

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

Thursday, 15 July 2021

Minutes of the meeting streamed to You Tube at 9.30

<https://youtu.be/-uoPqex12XY>

NB. This recording will be available for 1 year from the date of the meeting

## Present

### Members:

Professor Geoffrey Crossick (Chair)  
Christopher Costigan

Michael Herington  
Andrew Mayer

### In Attendance

Vivienne Littlechild (Deputy Chair 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	- Vice Principal, Guildhall School of Music & Drama
Matthew Lock	- Head of Audit and Risk Management, Chamberlain's Department
Paul Dudley	- Corporate Risk Advisor, Chamberlain's Department
Cirla Peall	- Chamberlain's Department
Graeme Hood	- Guildhall School of Music and Drama/Barbican Centre
Jonathan Poyner	- Guildhall School of Music and Drama/Barbican Centre
Katharine Lewis	- Dean and Secretary, Guildhall School of Music and Drama
Alison Mears	- Director of Guildhall Young Artists and Safeguarding, Guildhall School of Music and Drama
Julie Mayer	- Town Clerk's Department

## 1. APOLOGIES

Apologies were received from Randall Anderson (Deputy Chair) and Paula Haynes

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

There were no declarations.

## 3. PUBLIC MINUTES

The public minutes of the meeting held on Monday 26<sup>th</sup> April 2021 were approved.

## Matters arising

The Chair advised that the School's Governance and Effectiveness Committee had met the previous week and agreed to receive by the end of July a draft

compliance report in respect of the CUC Code of Practice. The Chair also asked to receive the Office for Students (OfS) Conditions of Registration at the next meeting, given that the Committee has a couple of new Members.

#### 4. **DRAFT WORKPLAN FOR THE COMMITTEE**

The Chair explained that this was effectively a skeleton, draft document and invited comments from Members, which were provided as follows:

##### **Financial Statements**

It was agreed that this should be specific in terms of '*making recommendations to the Board*' as it would provide clarity as to why the Committee needs to receive them.

##### **Risk Management**

1. Members had asked for Safeguarding to be included on this agenda as it is a vulnerable and sensitive area. The Chairman suggested that, for future 'deep dive' reports, the Committee should, wherever appropriate, receive recent documentation and a short covering report, so as not to generate additional work for officers. The Chairman also suggested that possible subjects for future deep dives be considered later on the agenda, under the Risk Register. The City Corporation's Head of Internal Audit offered to share the City's Corporate template for deep dive reports.
2. There was some discussion in respect of resilience against a number of risks materialising at the same time, as had been the case with the pandemic over the past 18 months. It was noted that, whilst this might be covered to some extent by the Business Continuity Plan, it could be more specific; i.e. – all of the financial risks materialising over a relatively short timescale. The officer explained that the Medium Term Financial Plan aims to build financial sustainability in terms of efficiency savings and identifying new income streams, which will diversify and reduce reliance on existing ones, and build up reserves. The Chair suggested that, as there was likely to be more clarity on some of the financial issues by the next meeting, this area could be revisited under 'matters arising' at the September Committee. Members could then consider whether it warranted a more in-depth report at the November meeting.
3. The Vice Principal reminded Members how the past year had been a 'perfect storm' in terms of the pandemic, Brexit and student recruitment and the loss of reserves etc. Additionally, the 'Black Lives Matter' and the 'Me too' movements had a significant cultural impact. The School is a small institution, and there are often just one or two individuals holding the necessary pools of expertise. Given the additional work involved in online auditions, and the mounting administrative pressures from the various regulatory bodies, this might be an area worthy of further scrutiny.

4. The Principal explained that consultation on the Target Operating Model was due to start over the summer. Members noted that some of the services shared with the Barbican Art Centre might no longer be relevant, as both organisations have complex structures and there have been considerable changes in Higher Education. The Chair suggested that the Principal and Vice Principal consider the right forum for addressing these issues, giving due regard to the TOM's progression on enabling services, and noting that this might present a significant risk if TOM does not present a resolution. The Chair asked for this to be recorded in the minutes, and for the TOM/Lisvane progress to be a standing item under 'matters arising' at each meeting.
5. In respect of a potential deep dive on the pandemic plan, Members noted that the OfS and Government had issued new guidance, and there would be an update to the Board at the start of the new Academic Year. The Chair asked if an update could be circulated to Governors over the summer, in good time for the September Board. Members noted that the Gold Group would be continuing to meet through the Summer, and the School would be permitted to lead on their own arrangements through the Autumn. Members noted that, whilst the Government says that it is avoiding additional regulations on the university sector, there will be pressure points created by populations moving around once the term starts in September. The Chairman suggested revisiting the Covid risks on the Risk Register later on the agenda.

### **Internal Audit**

1. In response to the Chair's question as to whether the meetings for specific reports could be included on the workplan, the Head of Audit and Risk Management (ARM) advised that this is likely to change very frequently, and it was therefore agreed not to do so. The Committee decided that they would like to continue receiving an Internal Audit Update report at every meeting. The Head of ARM further advised that the Annual Report of this Committee needs to be presented to the September meeting, as it is part of the annual suite of documents submitted to the Office for Students. Members noted that, following the change in submission deadlines to the OfS, this report would be presented to the Committee earlier in future years.
2. The Chair and Members agreed that, whilst internal audit and its actions and recommendations are core concerns of this Committee, there could reasonably be some constraints on the level of detail it received. The Head of ARM advised that this Committee's existence is a requirement of OfS funding and, whilst audit committees tend to receive a large number of information reports, this helps them to gain assurance and are able to seek more in-depth scrutiny where necessary.

### **Governance**

Members noted that the School's Governance and Effectiveness Committee is concerned with overseeing the School's Governance on behalf of the Board, and that this heading in the workplan presumably referred only to the Audit &

Risk Management Committee's own governance processes and procedures, and not those of the School itself.

### **External Inspections**

The Chair suggested that this heading be changed to '*External Evaluations and Assessments*' which is a more relevant title and would include, for example, the Teaching Excellence Framework, Research Excellence Framework etc.

The Chair also suggested a new row in respect of '*External Regulations and Reports*' which would cover the OfS, CUC and possibly UKRI etc. Whilst data returns fall within the Board's remit, this Committee needs to ensure that they are appropriate and quality assured. The Dean and Secretary suggested an Annual update, setting out the returns submitted over the year and their dates. The Committee agreed this approach and asked for an indicative timetable of returns to be presented to the Board at its next main meeting. A Member agreed to share a reporting template with the Dean and Secretary.

The Chair thanked Members for their helpful contributions to the workplan

## **5. INTERNAL AUDIT UPDATE**

The Chair commended the smooth progress of the audits and the character of the recommendations. In response to a question about overdue targets without explanatory comments, Members noted that the audits concerned had very recent targets dates and would only present a problem if not completed by the time of the next report. The officers gave assurance in terms of good progress arising from the recommendations and confirmed that the minor outstanding areas would be resolved shortly. The officers also commended the assistance and professionalism of the Internal Audit Team. The Dean and Secretary advised that the Student Affairs Review target date had been revised due to the pandemic and would now be presented to Internal Audit by 31<sup>st</sup> October 2021.

RESOLVED, that – the report be noted.

## **6. CITY OF LONDON CORPORATION RISK MANAGEMENT POLICY AND STRATEGY 2021**

1. The Committee received a report of the Corporate Risk Advisor in respect of the City Corporation's Risk Management Policy and Strategy for 2021. Members noted that the report had been circulated to the Chairs of all City Corporation Grand Committees, including the Chair of the Board of Governors of the School. The Chair (of the ARM) had raised a number of questions and the responses were provided in the covering report. In response to a question about how the Committee might wish to consider reviewing its role, the following suggestions were offered:
2. There was a general agreement that some of the bullet points set out below would benefit from an annual review, particularly those highlighted\* and the Chair suggested revisiting them at the November Meeting.

- a. How do senior management support and promote risk management?
  - b. How well are officers equipped and supported to manage risk well?
  - c. How is City Corporation's Risk Policy and Strategy being embedded?
  - d. Are there effective arrangements for managing risks with partners\*?
  - e. How do departmental processes promote effective risk management?
- b) How are risk identified, assessed, handled, and reported at officer and Committee levels?
  - c) How does risk management contributes to achieving successful School outcomes\*?
3. The Corporate Risk Adviser endorsed the earlier discussion about deep dives as they are a useful tool for Audit Committees and are also undertaken by the City Corporation's Audit and Risk Management Committee. Members noted that general guidance on Risk Registers states that they should be as concise as possible. Furthermore, in having an Audit and Risk Committee, the School is operating above the standard of most Service Committees within the City of London Corporation.
  4. The Principal stressed how the fundamental differences between the School and the City Corporation makes it difficult to align risk appetites. The Chair endorsed this, for example as the School would be unlikely to survive if creativity and performance were treated with a low risk appetite. The officers suggested that the School might want to look beyond the 'red, amber and green' ratings in order to gain their own perspective.
  5. An officer commended the strong working relationship with the City in terms of the City's Procurement, City Surveyors and Internal Audit teams, and how their collective support helps mitigate risks. The Chairman stressed the importance of the TOM and Lisvane outcomes in recognising the relationship with the City, and the financial support it offers, whilst giving the School greater independence in terms of management and governance.

RESOLVED, that – the report be noted.

## 7. **SAFEGUARDING ASSURANCE**

1. The Committee received a report of the Principal, in response to a request to update the Committee about safeguarding assurance at the School, noting that this would always present a high risk, however well it was being managed.
2. The Director of Guildhall Young Artists and Safeguarding advised that this is a standing item on Senior Management Team agendas, the Director meets regularly with the Principal and has weekly 1-1s with the Head of Safeguarding. Members noted that all returns to the OfS have had positive evaluations, as was a recent self-evaluation survey of service users. The Chair asked Members to confine any detailed discussions to the non-public report at agenda item 12.

RESOLVED, that – the report be noted.

**8. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE**

There were no questions.

**9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no urgent items.

**10. 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:-

<b>Item</b>	<b>Paragraph</b>
11	3
12	2
13	2,3

**11. NON PUBLIC MINUTES**

The non-public minutes of the meeting held on 26 April 2021 were approved.

**12. SAFEGUARDING ASSURANCE (NON-PUBLIC APPENDIX)**

The Committee considered a non-public appendix in respect of agenda item 7.

**13. RISK REGISTER**

The Committee received a report of the Principal, Guildhall School of Music and Drama.

**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 11.45 am**

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Chairman

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