



Audit and Risk Management Committee of the Board of Governors of the Guildhall School of Music & Drama

Date: WEDNESDAY, 14 NOVEMBER 2018

Time: 10.30 am

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members: Marianne Fredericks (Chairman)
Graham Packham (Deputy Chairman)
Randall Anderson
John Chapman
Christina Coker O.B.E.
Neil Constable

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Lunch will be served in the Guildhall Club at 1pm

N.B. Part of this meeting may be subject to audio-visual recording

**John Barradell
Town Clerk and Chief Executive**

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **PUBLIC MINUTES**
To agree the public minutes and summary of the meeting held on 9 October 2018.

For Decision
(Pages 1 - 4)
4. **OUTSTANDING ACTIONS**
Report of the Town Clerk.

For Information
(Pages 5 - 6)
5. **INTERNAL AUDIT UPDATE AND ANNUAL REPORT**
Report of the Head of Audit and Risk Management.

For Information
(Pages 7 - 26)
6. **SCHEDULE FOR RISK DEEP DIVE REVIEW**
Report of the Acting Head of Finance and Business Administration.

For Decision
(Pages 27 - 28)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

Part 2 - Non Public Agenda

10. **NON PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 9 October 2018.

For Decision
(Pages 29 - 32)
11. **RISK REGISTER**
Report of the Principal.

For Information
(Pages 33 - 64)
12. **DATA FUTURES**
Report of the Principal.

For Information
(Pages 65 - 68)
13. **BREXIT MITIGATION STRATEGY - MUSIC DEPARTMENT**
Report of the Vice Principal and Director of Music.

For Information
(Pages 69 - 82)
14. **AUDIT AND RISK MANAGEMENT COMMITTEE ANNUAL REPORT**
Report of the Chairman.

For Decision
(Pages 83 - 94)
15. **ANNUAL ACCOUNTABILITY RETURN**
Report of the Acting Head of Finance and Business Administration.

For Information
(Pages 95 - 100)
16. **ACCOUNTS DIRECTION**
Report of the Principal.

For Information
(Pages 101 - 124)
17. **AUDITED FINANCIAL STATEMENTS**
Report of the Chief Operating and Financial Officer.

For Decision
(Pages 125 - 146)

18. **FINANCIAL COMMENTARY**
Report of the Acting Head of Finance and Business Administration.

For Information
(Pages 147 - 150)
19. **FINANCE REVIEW**
Report of the Principal. TO FOLLOW

For Information
20. **SCHOOL BUDGET REPORT 2019/2020**
Report of the Principal.

For Decision
(Pages 151 - 158)
21. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE
AUDIT & RISK MANAGEMENT COMMITTEE**
22. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND
WHICH THE SUB COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE
PUBLIC ARE EXCLUDED**

AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF GOVERNORS OF THE GUILDHALL SCHOOL OF MUSIC & DRAMA

Tuesday, 9 October 2018

Minutes of the meeting of the Audit and Risk Management Committee of the Board of Governors of the Guildhall School of Music & Drama held at Committee Room 4 - Committee Rooms on Tuesday, 9 October 2018 at 11.30 am

Present

Members:

Marianne Fredericks (Chairman)
Randall Anderson

John Chapman

Officers:

Jeremy Newton	- Guildhall School of Music and Drama
Martin Newton	- Town Clerk's Department
Cirla Peall	- Chamberlain's Department
Jonathon Poynor	- Barbican Centre
Aoife Shanley	- Guildhall School of Music and Drama
Pat Stothard	- Head of Internal Audit and Risk Management
Dominic Smith	- Guildhall School of Music and Drama
Sarah Wall	- Chamberlain's Department

1. 'IN CAMERA' SESSION

The first part of proceedings was the usual 'in camera' session attended by the Sub Committee members, internal audit officers and the Town Clerk's representative only.

2. APOLOGIES

Apologies were received from the Deputy Chairman, Christina Coker, Neil Constable and Lynne Williams.

3. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations of interest.

4. PUBLIC MINUTES

RESOLVED – That the public minutes of the meeting held on 6 July 2018 be approved.

5. OUTSTANDING ACTIONS

The Sub Committee had before them the report by the Town Clerk on outstanding actions.

The following matters were raised:-

- On item 6, Members noted that the School would have to comply with and complete the required HESA data futures information. It was envisaged that the processes for this task would be a significant demand on resources and would commence around October 2019, with student and finance data to be provided twice yearly and staffing data once yearly. The matter would be discussed at the School's next Senior Management Team meeting on 25 October.

The Chairman said that a plan would be formulated to consider when particular data would be forwarded to Governors as part of the process and that this plan may come to the Sub Committee in January 2019. A Governor commented that resources for the transition would probably need to be considerable, although this would reduce in future if the transition was handled correctly. It was noted that the new Head of Business Systems and Data would shortly take up post with a brief to oversee the implementation.

- With regard to the MoU on GYA, it was reported that this had been signed at the end of last term for the period ending 2020. The MoU would be part of the Sub Committee's agenda for the next meeting.

RECEIVED.

6. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW-UP**

Members considered the report by the Head of Audit and Risk Management on internal audit recommendations follow-up.

The following matters were raised:-

- On the Baxter Storey contract it was noted that the health and safety audit would take place in the Autumn term (done by ESB), that proof of monthly review was not able to be supplied until later and that a revised target timescale was set for demonstration of implementation.
- Noted that the expected report back on Succession Planning / Workforce Plan would now be made to the Sub Committee in January 2019.
- The draft and action plan for Satellite Sites had now been completed.
- On Sundial Court - Accommodation Strategy it was noted a paper would be submitted to the November Board.
- It was noted that revised target dates for Returns Management and Subsidy and Profit Share Arrangements would be October 2018.
- In response to a question from Governors it was confirmed that the target dates are set by the School in its management response and officers were asked to set realistic target dates that could be achieved.

RECEIVED.

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE**
There were no questions.
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There were no urgent items.
9. **EXCLUSION OF THE PUBLIC**
RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the remaining items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act.
10. **NON PUBLIC MINUTES**
RESOLVED – That the non public minutes of the meeting held on 6 July 2018 be approved.
11. **DISASTER RECOVERY UPDATE**
The Sub Committee had before them the report by the Head of IT updating it on disaster recovery.
12. **RISK REGISTER**
The Sub Committee considered the report by the Principal on the risk register.
13. **HEALTH AND SAFETY RISK REVIEW**
The Sub Committee had before it the report by the Director of Operations and Buildings on the health and safety risk review.
14. **RESEARCH OUTPUTS**
The Sub Committee considered the report by the Head of Knowledge Exchange and Senior Research Manager on research outputs.
15. **CATERING AUDIT UPDATE**
The Acting Head of Finance and Business Administration reported on the catering audit update.
16. **CATERING CONTRACT UPDATE**
The Sub Committee considered the report by the Acting Head of Finance and Business Administration on the catering contract update.
17. **SCHOOL WAIVERS UPDATE**
Governors had before them the report by the Acting Head of Finance and Business Administration updating them on School waivers.
18. **MOU ON GYA**
The Sub Committee noted that the oral update on this item had been provided as part of item 4.

19. **NON PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE**

There were no questions.

20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were no urgent items.

The meeting ended at 1.10 pm

Chairman

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Audit and Risk Management Committee of the Board of Governors of the Guildhall School of Music and Drama

Outstanding Actions Log

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	21/07/17	<u>Development of IT Pedagogy fails to keep pace with competition</u> The Chairman noted that any risk associated with this area was now extremely low. She suggested that the Principal might wish to keep this under review, given that digital development forms part of the new Strategic Plan.	Principal		Report proposed to November 2018 meeting.
2.	09/10/18	<u>Risk Register</u> Poor profile in league tables, data futures, succession planning / workforce plan and safeguarding			Report back to the Committee in January 2019.
3.	09/10/18	<u>Catering Contract</u>			Confirmation of numbers of students, allergies and holders of EPI pens.

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Committee:	Date:
Audit and Risk Management Committee of the Guildhall School of Music and Drama	14 November 2018
Board of Governors of the Guildhall School of Music and Drama	19 November 2018
Subject:	Public
Internal Audit Annual Report and Opinion	
Report of:	For Information
Head of Audit and Risk Management	
Summary	
<p>This report has been prepared in accordance with the Audit Code of Practice, part of the Office for Students terms and conditions of funding higher education institutions. It provides your committee with details of the Internal Audit work undertaken at the Guildhall School of Music and Drama ('the School') during the academic year ended 31st July 2018 with the intention of providing you with an annual audit opinion. Appendix 1 provides a summary of audit outcomes which have informed this report. Appendix 2 provides the detail of audits finalised since the July 2018 meeting of this Committee.</p> <p>The Head of Audit and Risk Management has provided a Moderate Assurance opinion that, based on the audit work undertaken during 2017-18, the School's systems of risk management, control and governance, and economy, effectiveness and efficiency are generally robust and can be reasonably relied upon to ensure that objectives are achieved, given the work undertaken during 2017-18 and the outstanding recommendations requiring implementation.</p> <p>There was some delay in agreement of planned audit work for 2018-19 to enable the School's Principal and the Senior Leadership Team to hold an in-house session focused on identifying potential audit coverage linked to the School's Strategic Plan. Delivery of the 2018-19 audit plan is now underway and there is a strong focus on completion by 31st July 2019. At the time of preparing this report no significant issues have been identified in respect of 2018-19 audits which adversely affect the Head of Audit and Risk Management's opinion.</p> <p>Internal Audit follow-up work in respect of high priority recommendations during 2017-18 and 2018-19 to date has identified slippage in the implementation of several high priority recommendations, resulting in revised target deadlines being set. There has been a reduction in agreed live high priority recommendations from thirteen (two red, eleven amber) reported to the July 2018 meeting of this Committee, to eleven (two red, nine amber) as at mid-September 2018; Appendix 3 sets out the current position. Appendix 4 details a further live high priority recommendation where the risk has been accepted by the School.</p>	
Recommendation	

- **Members are asked to note the Head of Audit Opinion, the work that Internal Audit have undertaken, the live high priority recommendations position and offer any observations.**

Main Report

Background

1. Internal Audit plays a role in providing the required assurance on internal controls through delivery of its risk-focused audit plan which forms part of a three-year strategy. This is reinforced by consultation with the School's Audit and Risk Management Committee, the Principal and members of the School's management team on perceived risk, any areas of concern and a follow-up audit regime which focuses on any high priority (red and amber) recommendations.
2. The Internal Audit Section operates in accordance with the Public Sector Internal Audit Standards. The Internal Audit Charter reflects that the work of Internal Audit covers the entire control environment of the City of London Corporation, of which the Guildhall School of Music and Drama is an institutional department. The scope of work encompasses risk management, control and governance with due regard for aspects of Value for Money i.e. economy, efficiency and effectiveness.
3. The Committee receives a report on an annual basis from the Head of Audit and Risk Management on the extent that the School can rely on its systems of internal control and to provide reasonable assurance that the School's objectives will be achieved efficiently. Annually the Committee considers the audit plan for the following year and the three-year audit strategy, focusing on coverage of the School's key operations. Additionally, regular Internal Audit Update Reports are received by this Committee containing agreed terms of reference for individual assignments, a summary of outcomes for finalised audits, and high priority recommendation status updates.
4. The School's main accounting and payroll systems are provided by the City of London Corporation. These systems are subject to periodic review by the Internal Audit Section and at the time of audit were considered by both Internal Audit and the City's external auditors to provide a high level of internal control.
5. This report includes a summary of audit findings for reviews undertaken during the financial year to 31st July 2018, including 'corporate' (City of London Corporation) audits which provide assurance over central systems / processes which are relevant to the School. No issues have arisen specifically in respect of the School from corporate audits.

Current Position

Internal Audit Plan and Annual Opinion 2017-18

6. A schedule of Internal Audit work informing the Head of Internal Audit and Risk Management's opinion can be found in Appendix 1. Outcomes have previously been reported to this Committee in respect of these audits with the exception of four corporate audits: GDPR Gap Analysis, Waivers, Member and Officer Declarations of Interest, and Procurement Consultation with Stakeholders. Summary audit outcome information in respect of these areas is contained in Appendix 2.

Risk Management Activities

7. The corporate Risk Management Strategy aligns with the key principles of ISO 31000: Risk Management Principles and Guidelines, and BS 31100: Risk Management Code of Practice, and defines clearly the roles and responsibilities of officers, senior management and Members. The Strategy emphasises risk management as a key element within the City's systems of corporate governance and establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level.
8. The Risk Management Group, consisting of senior managers representing all departments, including the Guildhall School of Music and Drama, meets twice annually. The group is a considerable driver in promoting the application of consistent, systematic risk management practices across the organisation. Strategic decisions on risk management are made by the Summit Group on a quarterly basis. Oversight of corporate risk is provided by the Chief Officers' Group and the Audit and Risk Management Committee.
9. A Chief Officer Risk Management Group has been established and meets quarterly to review, in depth, the corporate risk register and report their findings to the Summit Group when they consider the quarterly risk update report. In addition to receiving quarterly risk update reports, the Audit and Risk Management Committee has adopted a cycle of regular departmental risk challenge sessions, with Chief Officers and their respective Committee Chairmen. During 2017/18, the Committee undertook 14 deep-dive reports.

Head of Audit Opinion

10. The Head of Audit and Risk Management provides a Moderate Assurance opinion, based on Internal Audit work undertaken in 2017-18, whereby ***the Guildhall School's systems of risk management, control and governance, and economy, effectiveness and efficiency are generally robust and can be reasonably relied upon to ensure that objectives are achieved.*** It should be noted that this Opinion is based upon the limited work undertaken by Internal Audit during the year. It is further noted that a number of the recommendations arising from our work have not yet been implemented.

Internal Audit Plan 2018-19

11. There was some delay in agreement of planned audit work for 2018-19 to enable the School's Principal and the Senior Leadership Team to hold an in-house session focused on identifying potential audit coverage linked to the School's Strategic Plan. Delivery of the 2018-19 audit plan is underway and there is a strong focus on completion by 31st July 2019.

Student Affairs

12. One of the audits from the original 2017-18 audit plan – Student Support - was deferred until 2018-19 with the agreement of the School's Principal and this Committee. Fieldwork in respect of this audit is nearing completion and it is anticipated that the draft report will be circulated by 30th September 2018. The scope of the audit encompasses examination of the arrangements in respect of the following:

- Clear aims of service provision, linked to strategic goals, and measurable objectives;
- Performance monitoring to evaluate whether delivery outcomes are as intended;
- Management of any services provided under contract to ensure that specifications are met;
- Financial management – controls over payments to ensure that these are in line with contract / on the basis of goods or services received and monitoring to ensure that expenditure is in line with budget; and
- Periodic review / benchmarking of service provision and consideration of alternative delivery models, where appropriate

Strategic Planning

13. The terms of reference for this audit have been agreed and are focused on an examination of the Guildhall School's strategic planning framework, arrangements for stakeholder input, development of SMART objectives and related KPIs, delivery monitoring and on-going review. Audit fieldwork is in progress to confirm the extent to which arrangements are in operation for the following:

- A strategic planning framework enabling identification of long-term objectives and prioritisation of activities to achieve these;
- Stakeholder engagement in Plan formulation and arrangements for communication of Plan developments, to promote buy-in;
- Development of SMART objectives and related KPIs to facilitate evaluation of Plan delivery;
- Monitoring implementation of the Strategic Plan through appropriate forums;
- Mechanisms for review and update of the Strategic Plan to ensure it remains relevant and up to date.

Recommendations Implementation

14. Implementation of two amber priority recommendations has been confirmed since the July 2018 meeting of this Committee. As at mid-September 2018 there are eleven live high priority recommendations (nine amber, two red) which have been agreed by management and are subject to formal Internal Audit follow-up arrangements. Detailed recommendation statuses are shown at Appendix 2 and reflect that of these eleven:

- Nine revised target dates for implementation have been supplied (including two red priority recommendations).
- Confirmation of status is awaited in respect of two recommendations due for implementation at the beginning of September 2018.
- Six recommendations have been categorised as 'not implemented', including the two where status updates are awaited.
- Five recommendations have been categorised as 'partially implemented'.

15. The two live red priority recommendations arose from the 2017-18 audit of Catering (including Student Bar) and since that time a new City Corporation contract has been rolled out; service provision commenced in September 2018. One of these recommendations cannot be categorised as implemented until the contract is formally agreed and signed – a revised target date of October 2018 has been supplied for completion of this action. The remaining red priority recommendation, relating to external inspections of Health and Safety, has been categorised as partially implemented as the specific issue identified at the time of audit has been addressed. Full implementation cannot be demonstrated until the next annual inspection has been carried out, hence a revised target date of December 2018 has been supplied. Internal Audit will continue to liaise with recommendation owners to obtain evidence of full implementation accordingly.

16. While every effort is made to ensure that high priority recommendations are implemented within appropriate timescales, there may be occasions where Management have decided that the risk is not sufficiently great to allocate resources to address the control improvement. It has recently been agreed that the City's Audit and Risk Management Committee will consider such recommendations at each meeting and this will result in either closure of recommendations or a request for Management reconsideration. There is one such recommendation relating to the Guildhall School and this is shown in Appendix 3 for information.

Conclusion

17. A Moderate Head of Audit and Risk Management annual opinion has been provided, based on Internal Audit work carried out during the academic year ended 31st July 2018.

18. Delivery of the 2018-19 Internal Audit Plan is in progress and due for completion by 31st July 2019. Initiation of Plan delivery was initially impacted by the School's extended internal consultation on audit coverage.

19. High priority recommendations are subject to regular review and follow-up by Internal Audit and this has identified some slippage in implementation timescales. Revised target dates have been supplied in respect of several high priority recommendations and Internal Audit formal follow-up work will continue at regular intervals to confirm the implementation status.

Appendices

- Appendix 1 - Schedule of Relevant Internal Audit Work 2017-18
- Appendix 2 – Summary Outcomes of Finalised Audits
- Appendix 3 – Live High Priority Recommendations as at 18/09/18
- Appendix 4 – ‘Not Agreed / Risk Accepted’ Recommendation

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Schedule of Internal Audit Projects informing the Guildhall School Annual Audit Opinion 2017-18

Project	Assurance Rating	Recommendations			
		Total Red	Total Amber	Total Green	Total
<p><u>Guildhall School Full Assurance Reviews</u></p> <p><u>Data Quality</u></p> <p>This audit focused on Student Returns (Registry) and its purpose was to examine the arrangements in operation for:</p> <ul style="list-style-type: none"> • Identification of all necessary returns, due dates and understanding of Student Return data requirements; • The integrity of student data collected, and Student Returns completed, including arrangements for trend analysis and addressing anomalies; • Timely and complete submission of all required student returns. <p>N.B. One of the amber priority recommendations relates to overall arrangements for returns management i.e. wider than Registry.</p>	Substantial	0	2	3	5
<p><u>Catering (including Student Bar)</u></p> <p>This audit examined the arrangements for management of the catering and bar services contract with Baxter Storey Limited to ensure that services are delivered as per requirements and that appropriate financial monitoring controls are in place. Specifically, the audit sought assurance that:</p> <ul style="list-style-type: none"> • Arrangements were in operation for monitoring performance to ensure that services provided comply with those laid down in the contract for supply, i.e. regular measurement against KPIs and other relevant aspects of the service specification. • Mechanisms were in place for ensuring that financial transactions are made in accordance with contractual agreements and are subject to monitoring against budget. 	Limited	2	3	1	6

Project	Assurance Rating	Recommendations			
		Total Red	Total Amber	Total Green	Total
<ul style="list-style-type: none"> • Key management information, such as contractor performance and budget position, was reported to senior management and Members, as required. • Procedures were in operation for taking appropriate corrective action where poor performance or variances are identified. 					
GUILDHALL SCHOOL TOTAL		2	5	4	11
<u>Corporate Full Assurance Reviews</u>					
<u>Business Travel</u> The objectives of this Internal Audit review were to provide assurance that: An up to date Business Travel Policy is in place and available to Members and Officers which clearly defines the processes to be followed including appropriate classes of travel and expenditure limits. Members and Officers act in compliance with the City's Business Travel Scheme for claiming travel expenses. <ul style="list-style-type: none"> • Business travel is appropriately approved in line with the City's Business Travel Scheme and a segregation of duties is present in the process. • Sufficient supporting evidence is retained to guarantee the integrity and accuracy of business travel arrangements. • Value for money is obtained through the use of third party providers for the arrangement and booking of business travel. 	Amber	0	8	0	8
<u>Starters and Leavers</u> The purpose of this Internal Audit was to obtain assurance that arrangements are in place in respect of the following:	Amber	0	9	3	12

Project	Assurance Rating	Recommendations			
		Total Red	Total Amber	Total Green	Total
<ul style="list-style-type: none"> • Procedures to inform the starters and leavers process within the organisation and to evaluate adequacy; • Controls in place in respect of recording new employees' information on City People, verifying that information held on the system agrees with details held on personnel files; • Processes to help ensure that salary payments made to new employees are in accordance with the terms agreed in their contracts; • Mechanisms used to help ensure that information about employees leaving the organisation (including those retiring) are recorded on City People, and acted upon, soon after their leaving notice is received; and that leavers are not paid beyond their leaving date; • The interface between HR and Payroll to help ensure accuracy and efficiency of data transfer, data sharing, as well as, clarity around respective roles and responsibilities regarding starters and leavers; and • Processes in place to help ensure that employees leaving the City have repaid any outstanding sums owed by them. 					
<p><u>Sub £100k Tenders</u></p> <p>The objectives of this Internal Audit review were to:</p> <ul style="list-style-type: none"> • Obtain assurance that adequate arrangements were in place for ensuring that the City complies with the requirements of the Code in relation to procuring supplies & services of values between £10,000 and £100,000; • Review the adequacy of the arrangements in place to ensure that quotations are fairly assessed and evaluated in determining the most economically advantageous quotations; • Review the adequacy of the arrangements in place to prevent staff from circumventing the City's Code. 	Amber	0	4	2	6

Project	Assurance Rating	Recommendations			
		Total Red	Total Amber	Total Green	Total
<p><u>Medium-Term Financial Planning</u></p> <p>The objectives of this Internal Audit review were to provide assurance that:</p> <ul style="list-style-type: none"> • Responsibility for the creation, review and sign off-of the City's medium term financial plan is clearly defined and these responsibilities are discharged effectively. • An informed medium term financial plan, which is aligned to key strategic objectives and priorities of the City, is in place to ensure that a comprehensive review of the City's financial position for the current and future years is undertaken. • Appropriate assumptions are made as part of the medium term financial planning process and these are clearly documented within the plan. • Efficiency savings are incorporated into the medium term financial plan and these savings are monitored on a regular basis. 	Substantial	0	1	1	2
<p><u>GDPR Gap Analysis</u></p> <p>The objective of this audit was to provide an independent, objective opinion on the City Corporation's readiness for GDPR, taking into account the projects in progress. The scope of the audit was:</p> <ul style="list-style-type: none"> • Review of GDPR project plan; • Review of project progress to date; and • Assessment of the appropriateness of plans for the project's completion in advance of May 2018. 	Amber	0	5	0	5
<p><u>Member and Officer Declarations of Interest</u></p> <p>The purpose of the audit was to establish that declarations of interest are being made in accordance with the Member and Staff Codes of Conduct. The scope of the audit was as follows:</p>	Red	1	7	3	11

Project	Assurance Rating	Recommendations			
		Total Red	Total Amber	Total Green	Total
<ul style="list-style-type: none"> Ascertains that a policy for declarations of interest for Members and Officers is available, in line with good practice, properly disseminated and maintained and that relevant training and /or guidance is available. Verifies that a current register of Declaration of Interests is available for Officers and regularly reviewed to identify missing information. Evaluates the adequacy of the arrangements in place to ensure that up to date registers of Members' interests are maintained, published on the CoL website, and have been completed in accordance to the timescales set out in the Localism Act. Evaluates the arrangements in place to ensure that Members have adequate opportunities to declare pecuniary interests, and that new, relevant interests declared are recorded on the register in a timely fashion, as prescribed in the Localism Act. <p>Evaluate the adequacy of arrangements in place for investigating allegations of non-compliance with Members Code of Conduct, as required by the UK Anti-Corruption Plan 2014.</p> <p>Evaluate the adequacy of the procedures in place for declaring and reporting Members and Chief Officers Related Party Transactions.</p>					
<p><u>Waivers</u></p> <p>The purpose of the audit was to obtain assurance that adequate arrangements are in place within City Procurement to ensure that waivers issued, including urgent waivers are:</p> <ul style="list-style-type: none"> Subject to appropriate review and approval; Approved only where there are valid reasons for doing so. <p>In addition, the audit sought to ensure that appropriate arrangements are in place to manage the level of retrospective waivers issued.</p>	Amber	0	7	0	7

Project	Assurance Rating	Recommendations			
		Total Red	Total Amber	Total Green	Total
<u>Procurement Consultation with Stakeholders</u> The purpose of the audit was to evaluate the adequacy of guidance available to officers procuring goods and services, in respect of consultation with stakeholders. The scope of the audit was as follows: <ul style="list-style-type: none"> • Evaluate the adequacy of the policies and guidance provided to City staff to decide when to consult, and the principles and steps to be followed in the consultation process. • Review the accessibility and quality/relevance of Procurement consultation policies and guidance available to internal and external stakeholders at different stages of the procurement process. • Evaluate the adequacy of records kept supporting the decision-making process, in order to demonstrate openness and transparency. Ascertain whether feedback received from stakeholders' consultation is reflected in strategy and operations.	Amber	0	2	2	4
CORPORATE TOTAL		1	43	11	55

Finalised 2017-18 Audits – Outcomes

Corporate: GDPR Gap Analysis – Substantial Assurance

1. The scope of this audit was examination of the City Corporation's GDPR project plan, review of project progress to date, and an evaluation of the appropriateness of plans for the project's completion in advance of May 2018. Internal Audit's overall assessment was that there was a medium degree of adequate safeguards for the implementation of policies with respect to corporate GDPR compliance, including a clear GDPR compliance programme plan with detailed reference to specific goals. Five amber priority recommendations were raised.

Corporate: Member and Officer Declarations of Interest – Limited Assurance

2. The purpose of the audit was to determine the controls in operation for ensuring that declarations of interest are made in accordance with the Member and Staff Codes of Conduct. High priority recommendations have been made in respect of:
 - Greater engagement with Members in respect of training where legal obligations, such as declarations of interest, exist, to ensure that all Members are aware of their duties and to enhance compliance.
 - Dissemination of clear guidance to Staff in respect of the submission of annual declarations of interest, use of annual reminders and improving the accessibility of forms.
 - Effective communication of the policy for Staff declarations of interest.
 - Establishment of central directives, guidance and monitoring arrangements in respect of Staff declarations of interest by Human Resources.
 - Formalisation of local (departmental) processes for recording, monitoring and safe-keeping of declarations information.
 - Maintenance and publishing of Member (elected and co-sponsored) interest information.
 - Maintenance of records of co-opted Members by Committee and Members Services.
 - Prompt publishing of declarations of interest on the CoL Website.
3. All high priority recommendations were accepted by management and are subject to formal Internal Audit follow-up to confirm the implementation status.

Corporate: Waivers – Moderate Assurance

4. Based on a review of the Procurement Code 2015 and subsequent sample testing, the audit confirmed that adequate controls are in place to ensure that waivers are appropriately authorised before they are processed. An opportunity was identified to revise current arrangements to ensure that Senior Management are fully consulted on waivers over £50k in value, as per established arrangements.
5. On the basis of discussions with the Procurement Operations Manager and the Procurement Policy and Compliance Officer, together with review of waiver logs, forms and relevant committee reports, there is scope to enhance existing controls to ensure that only valid waivers are processed through: addressing miscategorisation of waivers, identifying and managing waivers issued to make

use of preferred suppliers or as a result of poor operational planning; and recording waiver information.

6. Whilst arrangements were confirmed as being in place to manage the use of retrospective waivers, control improvements were proposed in the following areas: providing management information to senior management and Members, and taking disciplinary action, where appropriate, against staff who repeatedly request approval of retrospective waivers.
7. All high priority recommendations were accepted by management and are subject to formal Internal Audit follow-up to confirm the implementation status.

Corporate: Procurement Consultation with Stakeholders – Moderate Assurance

8. Audit testing identified that City Procurement have issued policies and guidance in respect of procurement consultation with stakeholders where there are legislative requirements for the CoL, as Local Authority, to do so. Internal Audit confirmed that these are outlined in the Procurement Code and are accessible to internal and external stakeholders. Scope exists to include other aspects of consultation based on the Gunning Principles of Consultation and the Consultation Principles 2016, as issued by the Cabinet Office.
9. Audit testing established that the City of London's Procurement Code 2015 is reviewed on an annual basis in consultation with the Court of Common Council to ensure it remains relevant and up to date. Both, Parts, 1 (Rules) and 2 (Guidance) of the Code of Conduct are available to internal stakeholders through the Intranet (CoLNet) and to external stakeholders on the City of London Website. No recommendations have been made in respect of the accessibility of such information.
10. Audit testing established that City Procurement have designed a number of forms relevant to the scope of this audit and which are used by Procurement Officers in the Sourcing Team. It was noted that these forms guide the procurement process, include stakeholder consultation, and support open and transparent decision-making. No recommendation has been made in this area.
11. Discussions with relevant City Procurement staff and sample audit testing performed confirmed that there is a process in place to obtain, record and report feedback from internal and external stakeholders. Internal Audit did not receive evidence to demonstrate that feedback received is actioned and reflected in strategy and operations.
12. All high priority recommendations were accepted by management and are subject to formal Internal Audit follow-up to confirm the implementation status.

Live High Priority Recommendations for November 2018 A&RMC of the Guildhall School

Audit Area	Outstanding Action	Original Target Date	Revised Target Date	Status & Management Comments
Satellite Sites				
Strategic Plan	Development of full formal strategic plan for the satellite operations	Dec 2017	Sept 2018	<p>Partially Implemented.</p> <p>Target date for full implementation of both recommendations revised from July 2018 to Sept 2018.</p> <p>Management comment: This links in to the School's strategic objective Under 18 provision. A consultant was brought in to develop this strategy with focus on governance and SLAs. The final draft is being tweaked over the summer and the final version will be presented to an Under 18 away day in September.</p>
Collaboration Agreements	Development of full formal collaboration agreements (MoUs) with partnership satellite sites	Oct 2017	Sept 2018	<p>Not Implemented.</p> <p>Update as above re Strategic Plan.</p>
Succession Planning, Talent Management & Staff Development				
Talent Management Strategy	Incorporation of a talent management strategy within the Professional Development Framework	Jan 2018	Dec 2018	<p>Not Implemented.</p> <p>Target date for full implementation revised from July 2018 to Dec 2018.</p> <p>Management comment: Following this initial plan the City started developing a talent management strategy as part of the HR transformation. We therefore delayed our plan to ensure we could use the expertise of the new Organisational Development team in Corporate HR and so we could align with any corporate plan. This also links into a new appraisal system that the City are currently trialling and will launched across the corporation from April 2019.</p>

Audit Area	Outstanding Action	Original Target Date	Revised Target Date	Status & Management Comments
				The overall objectives in the School Strategic plan have now been agreed and a more detailed 5 year business plan is now being developed and the workforce plan and talent management will need to reflect the new business plan.
Workforce Plan	A workforce plan to be developed in line with the new Strategic Plan	April 2018	Dec 2018	<p>Not Implemented.</p> <p>Target date for full implementation revised from July 2018 to Dec 2018.</p> <p>Management comment: With changes in senior staff at the School and further development of the strategic plan, and the development of the corporate HR transformation plans we have delayed finalising our workforce plan to ensure we are able to take into account all relevant factors. The overall objectives in the School Strategic plan have now been agreed and a more detailed 5 year business plan is now being developed and the workforce plan and talent management will need to reflect the new business plan.</p>
Sundial Court Project Governance (Lease Renewal)				
Accommodation Strategy	Development of an accommodation strategy in line with the School's strategic aims.	July 2018	Nov 2018	<p>Partially Implemented.</p> <p>Revised target date for full implementation supplied.</p> <p>Management comment: Due to timings for the September Board of Governors and holidays, this has been moved to November. A draft report will be signed off by SMT in September and the Board in November.</p>
Data Quality				
Returns Management	Introduction of central arrangements for oversight of returns management.	Sept 2018	N/A	Status update awaited by Internal Audit

Audit Area	Outstanding Action	Original Target Date	Revised Target Date	Status & Management Comments
Catering (including Student Bar)				
Contractual Documentation: RED PRIORITY	Contracts and supporting documentation, for example service specification and tender submissions, should be accessible to contract managers and form the basis of contract management activity.	Sept 2018	Oct 2018	Not Implemented. Revised target date agreed as the contract, in respect of the service which commenced at the beginning of September 2018, has not yet been signed.
Contractual KPI monitoring	Full records of KPI monitoring, at the frequency prescribed by the contract, should be maintained as part of the contract management process.	Sept 2018	Dec 2018	Partially implemented. Internal Audit comment: The new contract specifies KPIs and arrangements for monitoring. Revised target date supplied for full implementation to enable 3 months of monitoring activity to be demonstrated.
Subsidy and Profit Share Arrangements	Formalisation of the terms of financial arrangements related to contract delivery.	Sept 2018	N/A	Status TBC. Internal Audit comment: The contract, for the service that commenced in September 2018, has been drafted but not yet been signed. Revised target date for full implementation TBC.
Contractual Sanctions for Poor Contractual Performance	Management to ensure that provision is made within contracts for appropriate sanctions in the event of repeated poor performance.	Sept 2018	Oct 2018	Partially Implemented. Internal Audit comment: The new contract specifies sanctions for poor performance. Revised target date supplied for full implementation i.e. signing of the contract.
Management of External Health & Safety Inspection Reports – RED PRIORITY	Management to ensure that: 1) any disagreement over the outcome of external H&S inspections are resolved at the earliest opportunity, and 2) contract management reporting to clearly reflect the progress of implementation of 'priority 1' H&S recommendations.	May 2018	Dec 2018	Partially Implemented. Internal Audit comment: Disagreement over the H&S inspection report examined at the time of audit fieldwork has been resolved. Management comment: As this audit takes place annually and will take place in Autumn term, proof of monthly review cannot take place until this happens.

In summary:

- Six recommendations categorised as 'not implemented'.
- Of these 'not implemented' recommendations, two are overdue and confirmation of status is required.
- Revised target implementation dates have been supplied for the remaining four 'not implemented' recommendations (including one red priority).
- One of the revised target dates for a 'not implemented' recommendation is the end of September 2018.
- Five recommendations categorised as 'partially implemented'.
- Revised target implementation dates have been supplied for these 'partially implemented' recommendations (including one red priority).
- One of the revised target dates for a 'partially implemented' recommendation is the end of September 2018.

High Priority Recommendations Not Agreed (Risk Accepted)

High priority recommendations where management have accepted the risk of non-implementation

Audit Area	Recommendation Detail	Management Comment
Data Quality - Resilience	<p>The Academic Registrar and Director of the Student Experience should ensure that appropriate arrangements are in place to enable the School to continue submitting student returns should the Student Data and Information Manager leave the School's employment or in the event of long term absence.</p>	<p>This is one of the many "single points of failures" in the School that arise because the School is relatively small and does not have teams of individuals concentrating on the same task. This role is too technical and complex to be learnt as an add-on to an existing role and there are no role holders in the Registry with spare capacity in their roles. To train someone to an adequate level in a junior capacity, who would be available during sickness, holidays or cover at resignation, would require a full-time grade D permanent post.</p> <p>However, the School has lived with this particular risk for 12 years and to date has managed that risk internally more than adequately when there has been long-term sickness. Going forward management could be more difficult as there will be more reporting points under HESA Data Futures and external help will probably be required. Should there be significant illness or a resignation the School would need to recruit a high-level temporary worker from a HE recruitment specialist such as Prospectus. The risk remains that there might be not be a suitable temporary worker at that moment in time.</p>

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Agenda Item 6

Committee: Audit and Risk Committee of the Guildhall School of Music and Drama	Date: 14 November 2018
Subject: Schedule for Risk Deep Dive Review	Public
Report author: Acting Head of Finance and Business Administration	For Decision

Summary

This report sets out the deep dive schedule for our risks till the end of the Academic Year to ensure that they are all covered.

Recommendation(s)

Members are asked to approve this report

Main Report

Below is the proposed schedule of reports:

April 2018

- GSMD SUS 001: Inability to invest in infrastructure and teaching spaces
- GSMD PRTNS 001: Failure of Barbican/Guildhall Alliance (common platform, artistic/educational programmes and culture mile)

October 2018

- GSMD LPCS 001: Decrease in research and innovation outputs
- GSMD CROSCH 004: Major Disaster

November 2018

- GSMD DDP 001: Reduced student recruitment & retention / new BREXIT risk

January 2019

- GSMD DDP 002: Reduced Recruitment & Retention of Teaching Staff
- GSMD DDP 003: Poor profile in league tables
- GSMD CROSCHE 006: Failure of Safeguarding Policies
- GSMD CROSCHE 002: Extremism on Campus

April 2019

- GSMD SUS 002: Inability to deliver a balanced and sustainable model over the School's business cycle
- GSMD CROSCHE 005: Lack of Development of IT /Digital pedagogy and the infrastructure to support it
- GSMD GYA 001: Failure in host School partnerships

July 2019

- GSMD SUS 003: Inadequate Corporate Governance
- GSMD CROSCHE 003: Failure in Legal Obligations
- GSMD CROSCHE 007: Failure to manage fire safety and to comply with statutory requirements
- GSMD CROSCHE 001: Failure to manage H&S and to comply with statutory requirements

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