

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

Tuesday, 7 September 2021

Minutes of the meeting of the Audit and Risk Management Committee of the Board
of Governors of the Guildhall School of Music & Drama held virtually on Tuesday, 7
September 2021 at 2.30 pm

Present

Members:

Professor Geoffrey Crossick (Chairman)	Dr Paula Haynes
Randall Anderson (Deputy Chairman)	Christopher Costigan
Andrew Mayer	Michael Herington

Officers:

Jonathan Vaughan	- Guildhall School of Music & Drama
Graeme Hood	- Guildhall School of Music & Drama
Matthew Lock	- Chamberlain's Department
Katharine Lewis	- Guildhall School of Music and Drama
John Cater	- Town Clerk's Department
Jonathon Poyner	- Guildhall School of Music and Drama and Barbican Centre

1. APOLOGIES

There were no apologies.

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

There were no declarations.

3. ANNUAL FINANCIAL RETURN TO THE OFFICE FOR STUDENTS

The Committee considered a Report of the Principal concerning the Annual
Financial Return to the Office for Students.

RESOLVED – that the Committee recommends the return for approval by the
Governing Board.

3a) Audited Financial Statements for the eight months to 31 March 2021

The Committee considered a Report of the Principal concerning the Audited
Financial Statements for the eight months to 31 March 2021.

Officers confirmed that, given the departure of Lynne Williams, the finalised
statements would be submitted under the name of the newly-appointed Interim
Principal, Jonathan Vaughan.

The Chairman asked that reference be made to the AHRC as the funder of the school's 'Music for Social Impact: practitioners' contexts, work, and belief' research project as that is the normal expectation of a research council.

In response to a query around the nature of the "delays to national decision making" referenced on page 13, officers confirmed that this referred to areas such as undergraduate fee levels and a return to in-person teaching at the School.

The Chairman proposed that the wording under the Board of Governor's sub-heading on page 14 be amended from '..... and who bring expertise to the Board from the arts and education sectors' to '... the cultural, education and other sectors'.

Referring to the first main paragraph on page 16, the Chairman proposed that the wording should insert "taught" before degree, i.e. 'Following granting of taught degree-awarding powers in 2014...' this was to in order to clarify the School's degree courses provision (the School does not have its own research degree awarding powers).

The independent auditor confirmed that pages 19 – 22 still needed to be finalised as they currently included references to the previous financial year. Whilst some checking was still to be undertaken, no material changes were expected.

Officers confirmed that, as the employer of staff at the School, pensions liabilities sat with the City of London Corporation and no reference needed to be made in the accounts.

In response to a query, officers confirmed that both an update for the Access and Participation plan and the associated spend would continue to be reported to the Board and the Office for Students (OfS) on an academic year basis in keeping with the Schools's Access Agreement.

RESOLVED – that the Committee endorsed the Statements to the Board.

3b) Management Letter from the External Auditors regarding the Financial Statements

The Committee considered a Report concerning the Management Letter from the External Auditors regarding the Financial Statements.

The auditor confirmed that whilst the School is listed as having charitable status on page 8, this is incorrect, and the wording would be amended.

RESOLVED – that the Committee endorsed the Management Letter to the Board.

3c) The Annual Financial Return setting out the School's results for the last two years and Forecasts for the following five years

The Committee considered a Report concerning the annual financial return.

Officers clarified that the template was, unfortunately, one-size-fits-all, which all universities in England were required to complete. Several areas did not apply to the School which led to error and warning messages being recorded on the template. Members should not be alarmed as these would be resolved as the verification process was completed.

Officers confirmed that the responses in the five-year forecast were broadly consistent with the forecast approved by the Board in November 2020.

RESOLVED – that the Committee recommended the annual financial return for the Board's approval.

3d) A commentary covering the main year-on-year variances contained within the Annual Financial Return

The Committee considered a Report concerning the commentary on variances.

Noting that the narrative in the commentary was fuller in last year's return, Members asked officers to expand on the narrative in the commentary for this year's iteration.

The Chairman pointed out that the details for the grant listed on page 85 should be amended as this was not a Research England grant.

The Chairman queried the wording '.... while maintaining the highest possible academic Standards' and suggested that this should be amended to refer to the quality of provision (rather than standards whose meaning was different) and also that thought be given to a less unrealistic formulation than 'highest possible'.

The Chairman queried the wording '....sweating our assets', he suggested that 'making optimal use of our assets' would be more appropriate.

The Chairman was concerned that the last sentence in comment 3 on page 87 (of the agenda pack), namely; 'we are also working closely with colleagues in the City of London to ensure that they are aware of the risks, including the potential need to reduce our footprint in the event that we cannot generate sufficient revenues going forwards'. was too negative and, given the expectations for a specialist institution in receipt of ISTA funding, did not give enough emphasis to the School's primary aim of protecting quality and numbers.

RESOLVED – that subject to the above changes being made prior to submission the Committee recommended the commentary to the Board.

4. **INTERNAL AUDIT ANNUAL REPORT AND OPINION**

The Committee received a Report of the Chamberlain concerning the Internal Audit.

RESOLVED – that the Committee noted the Report.

5. **ANNUAL REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

The Committee considered a Report concerning the Annual Report of the Board of Governors and the Principal for the year ended 31 March 2021

Officers confirmed that the moderate assurance rating for internationalism was incorrect, as per the Schedule of Internal Audit Projects informing the Guildhall School Annual Audit Opinion 2020-21, appendix 1, page 95, the rating should be amended to substantial.

RESOLVED – that the Committee approves the Report for submission to the Board.

The meeting ended at 3.50 pm

Chairman

Contact Officer: John Cater