

**Tuesday 1st March 2022
5.30pm
Held remotely via ZOOM video conferencing**

MINUTES

PRESENT:

Mr R Vianello, Foundation Governor, Chair
Mr D Navarro, Foundation Governor
Mrs B Meier, Foundation Governor
Mr S Ebele, foundation Governor (5.38pm)

IN ATTENDANCE:

Mr G Thompson, Principal / Accounting Officer (at request of committee)
Mrs M Searle, Director of Finance & Resources (at request of committee)
Mrs E Lewis, Clerk to the Governors

The meeting was opened by Mr Vianello at 5.33pm and was quorate throughout. All participants could see and / or hear one another.

1. **Opening Prayer:** Offered by Mr Thompson in preparation for Ash Wednesday and reflecting the Pope's call for a day of fasting and prayer for peace.
2. **Apologies:** all were present
3. **Declarations of Interest:** there were none
4. **Committee time with Auditors if required:** The agenda had noted that no auditors would be present.
5. **Minutes of meeting held on 16th November 2021:** Previously circulated on 7th December 2021, reported to full Board, 9th December 2021 and included in the papers for the meeting, the minutes were agreed to be a true and accurate record to be signed in due course.
6. **Action Points from previous meeting:**
 - 6.1. Short-list of audit firms to be invited to express and interest in providing an external audit service was circulated. Further actions to be reported under item 8.
 - 6.2. Internal Audit Strategy / Plan for 2021 – 2022: Dates of assignment visit and total days subsequently confirmed as agreed 9½ days, visit in mid-March 2022.
 - 6.3. Annual report of the Audit Committee, 2021 - 2021 – was agreed, signed and presented to the full Governing Body on 9th December 2021; published on the website and filed on time with the ESFA
 - 6.4. Refreshed letter of engagement with Buzzacott – was duly signed and returned

All points were noted and accepted.

7. **Matters Arising, not covered by agenda items:** there were none.

8. Selection of External Auditors:

8.1. With the agreement of the Chair, it was agreed that it would be appropriate to take item 14.1 at this point in the meeting.

[Mr Ebele joined the meeting during this discussion]

The review of the performance of Buzzacott LLP for the external audit work for year ending 31st July 2021 confirmed overall satisfaction.

8.2. **Tender for external audit services:** Mrs Searle introduced the “External Audit Services March 2022” document which had been included in the papers for the meeting. The paper summarised the proposals received from audit firms in response to the college invitation to provide quotes for the provision of an external audit service to the college and its trading subsidiary for five years from 1st August 2022. Mrs Searle outlined the process that had been followed and explained the quotes that had been received from three of the four firms who had been invited to express interest. The committee noted the recommendation from college management that Buzzacott be re-appointed under a five-year contract and examined the rationale for reaching that conclusion.

The committee debated the risk of familiarity, comfort and complacency which could arise when the same audit firm was retained for such a long time (Buzzacott had been engaged since 2004) and to what degree it would be acceptable. Mrs Searle acknowledged that a fresh pair of eyes might be appropriate but commended the value of continuity and understanding of the college which Buzzacott provided with value for money and goodwill. She said there was a professional duty of care incumbent on auditors which, together with their standing in the sector would mitigate the risk. She gave examples of the standards of service provided by Buzzacott which typified their professionalism and helpful dialogue when dealing with issues identified during audit.

Mr Navarro asked whether the rotation of the Head of Service was prescribed by regulation or by the firm. Mrs Searle would refer back to Buzzacott to establish their process for rotation. Mrs Lewis advised that there was no prescription in the Audit Code of Practice.

Mr Ebele asked whether it was known how often other colleges change their auditors, but no information was available.

The recommendation to continue the appointment of Buzzacott as External Auditors was accepted by the committee and will be proposed to the full Governing Body on 22nd March 2022 for approval. Tendering for the service will be undertaken again within five years. Performance will be reviewed annually.

9. **Internal Audit: College Action Report:** Mrs Searle introduced the tracking report from which it was noted that the two action points had been implemented.

10. **FMCE¹ improvement plan;** Mr Thompson introduced the RAG² rated tracking report which had been included in the papers for the meeting. It showed that all elements of the improvement plan were in progress. Mr Thompson said that student recruitment was promising and reported that, as at the previous Friday, 1548 completed applications had been received compared with 1383 the previous year. Mr Vianello asked what the shape of the demographic was. Mr Thompson said that the predicted bulge had not been realised due to a range of factors arising from Brexit and the pandemic. He explained that more

¹ Financial Management Control Evaluation

² Red = no progress. Amber = progressing. Green = completed

students were staying on in school sixth forms but that SFX had bucked the trend in London for this year having increased the student roll when other colleges had experienced a decrease in numbers. Mr Thompson confirmed the college agreed growth strategy to increase student numbers to 1440 by 2025. The expansion of T Levels was a key feature of this and a bid to access further T Level capital funding, whilst it was available, would support the repurposing of facilities to deliver new courses.

Mrs Meier commented that the projected figures in the strategy were impressive and asked what the impact of the opening of the nearby Harris sixth form centre would have on achieving the growth. Mr Thompson advised that the centre appeared to be a hub created for existing Harris schools, consolidating their sixth forms on one site. The intake target had been 300 last year plus 300 more this year. It was not known whether the target had been reached.

Mr Thompson said that he was now aware that the new owners of the former Oliver House School, Dukes Education, were planning to open an 11 – 16 school for 200 – 300 pupils. He saw the opportunity for a potential progression route to the college in the future and had already met with the Founder and Chairman of the group.

Mr Thompson reported that boosting income streams to mitigate the reliance on grant funding was the purpose of the Trading Subsidiary. The Corporate Board had agreed a plan to expand the letting of facilities and accommodation to generate more income and had agreed with the F&R Committee that some or all of the profit would be reinvested in the Trading Subsidiary this year to fund the appointment of someone to sell the space available including the Business Hub as a conference facility once it is completed.

Mr Thompson confirmed that the Counter Fraud actions were being worked on.

11. Risk Management:

11.1. The updated risk register and policy updated for the spring term 2022, had been included in the papers for the meeting. Mr Thompson confirmed that the ranking of the risk categories had not changed – Student Recruitment and Competition was the number one risk and Funding and Finance (including Fraud and Non-Core Business) was the second highest.

Mr Thompson explained that updates had been highlighted and noted that the disengagement of RSM as internal auditors had been added to risk 10 “Leadership and Governance”. Movement in the weightings of gross and net risks were marked.

11.2. Verbal report on key active internal controls risks & emerging risks:

“2. Funding & Finance” Mr Vianello asked for an explanation of the emerging risk from the additional 40 hours of delivery to every student. Mr Thompson explained that the 8.4% increase in per capita national grant funding rate from 2022 – 2023 carried a requirement of 40 additional hours of learning per student essentially one hour per student per week, (part of the DfE recovery education programme). This had been noted as an emerging risk because whilst the college would receive more money it would have to do more for it. Mr Thompson said further guidance had been received since the register had been updated but the implementation and direction of teachers time would be complicated and attract significant bureaucracy. Mr Ebele noted the appointment of a Chaplaincy Apprentice and asked whether some of the additional delivery hours could be used for pastoral work. Mr Thompson was hopeful that there would be a role for the Chaplaincy team to support the additional time.

“3. Safeguarding & Wellbeing”: Mr Thompson noted that the “living with covid” lifting

of legal requirements had been referred to under emerging risks particularly in relation to dropping the duty to test twice weekly.

“5. Catholic Ethos”: Mr Thompson gave some background to the appointment of an apprentice chaplain who would follow a new qualification course designed by the Diocese in conjunction with St Mary’s Twickenham. He also reminded governors that the college chaplain had been absent on domestic leave since the start of the academic year and had since resigned. He announced that as a result of interviews earlier in the day an experienced Deacon had been appointed as Chaplain and, as a result, Mr Thompson was confident the chaplaincy would now develop and move forward. Mrs Meier, link governor for the religious life of the college, welcomed this news.

“9. Estates and Health & Safety Compliance”: Mr Navarro highlighted the retirement of the Health and Safety Officer and Mr Thompson confirmed that the resource had been bolstered and someone new was in post as full time Exams and H&S Officer. He confirmed that the post holder was being trained and gaining experience. Contractors would be appointed to monitor compliance and readiness for future pandemic or other situations on a termly basis.

Mr Thompson summarised that the register, with the updates as discussed and highlighted, was by and large very much the same as previously reported.

Risk register was accepted.

12. **Board Assurance Framework:** Mrs Lewis introduced the draft re-design of the BAF which had been included in the papers for the meeting. She explained that the BAF was mapped against the new streamlined risk register. Mr Navarro asked whether producing two documents was a necessary duplication of work. The view of the committee was that having a separate BAF provided an at a glance reference to where assurances could be found. It would be updated for the summer term and the emerging impact of changes in internal audit arrangements would be shown.

ACTION: Mrs Lewis to update for summer term meeting.

13. **Internal Audit Service:** A notice of disengagement from RSM UK Risk Assurance Services LLP (internal audit service providers for SFX) had been included in the papers for the meeting. The firm had decided it would no longer engage with the college to provide the internal audit services after completion of their work in relation to the 2021/22 academic/financial year. Mrs Lewis and Mrs Searle had met with Mr Cheetham, Head of the Internal Audit Service (IAS), prior to receipt of the letter.

Mrs Searle provided some background to the decision noting that it had arisen from a national directive by RSM that 25 – 30 days would be the absolute minimum contract with any college, irrespective of annual opinion. The current contract with SFX was for 9½ days this year.

The committee was advised that there had been no mandatory requirement to engage an IAS to provide an annual opinion to the ESFA since August 2012. The Governing Body had chosen to retain it at a minimal level to follow an annual plan drawn up by the Audit Committee to gain cyclical external assurance on the learner number systems and key financial controls along with other assignments commissioned based on the risks the college was facing.

Mr Vianello reflected on the committee’s reliance on a regular audit of the learner

numbers system due to the attendant impact on funding allocations and asked whether that was an area of assurance governors would wish to retain on a cyclical frequency to be determined. Mrs Searle reminded the committee that the external (financial statements) audit had been altered to include the ILR³ returns which would now provide some degree of assurance.

Mr Navarro asked whether the market for internal auditors would be as limited as it had been for external auditors. Mrs Searle commented that there were very few audit firms willing to contract for limited scope audits although some smaller firms eg MHA or independents might be interested. [TIAA Ltd or Scrutton Bland had also been mentioned as possibilities in the market].

Mr Ebele asked whether specialists could be engaged to look at specific areas of risk. Mrs Searle said there was no prescription and it would be up to the Audit Committee to identify areas for review. She warned that specialist reviewers might be expensive.

Mr Vianello asked Mrs Searle what her recommendation was as he was sensing that there was currently no real need for an IAS. Mrs Searle said that it was for governors to decide what / who would provide the value for money, meaningful assurance they needed.

Mrs Meier asked whether it was appropriate for the external auditors to give a view on areas that would benefit from assurance testing. Mrs Searle said that the same firm could not provide both internal and external audit but Buzzacott's post financial statements and regularity audit management report did include a section on "key audit risks and outcomes" and an appendix which set out sector developments - both of which could inform consideration of an internal audit strategy.

Mr Thompson said that the internal audit historical plan produced in house to inform the annual scope, driven by the risk register, would continue to be a useful and valid reference point and should be kept updated for the committee.

Mr Ebele said that the pooling of resources to share the services of an internal audit firm with other colleges was worth exploring. Mr Thompson would take this to the upcoming ACVIC⁴ conference for discussion.

Mr Vianello concluded that the committee would need to advise the Governing Body of the disengagement with RSM at its meeting on 22nd March 2022. It was agreed that an internal audit strategy would be kept on the agenda for review and the amount allocated for the IAS would be retained in the budget.

14. Auditors Performance Reviews:

14.1. **Review of the performance of Buzzacott, incumbent External Auditors.** The performance indicators questionnaire provided in the papers for the meeting was discussed and completed in consultation with college management and recorded complete satisfaction with the service delivered in all its aspects. [This item had been taken earlier in the meeting prior to the discussion on tendering the external audit service].

³ individualised learner record

⁴ Association of Catholic Sixth Form Colleges

- 14.2. **Review of the performance of RSM, Internal Audit Service:** The review would be deferred to the summer term meeting following the completion and reporting of the audit assignment work scheduled for mid-March.
15. **Routine review of terms of reference for the committee:** Mrs Lewis introduced the proposed revisions to the terms of reference which had been highlighted on the version included in the papers for the meeting.
The update was agreed and would be recommended to the full Governing Body for approval at its meeting on 22nd March 2022.
The next routine review would be in two years' time.
16. **Any other business:** there was none.
17. **Review of effectiveness of meeting:** It was agreed that moving item 14.1 up the agenda to inform item 8.2 (tender of external audit service) had improved the flow of the meeting. It was proposed that where possible the annual review of auditor's performance should be earlier on the agenda, except when the auditor was present as they would usually leave the meeting whilst it was taking place.
Mr Vianello gave his apologies for non-attendance at the meeting of the full Governing Body on 22nd March. Mr Ebele would present the committee business on his behalf.
18. **Date of next meeting:** Tuesday 17th May 2022

The meeting closed at 6.45pm

SIGNED _____

DATE: _____