

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

**Friday, 20 January 2017**

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 Friday, 20 January 2017 at 1.45 pm

**N.B. The meeting was preceded by an 'in camera' session (1.45 – 2.05pm) with Committee Members, Internal Audit and the Town Clerk only.**

**Present**

**Members:**

Christina Coker (Chairman)  
Marianne Fredericks

Jeremy Simons  
Neil Constable

**In Attendance**

Deputy John Bennett

**Officers:**

Professor Barry Ife	-	Principal, Guildhall School of Music and Drama
Gemma Stokley	-	Town Clerk's Department
Pat Stothard	-	Head of Internal Audit and Risk Management
Sarah Wall	-	Group Accountant, Chamberlain's Department
Patsy Carter	-	Interim Head of Facilities, Guildhall School
Jonathan Poyner	-	Operations Director, Barbican & Guildhall School

**1. APOLOGIES**

There were no apologies for absence.

**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 7 November 2016 were considered and approved as a correct record.

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

There were no matters arising from the public minutes of the last meeting not covered elsewhere on the agenda.

**5. OUTSTANDING ACTIONS REPORT**

The Committee received a report of the Town Clerk detailing a number of outstanding actions.

The Town Clerk explained that, following a request from Governors at the last meeting of this Committee, this report would now feature on each agenda.

The Chairman requested an update on each action from Officers. The updates provided were as follows:

Student Catering (including Student Bar)

The Head of Audit and Risk Management stated that this would form the basis of a report to the November 2017 meeting of this Committee.

Milton Court

The Group Accountant reported that the audit fieldwork for this now nearing completion. A report would be provided to the next meeting of this Committee in July 2017.

Sundial Court

The Chairman reported that this had originally been included in the 2017-18 Audit Plan but could now be brought forward to be reported in 2016-17.

Staff Recruitment and Retention

The Principal reported that some posts were currently being held vacant which had resulted in some positive variances in the budget. Two of the most significant posts currently being held vacant were fundraising posts. It was the intention that the new Principal would appoint to the role of Head of Development and it was anticipated that the new post-holder would then put forward recommendations on the future structure of the Department. In response to a question, the Principal reassured the Committee that the School's Head of Marketing was also currently overseeing the work of the Head of Development in the interim period.

With regard to staff retention, the Principal reported that the staff development framework at the School was very successful with staff retention and recruitment routinely considered by the Senior Management Team. He added that there were no obvious problems in these areas for the School at present.

The Head of Audit and Risk Management reported that the majority of the fieldwork regarding succession planning had now been completed and the outcomes of this review would be reported to the next meeting of this Committee.

Failure to Engage Benefactors and Alumni

In response to a question from the Chairman, the Principal reported that the Graham-Pelton planning study had now been received by both the SMT and the Trustees of the Guildhall School Trust. A draft case for support was now in place and the new Principal was aware of the £20million target.

Governors questioned how this campaign would fit with other campaigns being launched by both the Museum of London and for the new Centre for Music given that all would be viewed as 'City' initiatives. The Principal reported that

the GSMD and the new Centre for Music campaigns would have a very different focus, with GSMD focusing primarily on 'young talent'. The Principal was confident that the campaigns would not, therefore, be in direct competition with one another. The Principal went on to report that the School's Head of Development regularly met with his counterpart at the Barbican Centre to co-ordinate any fundraising initiatives and avoid direct clashes.

#### Development of IT Pedagogy Fails to Keep Pace with Competition

The Principal reported that any risk associated with this was now extremely low with the Guildhall School keeping pace with competition in this area. He advised that this matter could now therefore be removed from the existing risk register.

### 6. **INTERNAL AUDIT ANNUAL REPORT**

The Committee received a report of the Head of Audit and Risk Management providing details of the Internal Audit work undertaken at the School during the academic year ended 31<sup>st</sup> July 2016 with the intention of providing Governors with an opinion on the adequacy and effectiveness of the School's arrangements for internal control.

The Chairman reported that this information had also been received by the full Board at their November 2016 meeting.

**RESOLVED** – That, Members note the work that internal audit have undertaken.

### 7. **INTERNAL AUDIT UPDATE REPORT**

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

The Head of Audit and Risk Management reiterated that fieldwork was in progress for the audit of Succession Planning, Talent Management and Staff Development and reported that consultation was also underway on the terms of reference for the audit of Satellite Site Operations.

In terms of the movement of live high priority recommendations, the Committee were informed that there were no outstanding red recommendations and just four live amber recommendations – this had reduced from six live amber priority recommendations reported at the time of the November Audit and Risk Management Committee meeting. This movement reflects full implementation of one recommendation and advice received from Guildhall School management that a further recommendation has been superseded.

The Head of Audit and Risk Management went on to highlight that an audit of Student Catering (including the Student Bar) did not currently feature on the 2017-18 Draft Internal Audit Plan but could now be added with a revised 2017-18 plan presented to the next Audit and Risk Management Committee for approval.

In response to questions around the planned audit of Satellite Site Operations in 2016/17, the Principal stated that this was intended to look at all aspects of the operations including governance, business planning and safeguarding. The Principal went on to report that the satellite models had now converged and that it had now agreed with all at Hestercombe (including the Board and Chairman) that the CYM there would be moving to a secondary school premises in Taunton at the end of the current academic year. Accommodation at the new site would be free and it would also mean that the Centre was situated in a more central location and was therefore easier for existing and prospective students to access. This would bring the model in line with the existing Norwich and Saffron Walden models where accommodation was provided free of charge. Two new satellite sites –based in Peterborough and Bristol - would also be based on this model.

The Principal went on to report that the Town Clerk had recently commissioned a general review of Safeguarding and that separate reviews would now also take place in all five satellite sites. The Chairman highlighted that it would be important, reputationally, for the School to regularise the relationship that each satellite operation had with ‘the centre’ in terms of accountability and lines of responsibility. The Principal agreed with this point and highlighted that School would now also be looking at how to better ‘brand’ the CYM’s as being associated with the Guildhall School as it was felt that there were enormous reputational gains here now that good student cohorts were well established. The Chairman added that this would also go some way in addressing the views expressed within the PA Consulting Review regarding the School’s under 18s offerings currently looking distinct and separate.

The Chairman noted that the two items listed within the Schedule of Internal Audit Projects for 2016-17 (Strategic Planning and Income Generation) had now been deferred to 2017-18. It was also noted that work on the Succession Planning Audit was in progress.

The Chairman requested updates on each of the live, amber priority recommendations. With regard to the work around ‘Coding of Purchases’, the Group Accountant reported that, following discussions with Internal Audit, she believed that this was now nearing completion. In relation to the live recommendation regarding ‘Disaster Recovery/Tape Storage’, the Group Accountant reported that the School had previously been trying to align with the City of London’s arrangements. A new Head of IT had now tested several options and it was hoped that this would be fully implemented by the end of the current School term.

Finally, the Chairman drew the Committee’s attention to the Internal Audit Plan for 2017-18 and the Internal Audit 3 Year Strategy. The Chairman noted from officers’ oral updates that, in terms of the 2017-18 Plan, the Student Catering audit had been added. Meanwhile, it was now anticipated that the Data Quality Audit would be completed in the current academic year and work on the Sundial Court Project Governance audit had already commenced. Therefore, these two, and the two audits in progress on Succession Planning and Satellite Sites would all be reported on in the 2016-17 academic year. It was agreed that

further amendments to the 2017-18 Audit Plan and 3-Year Audit Strategy should be considered at a later stage, once the new Principal has had an opportunity to be briefed and review audit issues.

The Principal informed the Committee that the School's Risk Register would be reviewed, in its entirety, with the new Principal from 2017-18 onwards. He added that the biggest risk to the School at the present time was Brexit and the effects that this might have on EU recruitment. He assured Governors that the School was currently lobbying on this through the sector and had already done some modelling around this. He stated that he felt it would be worth auditing the steps taken by the School to minimise any negative impact of Brexit given that it is currently the School's biggest, ongoing risk.

**RESOLVED** – That, Governors note the status of planned audit work for 2016-17, the live high priority recommendations position and audit plan proposals for 2017-20.

**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 additional, urgent items of business for consideration.

**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:-

Item	Paragraph
11	3
13-15	3

**11. NON PUBLIC MINUTES**

The non-public minutes of the meeting held on 7 November 2016 were considered and approved as a correct record.

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

The Committee discussed matters arising from the minutes of the last meeting held on 7 November 2016 and not covered elsewhere on the agenda.

**13. TRAC RETURN FOR ACADEMIC YEAR 2015-2016**

The Committee received a report of the Principal of the Guildhall School of Music and Drama detailing the School's annual TRAC (Transparent Approach to Costing) return for the Academic Year 2015-16.

14. **FINANCE REVIEW**

The Committee received a report of the Chief Operating & Financial Officer detailing the School's financial performance up to the end of November 2016 (Period 4 of 2016-17 Academic year).

15. **RISK REGISTER**

The Committee received a report of the Principal of the Guildhall School of Music and Drama providing assurances that risk management procedures in place within the School are satisfactory and that they meet the requirements of the corporate Risk Management Framework.

16. **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.

17. **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.

**The meeting ended at 3.34 pm**

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Chairman

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