

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

Friday, 21 July 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, 21 July 2017 at 1.45 pm

**The first 15 minutes of this meeting took the form of an 'in camera' session
with only Committee Members, the Internal Auditor and the Town Clerk present**

Present

Members:

Christina Coker O.B.E. (Chairman)
Marianne Fredericks

Neil Constable
Graham Packham

In Attendance

Vivienne Littlechild

Officers:

Gemma Stokley	-	Town Clerk's Department
Julie Cornelius	-	Town Clerk's Department
Sarah Wall	-	Chamberlain's Department
Pat Stothard	-	Head of Internal Audit and Risk Management
Jonathon Poyner	-	Barbican Centre
Amy Grimes	-	Guildhall School of Music & Drama
Patsy Carter	-	Guildhall School of Music & Drama

1. APOLOGIES

Apologies were received from Lynne Williams and Deputy John Bennett.

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

There were no declarations.

3. ELECTION OF DEPUTY CHAIRMAN

In accordance with Standing Order 30, Marianne Fredericks, being the only Member willing to stand, was declared Deputy Chairman for the ensuing year.

4. APPOINTMENT OF CO-OPTED MEMBER

The Committee had previously sought the approval of the Board of Governors to agree the continued appointment of Neil Constable as a Co-opted Member to this Committee.

RESOLVED – That Neil Constable continues as a Co-opted Member for a further year.

5. **PUBLIC MINUTES**

RESOLVED – That the public minutes of the meeting held on 20 January 2017, be approved as a correct record, subject to the following amendments.

To record, that the meeting was preceded by an ‘In Camera’ session’.

Minute 7. Internal Audit Update Report: The final sentence within the penultimate paragraph on page 4, should be amended to read: ‘A Head of IT had now tested several options ...’

Matters arising

Milton Court

A recommendation – Business Plan Update - made as part of the audit, was not agreed because it was considered more appropriate for the business plan for Milton Court to be incorporated in the School’s overall Strategic Plan. The Committee noted and was content with this approach-

The Chamberlain reported that dates were allocated to use the premises for music rentals and community events. The community events had proven problematic in respect of ensuring adequate space available to students.

Development of IT Pedagogy fails to keep pace with competition:

The Chairman noted that, at the Committee’s last meeting, it was reported that any risk associated with this area was now extremely low. She suggested that the current Principal might wish to keep this under review, given that digital development forms part of the new Strategic Plan.

6. **MATTERS ARISING NOT COVERED ELSEWHERE**

There were no matters arising.

7. **OUTSTANDING ACTIONS REPORT**

Members considered a report of the Town Clerk regarding outstanding actions. The Head of Internal Audit and Risk Management noted the following:

Item 1 – Student Catering (including student bar)

The Head of Internal Audit and Risk Management will review the previous audit of the student bar to ensure issues raised previously were addressed

Item 2 – Milton Court

Internal Audit had signed off the setting of rental/hire costs. This formed part of the update on recommendations; actions arising had been implemented and evidenced.

Item 3 – Sundial Court

This was no longer recorded as a Red risk.

Item 4 – Succession planning, talent management and staff development

Members noted that this action would be discussed elsewhere on the agenda.

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8. TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD OF GOVERNORS OF THE GUILDHALL SCHOOL OF MUSIC AND DRAMA

Members considered a report of the Town Clerk concerning the Terms of Reference of the Audit and Risk Management Committee of the Board of Governors of the Guildhall School.

It was considered that a review of the Terms of Reference would be beneficial, particularly for new Committee members. The Chairman highlighted that the Terms of Reference, compiled approximately ten years ago, were the most comprehensive of the Board's Committees, particularly referencing HEFCE requirements.

Referring to item 4. 'Attendance at meetings' and in response to the Chamberlain stating that the positions of Finance Director and the Director of Business Support no longer exist, the Town Clerk will amend the Terms of Reference to reflect these changes. Additionally, the Chamberlain will circulate to the Committee, any required amendments/additions to the Terms of Reference, including an update to the section on 'Attendance at meetings'.

Referring to item 10. 'Duties', the Chairman said the Committee should remain mindful that the City of London appointed the external auditors. If it were possible to appoint its own external auditors, the School's Board of Governors/Audit & Risk Management Committee could ensure that specialist H.E. expertise was commissioned. A member said that whoever was responsible for appointing external auditors, should ensure the auditors had H.E. expertise, could advise on the impact of statutory changes and were able to offer sector advice and comparisons. The Committee expressed concern that, without such expertise guaranteed, the School was disadvantaged with regard to its external audit.

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9. INTERNAL AUDIT UPDATE REPORT

Members considered a report of the Head of Internal Audit and Risk Management concerning an internal audit update and the following points were made.

Appendix 1 (Delivery of 2016-17 Planned Audits)

- Given the previously agreed deferral (to 2018-19) of two audits – ('Strategic Planning' and 'Income Generation') only two audits had been progressed, as follows. The 'Satellite Site Operations' audit resulted in a moderate assurance and 4 amber recommendations all agreed by management and implementation due for completion by end December 2017. The audit on 'Succession Planning, Talent Management and Staff Development' was in the process of being finalised and would be reported at the Committee's next meeting.
- The Chairman said, moving forward, it would be extremely helpful for the Committee to receive, for all programmed audits, the terms of reference,

the finalised audit report, and the management responses. The Head of Internal Audit and Risk Management agreed to look into the most appropriate way to convey this information.

Appendix 2 (Audit Plan 2017 -2020)

- The Head of Internal Audit and Risk Management would be meeting shortly with the Principal to discuss the following: potential changes to work planned for 2017/2018; any carry forward work; a review of the 2018/2019 and 2019/2020 audit plans. Additionally, there would likely be other items for discussion that arose from the new Strategic Plan due to be submitted to the Board's November meeting for approval. The Principal and the Head of Internal Audit and Risk Management will meet with the Chairman and Deputy Chairman to update them on the outcomes of their aforementioned, scheduled meeting..
- In terms of comments and suggestions for consideration in future audit coverage, a member referred to 'Data Quality' appearing only once within the Internal Audit 3 Year strategy. The Head of Internal Audit and Risk Management said it is possible to include 'Data Quality' more frequently and to specify on an annual basis, a different focus area, but this would have an impact on Audit coverage. The most appropriate approach was for the Guildhall School Management to undertake Data Quality audits which Internal Audit could subsequently review. The suggestion from the H.E. Internal Audit Body was that this was how this should be managed; this complied with HEFCE's expectations.
- The Chamberlain said discussion had taken place, regarding organising a team to look at audit returns across groups, e.g. Higher Education Institutions.
- The Chairman also suggested three potential areas for consideration in the 3 year audit strategy: Co-ordination and management of the under 18 offer', 'Enterprise activities' and 'Internationalisation'.

Appendix 3 (Live Amber Recommendations - Movement January to July 2017)

- The Chairman said it was really useful for the Committee to receive details in a standing appendix updating all movements in live priority recommendations.
- Responding to a member's request for an update on the City of London action within Procurement, the Head of Internal Audit and Risk Management said this was likely to take place soon. The Chairman noted the original target date was 16 April 2016, revised to 31 March 2017.
- In response to a question asking for an update on the 'Disaster Recovery site: Cloud Backup', the Chamberlain said the promised target date for implementation was 30 September 2017. I.T. was an area that was regularly reviewed, with significant activity taking place. However, whilst some aspects had been completed, others remained outstanding.
- In response to a question asking what expertise was in place to review I.T., the Head of Audit and Risk Management said there was an in-house I.T. auditor. Additionally, 40 days of external I.T. audit support was commissioned to ensure that good I.T. resources are available to the City.

- The Chairman referred to the original target date of 31 August 2015 (revised to 31 January 2017). The Committee agreed it would be beneficial to see original target dates included within the information presented to this Committee.
The Head of Internal Audit and Risk Management will insert an additional column within the Audit Update report, to record original target dates.

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

There were no questions.

11. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

12. 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:-

13. NON PUBLIC MINUTES

RESOLVED – That the non-public minutes of the meeting held on 20 January 2017 be approved as a correct record.

14. NON-PUBLIC MATTERS ARISING NOT COVERED ELSEWHERE

There were no non-public matters arising that are not covered elsewhere.

15. ALL COMMITTEE REVIEW: AUDIT & RISK MANAGEMENT RESULTS

Members considered a report of the Academic Registrar, relating to the Governance and Effectiveness Committee's review of the effectiveness of all of the Board's Committees going forward.

16. STATUTORY REPORTING: BRIEFING

Members considered a report of the Principal, relating to the various returns, internal quality assurances and audit issues.

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RESOLVED – That in accordance with Standing Order 40, the meeting would continue beyond the expected two hour duration.

17. GUILDHALL SCHOOL OF MUSIC AND DRAMA RISK REGISTER

Members considered a report of the Principal of the Guildhall School of Music and Drama.

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Neil Constable left at this point of the meeting.

18. CYM SATELLITES RISK REGISTER

Members considered a report of the Principal of the Guildhall School of Music and Drama relating to a Risk Assessment Register for the Satellite Centres. Having been circulated late, this was tabled for ease of reference.

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19. FINANCE REVIEW

Members considered a report of the Chief Operating and Financial Officer, detailing the School's financial performance up to the end of May 2017 (Period 10 of 2016-17 academic year).

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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 urgent items.

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

The Chairman was heard.

The meeting ended at 4.00 pm

Chairman

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