

**AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF  
GOVERNORS OF THE GUILDHALL SCHOOL OF MUSIC & DRAMA  
Friday, 22 January 2021**

Minutes of the meeting streamed to You Tube at 2.30pm  
[https://youtu.be/\\_6oOpuEuy3k](https://youtu.be/_6oOpuEuy3k)

**Present**

**Members:**

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

**In attendance:**

Vivienne Littlechild (Chairman of the Board of Governors of the Guildhall School of Music and Drama)

**Officers:**

Lynne Williams	-	Principal, Guildhall School of Music and Drama
Jonathan Vaughan	-	Guildhall School of Music and Drama
Katharine Lewis	-	Guildhall School of Music and Drama
Graham Hood	-	Guildhall School/Barbican Centre
Jonathan Poyner	-	Guildhall School/Barbican Centre
Matthew Lock	-	Head of Audit and Risk Management, Chamberlain's
Cirla Peall	-	Chamberlains
Julie Mayer	-	Town Clerks

**1. APOLOGIES**

There were no apologies

**Introduction by the Chairman**

Before today's meeting, the Chairman had sought clarity in respect of the status of some of the reports on the agenda and thanked officers for their helpful responses. The Committee noted that these points would be referenced as we moved through the agenda items.

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

There were no declarations.

**3. PUBLIC MINUTES**

RESOLVED, that – the public minutes and non-public summary of the meeting held on 11<sup>th</sup> November 2020 be approved.

### **Matters arising**

At the last meeting, the Committee had discussed and proposed some amendments to strengthen and update the Committee's Terms of Reference. The Board had approved the revised version without comment and the Town Clerk agreed to circulate this to the Committee.

#### **4. ANNUAL REPORT OF THE AUDIT COMMITTEE**

The Committee received its Annual Report and the Chairman explained that, as last year's audit activity had ended on 31st July 2020, the immediate past Chairman had commented on the draft report and signed it off. The Audit and Risk Management Committee was required to approve the report formally, before it was presented to the Office for Students (OfS) and the Board of Governors. Two existing Members, who had also served on the Committee in 2019/2020, were satisfied as to its content.

The Chairman noted a couple of drafting errors, which would be corrected before the report was submitted to the OfS :

- BDO provided the School with an independent accountants' report and the terminology should reflect this.
- Some documents referenced, which would not be included in the OfS submission, should be removed.
- Paragraph 20 read as if it was a paper to the Committee and not from the Committee.
- Paragraph 21 should refer to 31st July 2019 and not 2020.
- The meeting on 2nd September 2020 had been listed, but this was after the 31 July 2020 cut-off date and should be removed.

The Chairman felt that the report in its current format felt somewhat process driven and, for future reports, would welcome more detail on that year's internal audit work, with a focus on successful outcomes. The Chairman noted that this information was included in the Annual Internal Audit Report and suggested that a summary could be extracted and added to the Annual Report of the Committee.

In terms of the Audit Plan, the Committee had agreed to consider Academic Assurance in 2021/22 and not 2020/21. The scheduling of the Governance and Data Quality Internal Audits would be considered in the next item on the agenda.

RESOLVED, that – the report be approved for submission to the Office for Students.

#### **5. INTERNAL AUDIT UPDATE**

The Committee received the Internal Audit Update and noted that, further to Members' suggestions, a new reporting template would be in place for all future Internal Audit Reports, as the most recently completed report was already in draft form at the last meeting.

During the discussion and questions, the following points were noted:

- a) There was a high level of uncertainty in respect of the School's operations as a result of the pandemic. However, the Internal Audit Team was able to offer flexibility in terms of re-prioritising and were in regular discussions with the School. Further input from the Committee in terms of priorities was welcomed.
- b) In respect of follow ups on audit recommendations, the Committee noted that 3 out of 4 of the current live recommendations were due to complete at the end of the month, and the Head of Audit and Risk Management was content with progress on the 4th. The Committee noted that two audit reviews were nearing completion; the first would be the Facilities Management Joint Review with the Barbican Centre, which would help to shape the wider strategy.
- c) Internal Audit's assurance on the quality of data submitted to external bodies was necessary but, unless there were specific areas of concern, then it should take the form of sample testing, as happens with the financial controls. Whilst Transparent Approach to Costing (TRAC) was not based on large amounts of student data, as is the case with some returns, its broader findings are still of interest to the Committee.
- d) The last audit of data quality was the Student HESA Data Return, with other statutory returns due for review next. The Committee agreed that the Board needed broad assurance on the quality of data being passed on externally, and the relevant officers and Chairman agreed to discuss offline how this review might be taken forward.
- e) Staff responsible for compiling the Student Affairs Annual Report had been fully engaged in other work, as a result of a significant change in operations due to the pandemic. The Committee fully understood the circumstances, and asked the relevant officers to meet offline to agree on a reasonable/achievable target date and then update the Committee by email. The Committee accepted that circumstances were likely to change again and a further adjustment to the target date might be necessary.
- f) Last year's budget report had required an immediate re-write due to the pandemic. However, work underway in respect of the Medium-Term Financial Plan would evidence this and allow for it to be signed off. The Principal took this opportunity to commend staff for their professionalism and prompt responses in such difficult circumstances, which had helped to keep the School in a strong position.
- g) Whilst it was desirable for an Audit Plan to be agreed before the start of the new Financial Year, the Committee noted that a lot of work was ongoing in respect of the wider City programme and, therefore, the Internal Audit Team would not be working to a hard deadline of 31<sup>st</sup> March 2021. Given the relatively small size of the School's Audit Programme and existing pressures on staff, the Head of Audit and Risk Management advised that finalising the Audit Plan at the next meeting would not adversely impact delivery in the coming year.

- h) In respect of potential themes for next year, it was noted that the last meeting of the Committee had agreed to defer Governance and HESA Data Futures. An officer explained that the Sector and the School were still working towards Data Futures, but the final implementation dates were still unclear. Even this year, the School had not yet been advised of this year's Student HESA return due to Covid. The Officer suggested that HESA Data Futures could not really be audited until the School had completed and submitted a return, but the Committee would be kept up to date in terms of preparedness.
- i) In respect of Governance, the Committee noted that the Lisvane Review would be effective from April 2022, with some aspects completed before then. The Principal advised that, in terms of the Target Operating Model (TOM), consultation was expected over the summer with transformation set for December. The Principal had raised concerns about the timing and risk of slippage with the Town Clerk and the TOM lead Member and felt that, given the governance implications for the School, TOM and Lisvane should be progressed at the same time. The Committee agreed to pencil this in for consideration late in 2022.
- j) In terms of the Medium-Term Financial Plan, the Committee noted that current fieldwork was looking at progress. It was suggested that it would be helpful to look at how we were measuring progress against KPIs, targets and objectives, specifically in terms of the discussions with the City in respect of the investment the School was seeking, and projects emerging in the second phase of the Plan.
- k) The Business Plan was now effectively a 2-year recovery plan, with years 3-5 looking at where the School needed to be over the medium term. If the School was unable to resume its summer programme, then it would most likely need redrafting. The Committee fully understood this position and suggested that, as this was a business-critical piece of work, it should be considered in a way that would be helpful to management and the Board, with the exact date to be determined in due course.
- l) The Chairman suggested that the possibility and timing of a shorter review on internationalisation be discussed at the next meeting.
- m) In respect of Academic Assurances, the Chairman suggested that academic strategy might helpfully reflect the changes to teaching practices as a result of the pandemic, and the good practices that could be taken forward. The Principal advised that that this needed defining beyond just the HE academic offer; i.e. - access and participation, under 18s progression pathways, and short courses etc. A new Associate Dean for Teaching and Learning was in post, and compiling a new teaching and learning strategy, but progress was being hindered by Covid as the work had shifted to more immediate quality assurance concerns. The Committee agreed that Internal Audit be engaged in a review, at the appropriate time, in terms of developing the strategy (or elements within the strategy) and testing their robustness. The Principal and Vice Principal

agreed to discuss a possible timeline and scope with the Head of Audit and Risk management, noting the impact of the pandemic over next 6-9 months and the need for flexibility.

In concluding, the Head of Audit and Risk Management stressed that, at the very least, management should find internal audit assurances useful, but the work is necessary in terms of the City of London Corporation's requirements. Additionally, in order to comply with the governance requirements of the School, as specified by the Regulator, the Head of Audit and Risk Management was required to provide an assurance opinion at the end of the year. The governance process should also give consideration to the more routine audit work around the basic aspects of the control framework. The Committee noted that there was less detailed work on the School's internal control framework, than would be the case in other higher education institutions, as a lot of this work was picked up by the City Corporation's main accounting processes. However, this was likely to change if the School gained more autonomy as a result of the outcome of the TOM and Lisvane Reviews.

RESOLVED, that – the report be noted.

#### **6. ANNUAL FINANCIAL RETURN TO THE OFFICE FOR STUDENTS**

The Committee received a report of the Principal in respect of the Annual Financial Return to the Office for Students. The Committee noted that the Finance Committee had recommended the statements for submission to the OfS earlier in the week, subject to a couple of minor drafting errors. Whilst this was not a conventional set of financial statements, given the School's relationship with the City of London Corporation, the Chairman stated that it was appropriate for the Audit and Risk Committee to receive them, prior to their submission to the OfS and the Board. The Group Accountant explained that this return is, in many respects, a 'receipts and payments' style report and very different to regular charitable or higher education reports. Furthermore, given the School's relationship with the City of London Corporation, it was in a reassuring position in respect of 'going concern' assurance.

The Chairman welcomed BDO to the meeting, who explained that the completion report was the equivalent of a 'management letter'. The Committee noted that BDO had provided a reasonable assurance report, which had less scope than a full external audit, and that the wider audit of the City of London Corporation considered the systems and controls in place. BDO explained that their report ensured that the accounts had been correctly extracted from the books and records of the City of London and that funds from the OfS and Research England had been applied for the purposes intended. Furthermore, the OfS decided on the appropriate level of assurance which they required from the School, and not BDO. BDO's judgement was set out in the completion report. The Committee noted a couple of minor outstanding non-material matters, which were due to be resolved before the Board Meeting on 15th February 2021, and that the work was substantially complete.

In response to questions, the Committee noted that US Federal Aid was a compliance audit relating to students from the US studying at the School, who could claim loans from their respective Department of Education, which were then dispersed by the School.

The Group Accountant explained that the alignment of the submission date of the financial statements to the Office for Students, with the City of London Corporation's 31st March year-end, would bring added assurance. The Committee noted that, currently, BDO and finance officers were required to consider 8 months of audited accounts from the School and 4 months of unaudited data from City. By aligning the dates, it would be possible to use data lifted directly from the Audited City's Cash Account. However, under existing arrangements, the BDO report still highlighted any issues.

The Chairman suggested the following amendments:

- Challenges of uncertainty in respect of Higher Education Policy and Brexit should extend to Covid (as set out on p 40).
- The Statement of Corporate Governance would need to be checked, as it appeared to be out of date in terms of the frequency of meetings of the Governance and Effectiveness Committee. It should also reference that the new CUC Code of Governance was being used, and not the 2014 version.
- The 100% fall in undergraduate students should say part-time undergraduate students (p104, section 6)

RESOLVED, that - The Audit and Risk Management Committee approve the return and authorise the Group Accountant to submit it to the Office for Students, noting the approval of the Finance Committee on 19<sup>th</sup> January 2021, and in accordance with the filing requirements.

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 following 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 as follows:-

Item	Paragraph
11-15	3

10. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 11<sup>th</sup> November 2020 were approved.

11. **ANNUAL TRANSPARENT APPROACH TO COSTING (TRAC) RETURN FOR THE GUILDHALL SCHOOL OF MUSIC & DRAMA**

The Committee received a report of the Principal.

*At 4.28 pm, the Committee agreed to waive standing orders and extend the meeting in order to conclude the business on the agenda.*

12. **RISK REGISTER**

The Committee received a report of the Principal.

13. **CYBER SECURITY UPDATE**

The Committee received a report of the Principal.

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

There were no questions.

15. **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 4.35pm**

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Chairman

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