

## **JOINT MEETING OF THE AUDIT AND RISK COMMITTEE AND THE FINANCE AND RESOURCES COMMITTEE**

### **MINUTES**

|                                       |                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date</b>                           | <b>Wednesday 4 December 2024</b>                                                                                                                                                                                                                                                                                                             |
| <b>Time</b>                           | 18:00                                                                                                                                                                                                                                                                                                                                        |
| <b>Location</b>                       | Via MS Teams                                                                                                                                                                                                                                                                                                                                 |
| <b>Present (Governors):</b>           | Chair: Dr Andrew Gilchrist<br>James Herriott<br>Professor Craig Mahoney (Corporation Chair) – to 6.30pm<br>Maureen McDermott (Staff Governor)<br>James Measures<br>Rebecca Page-Tickell<br>Rick Parish – co-opted member<br>Christine Ricketts (Principal and CEO)<br>Paul Stedman<br>Meyrick Vevers (Finance and Resources Committee Chair) |
| <b>In attendance (officers)</b>       | Allan Tyrer (Chief Operating Officer)<br>Melissa Drayson (Director of Governance)                                                                                                                                                                                                                                                            |
| <b>In attendance (auditors)</b>       | Helen Cargill (TIAA)<br>Katharine Patel (Buzzacott)                                                                                                                                                                                                                                                                                          |
| <b>Apologies for absence</b>          | Jesse Adekoya                                                                                                                                                                                                                                                                                                                                |
| <b>Quorum (3 from each Committee)</b> | The meeting was quorate throughout                                                                                                                                                                                                                                                                                                           |

*Items identified as confidential on the grounds of commercial or personal sensitivity are highlighted within these minutes and will be redacted from the published version.*

| <b>Item</b>                                                                                                                                                              | <b>Action lead</b> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>1. Preliminary items</b>                                                                                                                                              |                    |
| <b>1.1 Apologies for Absence and welcomes</b><br>Apologies were received from Jesse Adekoya. Craig Mahoney would be leaving at 18:30                                     |                    |
| <b>1.2 Declarations of interest</b><br>There were no new declarations of interest relating to matters on the agenda. Previously declared interests were carried forward. |                    |
| <b>1.3 Urgent other business notified in advance</b>                                                                                                                     |                    |

No urgent matters of other business had been notified in advance.

## **2. Financial Statements and Regularity Audit 2023-24**

### **2.1 Draft External Audit Management Report**

*Presented by Buzzacott*

The audit work had been completed and had run smoothly in spite of it being a complicated year because of the significant transactions relating to the land sale to Cala and ESFA repayment. Some outstanding points had, therefore, yet to be closed off and there had been a delay to the final figures within the accounts. These specifically related to disclosures around capital and staffing. The Annual Report and Financial Statements would, therefore, need further work and thorough checking before it could be signed off.

Of the outstanding issues listed, several were routine and had already been dealt with. Nothing was anticipated that would change the opinions of unqualified financial statements and an unmodified regularity opinion. The Teachers Pension Audit had been completed.

Thanks were conveyed to the Chief Operating Officer, Head of Finance and wider finance team. The COO's summary paper setting out the Cala transactions had been particularly helpful.

The main findings from the audit work were:

- The final funding statement showed only a £20k difference, which was not material.
- There were no misstatements to report
- No significant systems weaknesses had been identified, although the same issue had been picked up as by the Internal Auditors relating to sign-off of student withdrawals.
- All controls issues identified the previous year had been resolved.
- The main audit risk related to the sale of land to Cala. More detail was required on the reconciliation of capital commitments and deferred values of buildings. The COO confirmed that he was awaiting confirmation on the valuation of the Sports Hall and Community Hub. A note would also be required in the accounts about the works account where cash was being held with the interest paid over to Cala. The overall net impact of the transaction had significantly improved the college's cash position.
- Other risk related to income recognition. A provision was made for AEB clawback, but this was not material.
- Confirmation was provided that the College was meeting the terms of the covenants for the Barclays bank loan.
- There were no concerns relating to management over-ride or related party transactions
- The net asset surplus on the Local Government Pensions Scheme was recognised in the accounts as zero.
- The financial health score was Good using ESFA measures. Governors expressed frustration and concern that classifying the DfE debt as a loan had depressed the score for borrowing and that this would give a falsely negative impression of college finances.

Governors thanked Buzzacott for a clear report covering a complex year.

**RESOLVED: That, subject to outstanding matters being completed, the External Audit Post Audit Report be recommended to the Corporation FOR APPROVAL.**

## **2.2 Letters of Representation**

The Letters of Representation followed a standard format, with the specific addition of a section on the Cala Homes sale. The Committee asked for one minor amendment.

**RESOLVED: that the Letters of Representation be recommended to the Corporation FOR APPROVAL and signing by the Chair.**

## **2.3 Regularity Audit Self-Assessment Questionnaire**

The Committee received the questionnaire which had been used as the basis for the regularity audit work.

**RESOLVED: That the Regularity Audit SAQ be recommended to the Corporation FOR APPROVAL and signing by the Chair.**

## **2.4 Draft Annual Report and Financial Statements 2023-24**

*Presented by the Chief Operating Officer*

As discussed under Item 2.1 the document was in draft form pending the completion of sections relating to the sale of land and subsequent transactions. It was noted that the sale proceeds put the balance sheet position up to nearly £50m. The Statement of Consolidated Income (SOI) was also strong

Governors raised the need to gain assurance on double entries given their complexity. The auditors suggested that the Chief Operating Officer should add this information to his paper on the treatment of capital transactions and that they would provide an assurance statement for the Corporation.

The process for producing the final version was discussed. The Chief Operating Officer would work with the auditors to produce this before the mailing date for Corporation papers. The Committee supported giving delegated authority to the Chair of the Audit Committee and Chair of F&R Committee to review the final version and confirm that they were happy to recommend it for approval on behalf of both Committees.

**RESOLVED: That, subject to final review and agreement of the two Committee Chairs, the Annual Report and Financial Statements 2023-24 be recommended to the Corporation FOR APPROVAL and signing by the Chair, and Principal and CEO.**

**Approved by the Audit and Risk Committee as an accurate record on 26 February 2025**  
**Approved by the Finance and Resources Committee as an accurate record on**