2 days); Learner Number Systems (3 days) and Bursary Fund (2 days) reflecting discussion at the previous meeting of the Audit Committee. The anticipated fee for the 11½ day plan (including management and contingency carried forward) was noted to be £6,647 (excluding

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<sup>3</sup> Bring Your Own Device

<sup>4</sup> General Data Protection Regulations

VAT), a daily rate of £578 (excl VAT), representing an increase of 2% on 2016 / 17. Two days contingency had been carried forward as previously noted. The plan detailed the proposed days / fees for each area of review.

Mr Taylor introduced discussion that had been advancing regarding Data Protection, flagged as a potential risk area that would benefit from being in scope for procedural review; gap analysis and impact assessment. The rationale was discussed in the context of risk; financial impact and availability of time in the audit plan. The length of audit for GDPR was scoped as four days in the list of potential assignments.

**It was agreed that Mr Lo would scope a GDPR assignment that would make the best use of the 2 day contingency resource, focusing in the first instance on education and awareness of staff with responsibility for Data Protection. The committee was agreed that, if the scoping recommended more time, Data Protection carried the greater risk to the organisation. Therefore, if necessary, the 2 days audit of the Bursary fund could be deferred by one year and that time allocated in favour of a four day Data Protection assignment. GDPR education / awareness for staff could be assigned prior to the start of the new academic year. Confirmation and agreement of the final plan would be gained by email in advance of the meeting of the full Governing Body on 11<sup>th</sup> July 2017 when the strategy would be presented for approval.**

**10. Internal Audit Action Report** (not applicable)

**11. Board Assurance Framework:** The committee received the latest updated version of the framework in the papers for the meeting and confirmed satisfaction with it as a checklist mapped to the risk register to show that the controls are adequate and the cycle of assurance reviews is effective enough for the committee to give appropriate assurance (along with the audit reports) to the Board prior to end of year audit.

**12. Committee business:**

**12.1. Timetable of meetings for 2017 – 18:** The draft timetable of dates and agenda items included in the papers for the meeting was agreed.

**12.2. Review of effectiveness and membership:** the committee completed the evaluation questionnaire which had been included in the papers for the meeting by round table discussion recorded by the Clerk. The summary will be circulated to the committee. **ACTION: Clerk**

**13. Any other business:** there was none.

**14. Date of next meeting:** Tuesday 21<sup>st</sup> November 2017 (including joint session with F&R Committee)

**The meeting closed at 6.40pm**

**SIGNED:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**DISTRIBUTION:**

Mr N Sheta  
RSM UK

Mr R Vianello  
Buzzacott

Mr R Cuthbertson  
Mrs S Flannery

Mr A Taylor

Mrs S Spazzini  
Mrs M Searle

Clerk