

Tuesday 5th March 2019
5.30pm

MINUTES

PRESENT:

Mr N Sheta, Foundation Governor, Chair of Committee
Mr S Ebele, Foundation Governor
Mrs B Meier, Foundation Governor
Mr R Vianello, Foundation Governor, Vice-Chair of Committee (from 6.10pm)

IN ATTENDANCE:

Mr M Cheetham, Partner RSM Risk Assurance Services LLP (Head of IAS)
Mrs S Flannery, Principal (from 6.04pm)
Mr A Taylor, Strategic Director, Financial and Physical Resources
Mrs M Searle, Head of Finance
Mrs E Lewis, Clerk to the Governors

Mr Sheta opened the meeting at 5.30pm. It was quorate throughout.

1. **Opening Prayer:** Offered by Mr Sheta
2. **Welcome:** Mrs B Meier, foundation governor, was welcomed as a new member of the committee
3. **Apologies:** Mr Vianello and Mrs Flannery for late arrival
4. **Committee confidential time with Auditor:** it was agreed that this was not required
5. **Declarations of interest:** there were none
6. **Minutes of meeting held on 22nd November 2018:** Agreed to be a true and accurate records were duly signed by Mr Sheta.
7. **Matters arising, other than agenda items:** there were none.
8. **Action points from previous meetings:**
 - 8.1. Annual report of the Audit Committee for 2018 – 19 had been agreed, signed and presented to the full Governing Body on 6th December 2018 and a copy submitted to the ESFA.
9. **Internal Audit Service:**
 - 9.1. **Report of the IAS assignments visit in January 2019:** Mr Cheetham introduced the report of the Internal Audit Assignment 1.18/19 dated 5th February 2019 which had been included in the papers for the meeting. The committee also received an additional paper "Progress Report March 2019" which informed a change to the agreed auditable area "HR – Review of College Handbook and policies and procedures".
Mr Cheetham confirmed there were no recommendations or issues arising from the "agreed upon procedures" audit visit which had reviewed Key Financial Controls. The scope of the assignment had been fulfilled.

The committee discussed the change to the audit plan set out in the “Progress Report March 2019” noting that the initial high level review carried out by RSM’s outsourced HR team would be followed up with development support in the summer term after a substantial review and refocus on relevant policies and content by college management. Mr Cheetham volunteered to consult the SFCA about some of the national HR policies. Mr Ebele asked whether the delayed audit was anything to be concerned about and was assured that the high level review had shown that the handbook contained much that was above and beyond requirement and was in need of stripping back. Mr Taylor concurred that it was timely to have a review of, for example, redundancy procedures.

9.2. Insolvency Regime: At the previous meeting the committee had discussed the RSM “Emerging Issues” publication regarding the insolvency regime which had since become enacted and was now in force. The committee had expressed interest in knowing whether audit plans should be adjusted in response to the regime and what changes were recommended to working practices. Mr Cheetham said that governors remained bound by charity trustee legislation and those that continued to follow good practice, behaving responsibly and reasonably within the law, the insolvency regime would not introduce any new requirements on them. Its primary purpose was to protect the continuation of education for students. Mr Sheta noted from the summary of key points in the DfE guidance that it was essential that all governors have an awareness of the financial position of their colleges. He verified that the monthly commentary and monthly accounts are circulated to all governors and confirmed that new governors were inducted in college finance procedures. Mr Cheetham commented that governors had always had a collective responsibility for financial solvency and that the regime was a reminder to governors to be questioning of management regarding the management of finances.

10. Internal Audit Action Report: The college report had been included in the papers for the meeting. Mrs Searle introduced the summary noting that there were no actions arising from the January 2019 audit and that all other points from previous audits had been cleared. Noted was the expected return to review HR policies and the handbook.

11. Risk Management:

11.1. Mr Taylor introduced the full risk register and action plan which had been included in the papers for the meeting, updated for spring term 2019 as at February 2019. He confirmed that the order of risks was unchanged in its ranking from the previous register.

11.2. Key active internal controls risks & emerging risks: Mr Taylor gave a verbal report against the top ten risks on the register:

11.2.1. Funding:

The impact on ESFA funding income caused by under-recruitment of students for the second year in a row was highlighted. The shortfall for the current year was 86 against target compounded by an over recruitment of over 18 year olds. The resulting loss of income of -£491k on the register had been confirmed for 2019 / 20 putting increased pressure on the budget. The financial plan had been re-written changing the key assumptions and updating strategies for cost savings including reduction in staff numbers through the ongoing redundancy programme. There was no commitment by the government to increasing the funding rate per student.

11.2.2. Student Recruitment / Competition:

Acknowledged to be the main factor in the loss of ESFA funding income. The committee discussed influences, impact and reasons for under-recruitment of students. The college had invested in the support of two specialist companies one to direct digital and social media campaigns and the other to provide an expert marketing manager. An increase in the level of interest and a slight increase in applications was reported.

Mr Taylor emphasised that the enrolment target of 1211 would have to be achieved or exceeded alongside the ongoing redundancy programme as they were both critical factors in the updated financial action plan.

Mr Sheta asked how the redundancy programme was progressing. Mr Taylor advised the committee on the number and value of saving achieved so far.

Mr Ebele reviewed other levers available to save costs and it was concluded that downsizing the staffing compliment would have the biggest impact.

The committee discussed projections of and potential change in financial health grades and Mrs Searle explained the impact of the three ratios used.

Competition: The market for 16 – 19 year old students remained highly competitive. It was hoped that re-focused marketing strategies would start to counter that. Mr Taylor reminded the committee that schools were the main competitor. New students are drawn from 150 – 180 schools across a number of London Boroughs

11.2.3. Quality: Remained at number three and was monitored by the Curriculum Standards and Quality (CSQ) Committee at termly meetings. Recent good results, good inspection outcome and improved value added scores did not remove the necessity for ongoing scrutiny in this area. The emerging challenge from the roll out of T Levels was discussed.

[Mrs Flannery joined the meeting at 6.04pm]

11.2.4. HR: Staff Recruitment & Retention; Employer Relations: Mr Taylor referred to the work underway to review policies and procedures. He advised that a settlement on pay for teachers was yet to be reached. The impact of liability for increased pension costs for the college which could potentially wipe out any positive uplift in the funding rate was explained and set in the context of support being provided to other sixth form institutions with the exclusion of Sixth Form Colleges. Mr Taylor advised how the SCIF¹ project would provide teachers with additional support.

Mrs Meier asked what impact the redundancy plan had on staff morale. Mrs Flannery said that for some it diminished security and for others was a trigger to move on. She observed that there was a 20% salary differential in favour of teachers in schools.

11.2.5. Reputation: The committee reflected on the current focus on knife crime in London and other inner city colleges and reviewed the daily utilisation of a knife-arch. Students entering college were being selected randomly to pass through the arch and be searched. Governors asked how students reacted to this and heard that they co-operative and recognised it was for their own safety.

11.2.6. Catholic Ethos: It was noted that number of Catholic students was static. Mrs Flannery said that recruitment of a new Lay Chaplain was underway. She

¹ Strategic College Improvement Fund

reported a successful interim visit by the Diocese which had inspected the NOCN R&P programme.

- 11.2.7. **Non-core Activity:** Mr Taylor said that a positive, full report had been made to the F&R Committee the previous week. He highlighted the opening of the new MUGA pitch which had become fully operational earlier than expected in January 2019 and already had a strong customer base. A cost benefit analysis had been compiled and the pitch was expected to earn £30k this year.

[Mr Vianello joined the meeting at 6.10pm]

Mr Taylor reported the planned closure of Community Education at the end of the summer term as a full cost recovery, college-managed, tutor-salaried programme. Tutors would be able to continue their classes in the college by renting rooms / space as customers of the lettings operation.

- 11.2.8. **Health and Safety:** A major review had been undertaken by the new insurance company which confirmed that all areas considered to be a risk for the insurers had been assessed. The outcome had been a clean bill of health.
Mr Ebele confirmed with Mr Taylor that Health and Safety procedures applied to the letting of sports facilities.
A CIF bid had been submitted to the ESFA for improvements to the toilet and ventilation systems. The outcome was expected at the end of March.
- 11.2.9. **MIS / IT:** Mr Taylor reported upgrade work to the WiFi infrastructure necessary to support the gradual roll out of the Apple iPad programme, part of the digital learning strategy.

Mr Cheetham suggested that a check be made on whether the college has any data **stored or held** in the EU. He advised that in the event of a “no deal” Brexit there could be difficulty transferring that data. **ACTION: Mr Taylor to check**

- 11.2.10. **Estates and Plant:** Insurance for the estate had undergone robust a systematic review by the insurance company. Mr Taylor updated the committee on the build of a single storey art block. Planning permission had been granted with attendant conditions relating to the ancient oak tree. Tenders for the work would be invited and further assessment of affordability would take place.

12. **Board assurance framework:** The design and effectiveness of the current version of the BAF was reviewed and agreed to be in an appropriate format. **ACTION: Clerk to update mapped against the risk register for the next meeting.**
13. **Internal Audit for 19 – 20:** Mr Taylor introduced the initial planning document which had been included in the papers for the meeting. He explained how it linked back to the risk register with the grid showing the Internal Audit Strategies since 2014 / 15. Suggested priorities for 2019 / 20 were rated against ranking in the current risk register.
Mr Taylor debated the rationale for the areas proposed for review in a 9½ day² plan for 2019 / 20 with the committee.

It was agreed that Mr Cheetham would direct Mr Lo to provide the scope for an audit of Learner Number Systems & Bursary; Curriculum planning and study programmes and potentially a compliance review of safeguarding. **ACTION: Scope to be reviewed at next meeting.**

² Including 2½ days of management time

[Mr Cheetham left the meeting at 6.37pm.]

14. Auditors Performance Reviews:

14.1. Review of the performance of Buzzacott, Financial statements auditors and setting of PI's for year end 2019 In consultation with the college management team, the committee completed the performance indicators questionnaire which had been included in the papers for the meeting. The review concluded complete satisfaction. **The committee would recommend continued appointment of Buzzacott to the full Governing Body at its meeting on 19th March 2019.**

14.2. Review of the performance of RSM, Internal Audit Service and setting of PI's for 2019 - 20 In consultation with the college management team, the committee completed the performance indicators questionnaire which had been included in the papers for the meeting. The review concluded complete satisfaction. **The committee would recommend continued appointment of RSM to the full Governing Body at its meeting on 19th March 2019.**

Mr Ebele enquired how frequently the engagement of auditors should be reviewed. The process was discussed in the context of choice, objectivity, expertise and value for money. It was agreed that the two audit firms provided a high level of expertise and understanding of the sector and were competitive in the market.

15. Committee membership and effectiveness. It was agreed that this had been demonstrated in the course of the meeting.

16. Any other business: It was agreed that a routine review due in March 2019 of two policies "Anti fraud, corruption, bribery, malpractice" and "Confidential Reporting" would be undertaken by the committee via email in time for presentation to the full Governing Body for approval on 19th March 2019. Draft updates were tabled along with Annex D (Anti-fraud checklist) of the Post 16 Audit Code of Practice issued February 2019 and would also be circulated by email for review and response before Friday 15th March 2019.

17. Date of next meeting: Tuesday 7th May 2019

The meeting closed at 6.55pm

SIGNED _____

DATE _____

Distribution:

Mr N Sheta
Mrs M Searle

Mr R Vianello
Clerk

Mr S Ebele
IAS: Mr M Cheetham

Mrs B Meier
Mr A Taylor

Mrs S Flannery