Saint Francis Xavier
CATHOLIC SIXTH FORM COLLEGE

GOVERNORS AUDIT COMMITTEE

Tuesday 16th November 2021
5pm
Held remotely via ZOOM video conferencing

DRAFT MINUTES

PRESENT:
Mr R Vianello, Foundation Governor, Chair of Committee (from 5.32pm)
Mr D Navarro, Foundation Governor
Mr S Ebele, Foundation Governor, Vice Chair of Committee

IN ATTENDANCE:
Mr G Thompson, Principal (at request of committee)
Mrs M Searle, Director of Finance & Resources (at request of committee)
Ms Lorna Raynes, Audit Manager, RSM Risk Assurance LLP
Mrs E Lewis, Clerk to the Governors

The meeting was opened at 5pm by Mr Ebele, Vice Chair. It was quorate throughout and all participants could see and / or hear one another throughout.

1. **Opening Prayer:** offered by Mr Thompson
2. **Apologies:** Had been received from Mrs B Meier for absence and from Mr R Vianello for late arrival.
3. **Declarations of Interest:** there were none.
4. **Committee time with Auditors if required:** It was noted that the External Auditors would attend the meeting of the Governing Body immediately after this meeting. The committee agreed that no "in camera time" was necessary with internal or external auditors.
5. **Minutes of meetings held on 4th May 2021**: Previously circulated on 13th May 2021 and reported to the full Board, 6th July 2021 and included in the papers for this meeting were agreed to be a true and accurate record to be signed in due course**.**
6. **Action Points from previous meeting:**
   - 6.1. **Letter of Engagement for Buzzacott:** It was noted that a revised letter of engagement had been supplied by Buzzacott and included in the papers for this meeting.
   - 6.2. **Streamlining of Board Assurance Framework (BAF):** Mr Thompson explained that work was in progress. The first step had been to overhaul and streamline the risk register which would be reviewed later in the meeting. The impact on the BAF, mapped to the Risk Register, would be incorporated in the next update at the spring and summer term meetings.
   - 6.3. **Tender plan for external audit:** Mrs Searle discussed the process of re-tendering for external auditors due before planning for the financial statements and regularity audits commenced in the summer term, 2022. She discussed two options for the tendering process that would accord with the college Financial Regulations, either via the CPC (Crescent Purchasing Consortium) full detailed tender process or a "mini tender" route which would start with inviting expressions of interest from a short list

of firms that the CPC and sector would expect to be willing to provide the external audit service. The committee noted that the market was limited and that the CPC had advised that there was a shortage of audit firms willing to tender for such contracts. Mrs Searle named a list of potential firms and described the response to previous tenders and market testing / price comparison exercises. She said local partners in the sector mostly contracted with Buzzacott, Mazars, RSM or Macintyre Hudson.
Mrs Lewis and Mr Thompson explained that the requirement to re-tender had been formalised by a new requirement in the post-16 Audit Code of Practice (ACoP) 2020 – 2021 that audit committees ensure there is a policy in place for regular (at least every five years) retendering of the external audit service which would take into consideration the quality of the audit service required as well as the price. There was no requirement to appoint different auditors to the incumbent firm as a result. Mr Navarro asked whether there a prescribed format for re-tendering was required and it was confirmed that there was not.
Mr Ebele invited Mrs Searle to give her view of external auditors the college had previously worked with prior to the appointment of Buzzacott in 2004. She said that the service provided by McIntyre Hudson had been without issues but emphasised that personnel could make a significant difference.

Mrs Searle confirmed that a mini-tender process would comply with the college financial regulations policy to re-tender and would include some benchmarking against other colleges.

The committee concluded that a mini-tender process based on a short-list of targeted firms would be proportionate.

ACTION: Mrs Searle to collate a short list for circulation to the committee of audit firms who could be invited to express an interest and proceed from there by sharing information between now and the next meeting.

6.4. **Review of Effectiveness:** A summary report included in the papers for the meeting was reviewed by Mrs Lewis. It was noted that the committee was strongly in agreement that its members had an appropriately full range of knowledge and expertise to exercise its duties and good stewardship, with a good understanding of the role of audit and auditors, risk management and fraud awareness. A range of training had been undertaken and the bespoke fraud awareness session had been valued. The review would be reflected in the annual report of the committee to the governing body.

7. **Matters Arising, not covered by agenda items:**

7.1. **Attendance of External Auditors at Full GB meeting:** This requirement of the 2021 – 2022 Post-16 ACoP would be met by the extraordinary meeting of the Governing Body being held in place of the traditional joint session between the Audit and the Finance & Resources Committees immediately following this meeting.

7.2. **Assurance of grant funds earned by college:** Mrs Searle confirmed that Buzzacott auditors had conferred with RSM about the extent of reliance on their internal audit work to establish assurance over the grant funding earned by the college. Some additional work based on the ILR had been necessary to meet the new requirements.

8. **Regularity Audit Self-Assessment 2020 - 2021:** The committee received formally the final version of the completed questionnaire as submitted to the auditors to support their regularity audit. This version had been approved following consultation with Audit

committee members by email, 28th September 2021 and had been signed subsequently by Mr Sheta and Mr Thompson.

9. **Internal Audit Service: RSM Risk Assurance Services LLP:**

9.1. **Internal Audit Strategy / Plan for 2021 – 2022**: The plan which had been included in the papers for the meeting. It set out the rationale / high level scope and field work of the proposed assignments, days required to complete the audit work and proposed timing along with the objectives and risks relevant to the scope of the reviews. Ms Raynes introduced the plan as an update since the previous meeting following discussion between Mrs Searle and Mr Cheetham and outlined the two areas to be reviewed: "Secure Remote Working, Information Security and Operational Resilience" focusing on the IT infrastructure and "Learner Number Systems" reviewing learner number data against ESFA methodology which would support the next end of year audit.

Mrs Searle asked why the time allocated to the LNS review visit had increased from 3.5 to 4 days. Ms Raynes was not aware of any reason for the increase and would check.
ACTION: Ms Raynes to review and confirm.

Mrs Searle reminded the committee that the extra grant funding assurance work now required by the ACoP on the ILR (Individualised Learner Record) annually would increase costs going forward and had exceeded budget for this year, even though the college funding stream is quite straightforward.
Mr Ebele asked whether the ESFA funding audit (in November 2020) would dovetail with, or give any assurance, in regard to learner number data. Mr Thompson advised that it had scrutinised 2019 – 2020 so was already historic and, due to the random selection nature of it, he would not expect another one in the near future. The previous audit had been in 2012. Mr Thompson said this underlined the importance of taking assurance from the internal audit service review of the ILR.

It was noted that the timing of the assignments had shifted from January / February to April. Ms Raynes explained this was due to the availability of specialist IT reviewers. She would liaise with Mrs Searle regarding exact dates taking into account the college Easter break and reporting to the Audit Committee on 17th May 2022. The daily fee rate for the plan was noted to have increased by 3% to £645.

The agreed upon procedures plan for 2021 – 2022 was accepted subject to finalisation of the total number of days (14½ or 15) and would be recommended to the Governing Body for approval on 9th December 2021.

9.2. **Annual Summary of Assignments for 2020 – 2021**: Ms Raynes introduced the report, included in the papers for the meeting, which confirmed no findings had arisen from the internal audit work delivered in the year on Key Financial Controls and Safeguarding. The committee received the summary with thanks to all concerned in securing a clean report.

10. **Internal Audit: College Action Report:** Mrs Searle introduced the internal tracking report, included in the papers for the meeting, which showed progress against four actions arising from the funding assurance review by KPMG, two of which had been completed and the remaining two were due for completion in December 2021.

11. **Risk Management:**

11.1. **Risk Register and Policy, Autumn Term 2021:** had been included in the papers for the meeting. Mr Thompson explained that the register had been overhauled and tidied up. The fifteen risk areas had been merged, condensed and reduced to a register of ten. Covid-19 and fraud had been integrated throughout. Consequently, the ranking had been revised without change to the top two risks (Student Recruitment & Competition and Funding & Finance). The updated ranking was noted from the start of the register document.

11.2. **Principal's report on key active risks and emerging risks:** Mr Thompson gave a brief outline, section by section in ranked order:

11.2.1. **Student Recruitment and Competition:** remains the top risk to the college. College is looking to grow and the emerging risk is realising the growth being planned and the assumptions in the budgets are based on. Competition is ever present and Mr Thompson noted the opening of the Harris Clapham Sixth Form College without any significant impact on recruitment this year.

[Mr Vianello arrived during this item at 5.32pm and took the Chair]

11.2.2. **Funding & Finance:** Mr Thompson emphasised how this is intertwined with the ambition for growth in student numbers. He described the risk associated with the delayed, but impending, defunding of applied general qualifications ("BTEC"), lobbying against that would continue. The impact on the staffing budget of increased NI contributions was highlighted. He commented that it was good to have the assurance that the college is compliant, with clean audits, regarding the use of funds. It was noted that fraud had been incorporated.

11.2.3. **Safeguarding & Wellbeing:** Mr Thompson explained that the discrete risk area of Covid-19 has been embedded where appropriate throughout. He confirmed that the college is putting extensive mitigation in place for the physical and mental wellbeing of staff and students. He referenced the key document Keeping Children Safe in Education and the requirement for all staff to confirm they have read and understand it.

11.2.4. **Quality:** Mr Thompson advised that the impact of Covid-19 on quality had now been embedded throughout this section. He referred to the potential risk of a dip in the quality of raw outcomes and value-added scores that a return to public exams in summer 2022 might bring, when measured against the strong Teacher Assessed Grades of 2021 and how this would be mitigated as far as possible. Mr Thompson said it was important to make sure that the college was fully prepared and that due diligence had been followed in readiness for the launch of T-levels in 2022 along with completion of the new build. Strategies were in place to ensure that students did not lose out on quality learning should there be further interruptions due to Covid-19.

11.2.5. **Catholic Ethos:**

5. Catholic Ethos. Mr Thompson noted a decline in the number of Catholic students and outlined the reasons for it and mitigating strategies in place to protect the Catholic identity of the college. He explained that the potential push for expansion of Academisation by the Diocese was included as an emerging risk.

11.2.6. **Reputation:** Mr Thompson said there were not major changes since previous editions and noted the emerging risk could be the element of impact on quality from the return to public exams next summer.

11.2.7. **MIS / IT Infrastructure:** The growing reliance on the infrastructure for remote / home working and the increased risk from cyber-attack were noted on the register. Mr Thompson confirmed that the mitigating protection provided through the *Cyber Essentials* accreditation would be kept up to date.

11.2.8. **HR: Staff Recruitment & Retention, Employer Relations**: Mr Thompson said that this was similar to previous reports. The increase in NI contributions would

have an impact on the staffing budget and may lead to further cuts to keep that under control. The emerging risk that new recruits into the teaching profession might be deterred by rising inflation.

11.2.9. **Estates and Health & Safety Compliance**: This section was a merging of two former separate risks, Estates and Health and Safety Compliance. Mr Thompson confirmed that a replacement Health and Safety Officer had been recruited.

11.2.10. **Leadership and Governance**: The key risks were much as before with the inclusion of decision making in academisation which would have significant impact on the way the college operates.

It was noted that the register had been contemporised with the removal of a lot of historic content. Mrs Lewis reminded the committee that the highlighted changes and strike-throughs had been removed from this edition. Mr Vianello and Mr Ebele confirmed that they found the highlighting drew the eye to the movements. Mr Thompson suggested that a tabulated summary of changes at the top of the document, which was to be re-introduced in the next update, would avoid the need for highlighting within the text of each section. It was agreed to keep this under review and that highlighting updates along with the summary of changes, without striking through text being removed, would make tracking clearer. Previous editions were available on the ShareFile portal.

The updated template would be used to revamp the BAF. The committee accepted the revised ranking order.

Mr Vianello recapped the HR risk area of recruitment and retention. Mr Thompson said that retention was good and that recruitment to recent senior posts had been successful. Mr Vianello commented that the labour market was quite tight particularly recruiting in London due to the cost of living. Mr Thompson explained a new strategy which had been successfully implemented using the Gold Level Service with the TES. A significant impact on the quality and number of applicants had been seen, endorsing the increased cost of the service.

12. **Board Assurance Framework:** The committee confirmed that the framework included in the papers for the meeting, reviewed in Summer 2021 and approved by the Governing Body provided assurance, in conjunction with the IAS assignments, for end of year financial statements 2020 – 2021.

13. **Audit Committee Annual Report to Governors for 2020 – 2021:** The draft report would be circulated to audit committee members outside of the meeting for their review and agreement. Mrs Lewis reminded the committee that the report would be filed with the ESFA along with the annual report and financial statements.
ACTION: A deadline for feedback on the report was set for Thursday 23rd November 2021.

14. **Refreshed Letter of Engagement with Buzzacott:** The letter had been included in the papers for the meeting. Mrs Lewis confirmed that the letter incorporated a change required by Annex A of the 2021 – 2022 ACoP. The letter would be presented by Mrs Biscoe during the meeting of the Governing Body to follow this meeting.

15. **Any other business:** The next meeting of the committee was confirmed to be scheduled for Tuesday 1st March 2022.

The meeting closed at 5.54pm.