

Tuesday 6<sup>th</sup> March 2018, 5.30pm

**MINUTES**

**PRESENT:**

Mrs S Spazzini, Foundation Governor  
Mr S Ebele, Foundation Governor  
Mr R Vianello, Foundation Governor, Vice-Chair

**IN ATTENDANCE:**

Mr M Cheetham, Partner, RSM Risk Assurance Services LLP (IAS)  
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

**Mr R Vianello took the chair for this meeting which opened at 5.30pm and was quorate throughout. Mr Ebele was welcomed to the committee.**

1. **Opening Prayer:** Offered by Mrs Flannery using a Franciscan Blessing.
2. **Apologies:** Mr N Sheta
3. **Committee confidential time with Auditor:** not required
4. **Declarations of interest:** there were none
5. **Minutes of meeting held on 21<sup>st</sup> November 2017:** Had been 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 Vianello.
6. **Matters arising, other than agenda items:** there were none
7. **Action points from previous meetings:** there were none
8. **Internal Audit Service: Mr Mike Cheetham, Head of Internal Audit Service**
  - 8.1. **Report of the IAS assignment visit in January 2018:** The committee had received the report of the Internal Audit Assignment conducted in January 2018 in the papers for the meeting. Mr Cheetham outlined the two areas reviewed by the scope of the assignment, the Bursary Fund and Learner Number Systems. He confirmed that there were no issues arising from the review of the Bursary fund – it was being operated in the way it was intended to be used.  
Mr Cheetham discussed two medium recommendations which had arisen from the audit of the Learner Number Systems. Mr Taylor responded with reference to the action plan report included in the papers for item 9. He explained the actions implemented and planned and impact the issues might have had on funding.
  - 8.2. **Review of plan for GDPR review, May 2018:** Mr Cheetham advised that this would be a readiness check using a generic scope designed to identify where gaps may be in meeting the requirements of the General Data Protection Regulations coming into force on 25<sup>th</sup> May 2018. He confirmed there would be no transition period. An introductory day of training had been provided by RSM in June 2017 and the review

would take place in week commencing 21<sup>st</sup> May 2018. Mr Taylor advised that the college procedures were being organised to comply with the GDPR. He said that feedback from the audit would be used to adapt practices where necessary.

**It was agreed that the assignment report on the audit would be distributed to the committee by email to avoid delay in dissemination and action. The outcome would be reported direct to the full Governing Body meeting on 10<sup>th</sup> July 2018.**

9. **Internal Audit Action Report** (college report): Had been addressed and accepted under item 8.1

**10. Risk Management:**

10.1. The committee received the full register, action plan and policy as at February 2018 which had been included in the papers for the meeting. A change in the priority ranking was explained by Mr Taylor. Funding remained in top position; student recruitment had increased in risk and moved up from third to second reflecting the under-recruitment in September 2017 and quality had been ranked down to third position following the Ofsted inspection rating of “good”. It was stressed that the need to maintain improvement in quality would remain.

10.2. Mrs Flannery and Mr Taylor reported on the key active internal controls risks and emerging risks for the top ten on the register.

10.2.1. **Funding:** The strategy discussed with governors’ committees and Chairs to manage the impact of severe shortfalls in income was being followed. Progress with cost saving initiatives was reviewed. The programme to reduce staffing / salary costs would move towards compulsory redundancy now the phases of voluntary severance opportunities were closed. Financial planning was committed to maintaining a “good” financial health status.

10.2.2. **Student Recruitment / Competition:** The shortfall in the number of students recruited for the current year was acknowledged to exacerbate the cut in funding income. Mr Taylor reported that the target for the coming new academic year had been reduced accordingly. Whilst it was hoped that the improved Ofsted outcome would improve recruitment, Mrs Flannery gave an example of where this did not necessarily follow. The committee was reminded that the drivers for student recruitment had been audited with the outcome that methods and processes had been confirmed.

Factors in the current downturn were reviewed and included a flat-lining in demographics for the 16 – 19 age group. Mrs Flannery said the position in London was particularly unpredictable where travel to study was also much easier with a wide choice of ever evolving competition.

Additional resources had been moved into the marketing and recruitment team and new innovative strategies and social media techniques were being planned.

10.2.3. **Quality:** It was noted that the Ofsted inspection report had been published earlier in the day and was acknowledged to be a positive report. Consequently, quality was regarded as being slightly less of a risk than funding and recruitment. The improvement plan would channel effort towards improving value added scores and the remaining *requires improvement* judgement on outcomes.

10.2.4. **HR: Staff Recruitment & Retention; Employer Relations:** The impact of moving into a period of redundancy was reflected in the risk position. Mr Taylor noted that HR had not been audited for a while. The very recent teachers pay settlement was higher than budgeted due to the award of 2% for those on scales 1 to 6. HR negotiators at SFCA were reported to have expressed concern that,

unless more could be offered next year it may not be possible to avert industrial action.

- 10.2.5. **Reputation:** An ever present risk covering safeguarding, student activity and other reputational factors including Ofsted rating. Mr Taylor reminded the committee that new safety / security guards had been introduced this year. Mrs Flannery said that the police had been invited to undertake another knife arch search but this was subject to availability of police resources. Mr Vianello asked how the turnstiles were working out and it was confirmed that they were operating well overseen by the security / safety team who also controlled the issue of temporary ID cards. Mr Taylor advised that the contract with the security company was due for review / renewal at the end of July and would be fully evaluated for impact and effectiveness against the investment. The side gates were under the same system and more use was being made of its capability including internal eg staff zoning.
- 10.2.6. **Catholic ethos:** Risk was unchanged with no increase in numbers. Mrs Flannery commented that the proportion of Catholic Sixth Form Colleges in the sector had increased due to the number of SFCs that had converted to Academies – an option not yet available to Catholic SFCs until legislation was changed in the course of time. Previously Catholic SFCs had numbered 14 amongst 93; the position was now 14 amongst 72.
- 10.2.7. **Non-core activity:** Mr Taylor reported that this had been reviewed in detail by the F&R Committee the previous week - the SFX corporate report would be shared by the Clerk. He confirmed that the apprenticeship provision would be discontinued and explained why it was not financially viable and therefore high risk to the financial plan. Apprentices on the programme would remain until they completed their programme but there would be no further recruitment or continuation of the contract with John Ruskin Sixth Form College. Mr Cheetham remarked that reviews in the sector concurred with the experiences of the college.
- 10.2.8. **Health & Safety:** Had been audited 2 to 3 years ago and the estate more recently. No issues were evident to change the risk position.
- 10.2.9. **MIS & IT:** No change in the level of risk. Mr Taylor reported that penetration testing had been taking place and that the area was subject to a degree of external assessment.
- 10.2.10. **Estates:** Had been audited the previous year with a careful test of procurement and tendering processes. Commenting that the estate could benefit from more investment, Mr Taylor referred to two CIF<sup>1</sup> bids currently awaiting decision. Mr Spazzini asked for an update on the negotiations for right to light compensation arising from the care home development adjacent to the college. Mr Taylor advised that the Diocese was leading on the negotiations and an unwritten increased offer had been made. A meeting was due the following week. It was agreed that the negotiation needed to be resolved quickly and with the best terms possible. Mr Taylor reviewed bids made for funds to develop a synthetic sports pitch which would provide an excellent resource for students and lettings. He advised that the associated planning application for floodlighting

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<sup>1</sup> Conditions Improvement Fund

was being contested by neighbouring residents and would be due to go to the planning committee shortly.

- 10.2.11. Mr Taylor commented that the risk positions for Governance and Management did not require adjustment having been rated “good” in the Ofsted inspection report.

The risk register and rankings were accepted by the committee.

11. **Board assurance framework (BAF):** The committee reviewed the design and effectiveness of the assurance framework review considering whether the current format was clear and useful for governors to see and understand where / what assurance could be found that manages or mitigates the key strategic risks and control processes. Mr Ebele recommended that the BAF would be improved by adding further detail about where / when assurance could be found (eg actual dates).

**ACTION: Mrs Lewis / Mr Taylor. BAF to be updated to map to re-ordering of rankings on the risk register and revised to incorporate the recommendation from Mr Ebele.**

12. **Internal Audit for 18 – 19:** Mr Taylor introduced the “Internal Audit Strategy Review Discussion” paper he had prepared. The committee debated which areas should be covered in the assignment plan for 2018 – 19 using a risk based approach in discussion with Mr Cheetham and the college managers present. They were informed by the cycle of recent reviews; key current issues being faced by SFX and other sources of assurance available.

Advising on the extent of IT testing in place, Mr Taylor said that the college contracts with Tribal for the provision of off-site back-up systems. Mr Cheetham recommended that the report made to the college by Tribal on the resilience of those systems should be brought to the Audit Committee as a source of assurance with regard to mitigating the IT systems risk. **ACTION: Mr Taylor for next meeting.**

The committee agreed with Mr Cheetham that a draft Internal Audit Strategy Plan for 2018 – 19 should be scoped by RSM for consideration at the next meeting on 8<sup>th</sup> May 2018 to include key financial controls; personnel and payroll (Mr Cheetham would arrange for the HT team at RSM to discuss with Mr Taylor the range of audits available) and general business continuity / disaster recovery.

**ACTION: Mr Cheetham / Mr Lo**

The committee also recommended a review of the marketing and student recruitment area in response to its elevation on the risk register to explore what more could be done to attract applications from prospective students rather than to test procedures. It was accepted that engagement with a marketing specialist / advisor would be the most effective method. College managers would use their networks to identify potential experts to undertake this work.

Mr Taylor said that resources available for audit would need to be allocated to include the costs of an expert marketing review. He proposed that the scope of that exercise should be considered at the May meeting alongside the IAS strategy.

**ACTION: For meeting on 8<sup>th</sup> May 2018.**

**Mr Cheetham left the meeting at 6.35pm**

13. **Auditors Performance Reviews:**

- 13.1. **Review of the performance of Buzzacott LLP, Financial statements auditors and setting of PI's for year end 2018:** A questionnaire was completed in discussion with college managers present using agreed performance indicators which confirmed a unanimous view of complete satisfaction.

**A proposal would be made to the full Governing Body recommending continued appointment of Buzzacott LLP as Financial Statements and Regularity Auditors. Mrs Lewis to notify Mrs Biscoe with a copy of the completed assessment and outcome following the meeting of the full Board on 21<sup>st</sup> March 2018.**

**13.2. Review of the performance of RSM, Internal Audit Service and setting of PI's for 2018 – 19:** A questionnaire was completed in discussion with college managers present using agreed performance indicators which confirmed a unanimous view of complete satisfaction.

**A proposal would be made to the full Governing Body recommending continued appointment of RSM Risk Assurance Services LLP as the Internal Audit Service (Internal Auditors). Mrs Lewis to notify Mr Cheetham with a copy of the completed assessment and outcome following the meeting of the full Board on 21<sup>st</sup> March 2018.**

**14. Committee membership and effectiveness:** The committee has members with appropriate skills and expertise. The meeting had made robust challenge to management and auditors.

**15. Any other business:**

Mr Taylor alerted the committee to the possibility that the GDPR audit in late May might have some ramifications that would need to be incorporated in the internal audit plan. Because of the timing of the next meeting in relation to the audit, it was decided that the audit plan would be designed to allow some contingency to be adjusted to address any knock-on effect of the GDPR audit without increasing the cost resource.

**16. Date of next meeting:** Tuesday 8<sup>th</sup> May 2018

**Meeting ended at 6.45pm**

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

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