

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

Monday, 7 November 2016

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 - 2nd Floor West Wing, Guildhall on Monday, 7 November 2016 at 2.05 pm

N.B. The meeting was preceded by an "in camera" session (1.45- 2.05pm) with Committee members, the internal and external auditors, and the Town Clerk only

Present

Members:

Christina Coker (Chairman)
Marianne Fredericks

Jeremy Simons
Neil Constable

Officers:

Gemma Stokley	-	Town Clerk's Department
Sarah Wall	-	Group Accountant, Chamberlain's Department
Cirla Peall	-	Audit Manager, Chamberlain's Department
Patsy Carter	-	Interim Head of Facilities, Guildhall School of Music and Drama
Lucy Nutley	-	External Auditor, Moore Stephens

1. APOLOGIES

Apologies for absence were received from the Principal of the Guildhall School of Music and Drama and from Deputy John Bennett (Chairman of the Board of Governors of the Guildhall School of Music and Drama).

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

There were no declarations.

3. ELECTION OF DEPUTY CHAIRMAN

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30.

Marianne Fredericks, being the only Governor indicating her willingness to serve was duly elected Deputy Chairman for the ensuing year.

RESOLVED – That, Marianne Fredericks be elected to serve as Deputy Chairman for the ensuing year.

4. PUBLIC MINUTES

The public minutes of the meeting held on 28 July 2016 were considered and approved as a correct record.

5. **MATTERS ARISING NOT COVERED ELSEWHERE ON THE AGENDA**

Outstanding Actions

The Deputy Chairman suggested that the Committee should list any outstanding actions going forward and list these as a separate agenda item with due dates assigned to them so that they could be easily tracked going forward.

The Committee were supportive of this proposal and asked that the Town Clerk produce this list for all future Audit and Risk Management Committee meetings.

Internal Audit Update Report (page 2) – The Chairman highlighted that, due to an oral update being omitted, the information reported by internal audit to the last meeting of the Committee was inaccurate regarding the number of live amber recommendations at that time. She clarified that, at 28 July 2016, there were nine live amber priority recommendations (including one relating to 'Principal Studies').

6. **INTERNAL AUDIT UPDATE REPORT**

The Committee received a report of the Head of Internal Audit and Risk Management providing an update on Internal Audit activity undertaken at the Guildhall School since the last report made in July 2016.

The Chairman asked the Committee to focus first on outstanding implementation of audit recommendations.

The Audit Manager tabled a document detailing movement of live, high priority (all amber) recommendations from July to November 2016. There were five such recommendations for the School to progress and a further recommendation which is the responsibility of City Procurement to implement. She undertook to provide similar 'tracking' information to all future meetings of this Committee.

The Committee was informed that, since its July meeting, there had been a corporate follow up exercise focusing on all high (i.e. red or amber) priority recommendations that were due for implementation by 30 September 2016. The Audit Manager confirmed that seven of the nine live amber recommendations fell into this category. Of the seven, four had been confirmed as fully implemented and revised target dates agreed for full implementation of the remaining three – 'Coding of Purchases' (part implemented), 'Disaster Recovery Site' (not implemented), and 'Tape Storage' (part implemented).

It was noted that the 'Strategic Information Technology Services (SITS) – Disaster Recovery (DR) Site' and 'Tape Storage' recommendations are linked. The Group Accountant reported that some testing of various cloud based solutions for tape storage had taken place but a firm decision had yet to be made. The Chairman reported that she was concerned that these two recommendation areas dated back to August 2015 and requested an update from officers on the action taken to date before the next Committee meeting as well as an assurance that the January 2017 target date would be met.

The Committee noted that the two recommendations concerning Milton Court had not been assigned any firm timescales for completion. They noted that the PA Consulting Review, due to report to the Board of Governors next week, would impact on this area of work. The Group Accountant confirmed the difficulty of considering Milton Court in isolation given that it was just one of the School's operational buildings. She added that the Board no longer received separate reports on Milton Court costs but that officers were, however, able to identify separately the associated costs if necessary. The Chairman agreed that the recommendations in this area should be reconciled with the outcomes of the PA Consulting Review.

It was also noted that, one of two recommendations relating to 'Compliance with Corporate Procurement Contracts' had been implemented in terms of the School's actions, however some action on the other recommendation (responsibility of City Procurement) is outstanding. The full implementation target for this recommendation has been revised from mid-April 2016 to the end of March 2017. The Committee agreed, therefore, that this matter continue to be reported to the Committee until closure.

The Committee then went on to discuss the schedule of Internal Audit Projects for 2016-17. With regard to 'Succession Planning', the Audit Manager reported that she would be meeting with the School tomorrow to plan this and was confident that it could then move to audit fieldwork stage relatively quickly thereafter. The Audit Manager went on to report that Internal Audit had met with the Group Accountant to discuss progressing the other three projects and the Principal's input would be encouraged for scoping these.

In response to a question about the likelihood of completing all four projects in 2016-17, the Audit Manager reported that it was intended that all would be completed by the end of the academic, rather than financial, year.

In relation to the planned project around 'Satellite Site Operations', the Chairman highlighted that this was significant in terms of potential risk and stressed the importance of ensuring no slippage on this project.

The Chairman concluded by stating that she very much welcomed the closer relationship being fostered between Internal Audit and Risk Management.

RESOLVED – That, Governors note the status of planned audit work for 2016-17 and the outcome of formal recommendations follow-up activity since the last Internal Audit Report in July 2016.

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 additional, urgent items of business for consideration.

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
13-18	3
19	2 & 3

10. **NON PUBLIC MINUTES**

The non-public minutes of the meeting held on 28 July 2016 were considered and approved as a correct record.

11. **NON-PUBLIC MATTERS ARISING NOT COVERED ELSEWHERE ON THE AGENDA**

The Committee discussed matters arising from the minutes of the last meeting held on 28 July 2016.

12. **HEFCE ANNUAL ACCOUNTABILITY RETURN 2016**

The Committee received a report of the Chief Operating and Financial Officer in relation to the 2016 Annual Accountability Return documents for consideration elsewhere on the agenda.

13. **HEFCE ACCOUNTS DIRECTION FOR 2016/17**

The Committee received a report of the Principal of the Guildhall School of Music and Drama referring to the Accounts Direction for 2016/17.

14. **AUDITED FINANCIAL STATEMENTS**

The Committee received a report of the Chief Operating and Financial Officer detailing the financial statements for the year ended 31 July 2016.

15. **AUDIT COMMITTEE ANNUAL REPORT**

The Committee considered their Annual Report prior to its submission to the Board of Governors.

16. **GUILDHALL SCHOOL 'ECONOMY, EFFICIENCY AND EFFECTIVENESS' UPDATE**

The Committee received a report of the Principal of the Guildhall School of Music and Drama summarising the arrangements currently in place to achieve best value for money and the initiatives being undertaken to improve them.

17. **FINANCE REVIEW**

The Committee received a late, separately circulated, report of the Principal of the Guildhall School of Music and Drama detailing the School's Finance Review for Period 2 of the Academic Year 2016/17.

18. **RISK REGISTER**

The Committee received a report of the Chief Operating and Financial Officer providing assurances that risk management procedures in place within the School are satisfactory and meet the requirements of the corporate Risk Management Framework.

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

There were no questions raised in the non-public session.

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 additional, urgent items of business for consideration in the non-public session.

21. **SAFEGUARDING UPDATE**

The Chairman and Deputy Chairman informed the Committee of a current Safeguarding issue.

The meeting ended at 3.50 pm

Chairman

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