

Tuesday 28<sup>th</sup> February 2017  
5.30pm

**MINUTES**

**PRESENT:**

Mr N Sheta, Foundation Governor, Chair  
Mr R Vianello, Foundation Governor, Vice Chair  
Mr R Cuthbertson, Staff Governor  
Mrs S Spazzini, Foundation governor

**IN ATTENDANCE:**

Mr T Lo, Assistant Manager, RSM Risk Assurance Services LLP (IAS<sup>1</sup>) (for items 1 to 13 incl)  
Mr A Taylor, Strategic Director, Financial and Physical Resources  
Mrs M Searle, Head of Finance  
Mrs S Flannery, Principal (from 6.15pm, during item 10)  
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 Mr Sheta
2. **Apologies:** Not applicable – all members present. Mrs Flannery had sent apologies for late arrival.
3. **Committee confidential time with Auditor:** This was not required.
4. **Declarations of interest:** there were none
5. **Minutes of meeting held on 22<sup>nd</sup> November 2016:** Previously circulated 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, other than agenda items:** There were none
7. **Action points from previous meetings:** Covered by the agenda
8. **Internal Audit Service: Mr Tim Lo, RSM Risk Assurance Services LLP:**
  - 8.1. **Report of the IAS assignment visit in January 2017:** Mr Lo introduced the report dated 8<sup>th</sup> February 2017 which had been included in the papers for the meeting. He explained how the assignment had been organised and undertaken on site in January 2017. Areas included in the audit review, as previously approved by the Audit Committee, were: Key Financial Controls; Estates / Capital Build (CIF<sup>2</sup> Turnstiles) and Follow up of Previous Management Actions.  
Mr Lo confirmed that there were no management actions raised as part of the assignment review. He reported that the one Medium and one Low priority management actions raised as part of the 2015/16 internal audit assignment had

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<sup>1</sup> Internal Audit Service

<sup>2</sup> Condition Improvement Fund



been implemented in full.

Mr Taylor reported that the Capital Build scope of the audit had incorporated recent changes to Health and Safety which it had been useful to have checked out.

Mr Sheta commented that the turnstile works had been a big and complex project which had gone well. It was confirmed that it had been delivered slightly over budget (due to an extension to the scope of works) but had been funded by the EFA<sup>3</sup> grant and devolved capital grant without drawing on reserves.

**Audit Assignment Report accepted.**

- 8.2. **Review of 2 days contingency in plan for 2016 – 17:** The committee noted that two days remained of the agreed internal audit plan as a contingency. The committee had previously considered that this might be used to review the Apprenticeship programme or HR (risk area 4). Further discussion would reflect on this after presentation of the risk register under item 10.

9. **Internal Audit Action Report:** There was no college action monitoring report as no new management points had been identified and previous points had been implemented.

**10. Risk Management:**

- 10.1. **Full register and action plan as at February 2017:** Mr Taylor introduced the updated risk register (Spring Term) which had been included in the papers for the meeting. He highlighted a change in the order of risk priority moving Non-Core Activity up one position to 7 and Health and Safety down one position to 8. He confirmed that the top three, Funding, Quality and Student Recruitment / Competition remain the key unchanged risks. Funding and Quality are in joint first position.

- 10.2. **Key active internal controls risks & emerging risks. [Mrs Flannery joined the meeting during this item]** Reporting against the register, Mr Taylor reviewed the top ten risk areas:

- 10.2.1. **Funding:** Mr Taylor confirmed that the risks had not changed since the previous meeting. EFA grant funding had been on long term decline but had recently been projected into the media due to changes in the funding formula for schools. It was hoped that more pressure on the government with regard to post 16 funding might be helpful. Mr Taylor commented that the level of funding was currently comparable with 1990. He confirmed that EFA funding is on profile for this year and described the variances and challenges within the overall amount. It was agreed that there are no indicators or reasons to move funding from joint risk position one. A check of the learner number systems would be included in the Internal Audit Plan for 2017 – 18.

Mr Taylor reviewed risks with non EFA funding and described the potential effect of the slower than predicted income stream from the apprenticeship programme. He flagged the introduction of new standards to replace existing frameworks and the impact of the levy coming into force in May 2017 which would also contribute to the risk.

Mrs Spazzini explored the extent of deployment of resources required to connect with employers. It was noted that the apprenticeship programme would be included in a strategic review of non-core activity.

Mr Taylor reported that other non-core income streams also down on target

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<sup>3</sup> Education Funding Agency



would be scrutinised by detailed report to the Governors Finance & Resources Committee (F&RC) meeting on 7<sup>th</sup> March 2017.

Mrs Spazzini asked whether the severity of risk from Funding had increased. Mr Taylor responded that the risk is equivalent to quality but different in nature. The college was accredited with being financially well managed and in good financial health. He explained that having a higher proportion of non-EFA income carried more risk because it was not guaranteed.

It was not proposed to reduce the weighting of risk on Quality down to 2<sup>nd</sup> position.

- 10.2.2. **Quality:** Mr Taylor confirmed the level of risk remained the same. He explained the process of working through the support and challenge visits from Ofsted. It was acknowledged that the impact of the improvement plans would not be properly measured until the exam outcomes from summer 2017 were known – these would be the second set of results since the inspection in January 2016. Mr Taylor explained that re-inspection had to take place within 24 months. The college was, therefore, a maximum of 10 – 12 months away from re-inspection. The Governors Curriculum Standards and Quality (CSQ) Committee had reviewed action plans at its meeting the previous week and would routinely monitor the strategies noted in the risk register to mitigate the risk of being judged as Requires Improvement at a subsequent successive inspection
- 10.2.3. **Student Recruitment and Competition:** Mr Taylor and Mrs Lewis discussed the challenges being experienced with recruitment of students for the new academic year – in a national and local context. The current level of applications and acceptance of places was quantified and noted to be running significantly below last year. Strategies to mitigate the slow response from applicants were noted to include ongoing interview sessions; a Saturday application workshop; responsive arrangement of appointment times for interviews; use of smart communication technology; renewed contact with schools in addition to the recruitment and “keep warm” events scheduled for the summer term. It was noted that schools are under pressure to meet minimum numbers in their sixth forms and pupils are being required to attend extra-curricular revision and study workshops. Both factors are restricting availability to attend interview appointments.
- 10.2.4. **HR: Staff Recruitment & Retention; Employer Relations:** Mr Taylor reviewed why the ranking position remained ranked at 4. He explained the voluntary severance and redundancy programme which had managed down the staffing budget to a certain extent. The target to reduce staffing costs was ongoing and, Mr Taylor explained, may have to move towards compulsory redundancies, potentially bringing a risk of heightened tension. The committee discussed challenges recruiting and retaining teachers in London with Mr Taylor and Mrs Flannery discussed. Mr Vianello explored whether the experience was in particular subjects or across the whole curriculum, hearing that it was particularly noticeable in Maths and Business but was also apparent in the retention of NQTs. The differential in teaching staff pay rates was not sufficient to support the cost of living in London. Mr Taylor reported and quantified an over budget spend in the cost of employing agency staff. This area of risk was suggested for consideration for review using the remaining IAS days.



- 10.2.5. **Reputation:** The committee was aware of the risks to reputation which the inspection judgement could cause but heard that there was not much evidence of this having an overt impact. Safeguarding had been judged as “good” endorsing the mitigation in place to protect reputation in that area. Mr Taylor confirmed that areas of statutory compliance eg Data Protection are reviewed annually.
- 10.2.6. **Catholic Ethos:** The percentage of Catholic students was reported to be 31%. The positive contribution of the new Chaplain who took up post in September 2016 was noted to be actively re-affirming Catholic values.
- 10.2.7. **Non-Core Activity:** Mr Taylor explained that “non-core activity” now incorporated everything<sup>4</sup> that was not funded by grant from the EFA. This area of risk had moved up because Health & Safety had moved down. Mr Taylor advised that the ranking may need to be lifted further up the order once budgets and predictions had been reviewed for the next academic. A detailed financial report would be made to the next meeting of the F&R Committee on 7<sup>th</sup> March 2017.
- 10.2.8. **Health & Safety:** The committee was advised that this risk area had moved down one position in the ranking in response to the assurances provided by recent audit reviews. The most recent review in January 2017 had, as had been reported earlier in the meeting, satisfactorily evaluated the standards of risk assessments undertaken.
- 10.2.9. **MIS / IT:** Mr Taylor confirmed that the transition to a new structure in MIS following the retirement of the former long established MIS Manager had been completed smoothly. Internal and external reviews had confirmed the competency of the IT Support Team which was endorsed by their contribution to Corporate Services consultancy projects. The extent of investment in and reliance on IT in all its aspects of College business was acknowledged. Mr Vianello asked about resilience against the risk of cyber-attack. Mr Taylor responded and described the plans, filters, testing and recovery that are in place. He said that the IT Support team has industry standard expertise. It was agreed that the risk did not warrant a change in the priority ranking. The committee discussed whether the college has adequate insurance against cyber activity. Insurance would be reviewed with the F&RC. Protection against and capability in the event of cyber-attack was suggested as another area for audit testing. Mrs Spazzini asked whether hacking would constitute a reputational risk too. Changes to Data Protection regulations and filtering systems to meet safeguarding and prevent requirements would also be related to this fast changing area of risk and would be monitored closely.
- 10.2.10. **Estates and Plant:** Mr Taylor referred to the CIF project which had improved safety and security with the installation of turnstiles. He described a current bid to the latest round of CIF monies for re-roofing and refurbishment of some other areas. Mrs Flannery said she was realistic about the chance of being awarded the money as the college had been successful last year. Mr Taylor said there were other options to be considered if there was no funding this year. Mrs Spazzini asked for an update on the proposed development to build a dementia home adjacent to the college which was a known risk which had been

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<sup>4</sup> Lettings, Community Education (ACE), Nursery and Corporate Services.



on hold since June 2016 following the Brexit decision. Mr Taylor had recently been contacted by a new post holder at the Diocese which led him to believe that the project may re-start, although no clear plans were available. He explained that the college contingency to rebuild teaching space affected by the building was dependent on sufficient right to light compensation being secured by the Diocese. The cost was estimated at three times the amount initially offered.

**10.3. Internal Audit contingency days remaining in 2016 - 17:** The committee reflected on the risk report and debated how the two days remaining in the internal audit plan for the current year should be scoped to provide a meaningful analysis of the extent and mitigation of risk in particular areas such as HR (recruitment and retention of teaching staff) or a review of the apprenticeship programme.

**ACTION:** Mr Lo would scope an audit of HR (recruitment and retention of teaching staff) and scope an alternative review of the apprenticeship programme (although the committee felt the timing was not quite right to do this), for further discussion.

**11. Board assurance framework (BAF):** The design and effectiveness of the current (May 2016) version of the BAF was reviewed by discussion.

**ACTION: It would be re-ordered to map against the latest risk register.**

Mr Vianello pointed out that there was no reference to cyber attack as discussed during the risk report and the assurances in place should be added to section 9 of the BAF.

**ACTION: Clerk to update.**

It was also agreed that if HR is reviewed by internal audit the assurances should be reviewed and brought up to date. This would be addressed once the audit scope had been considered.

**12. Internal Audit for 17 – 18:** An initial discussion on recommendations for scoping of IAS assignments for next year had emerged during the risk report.

Mr Taylor listed financial controls; funding and ILR as areas for inclusion (also identified as top risks by auditors) he also suggested reviewing bursary which is related to funding streams.

The option of rolling over the two “contingency” days emerged as a favourable alternative plan.

**ACTION: Mr Lo to scope an internal audit assignment plan for 2017 – 18 for consideration and review at the next meeting.**

**13. Routine review of policies:**

13.1. Anti-Fraud, Corruption and Malpractice: modifications were noted and the policy approved.

13.2. Confidential Reporting (“whistleblowing”). The review date at 10.2 should read March 2019. The policy was approved.

**Mr Lo left the meeting at 6.45pm**

**14. Auditors Performance Reviews:**

**14.1. Review of the performance of Buzzacott, Financial statements auditors and setting of PI’s for year end 2017:** The performance indicator questionnaire was completed in consultation with college management. Performance was confirmed to be satisfactory



in all aspects. The same PIs would be used for year end 2017. **Continued appointment would be recommended to the full Governing Body.**

**14.2. Review of the performance of RSM, Internal Audit Service and setting of PI's for 2017 – 18:** The performance indicator questionnaire was completed in consultation with college management. Performance was confirmed to be satisfactory in all aspects. The same PIs would be used for 2017 - 18. **Continued appointment would be recommended to the full Governing Body.**

**15. Committee membership and effectiveness.** The committee agreed that the skills, expertise and attendance had resulted in an effective meeting. Mr Sheta commented that he would welcome some audit training.

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

**17. Date of next meeting:** Tuesday 9<sup>th</sup> May 2017

**The meeting closed at 6.55pm**

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

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

**Distribution:**

Mr N Sheta  
Mrs M Searle

Mr R Vianello  
Clerk

Mr R Cuthbertson  
IAS:

Mrs S Spazzini  
Mr A Taylor

Mrs S Flannery

