



**CALDERDALE COLLEGE  
JOINT AUDIT & FINANCE AND RESOURCES COMMITTEE MEETING**

**Minutes of the Meeting held on 21 November 2019, 17.35  
Boardroom, C Floor, Calderdale College**

**Present:**

Fiona Armer	External Governor (F&R)
Peter Clark	External Governor (F&R)
Pat Drake	External Governor (F&R)
Adrian Furness	External Governor (A)
John Rees	Principal & CEO (F&R)
Chris Reeve	Co-opted Governor (A)
Malcolm Rogers	External Governor (Chair) (F&R)

**In Attendance:**

Denise Cheng-Carter	Deputy Principal (Finance and Resources)
Helen Culshaw	ICCA
Mike Redfern	Grant Thornton
Andrew Harris	Head of Finance
Jane Taylor-Holmes	Clerk

*Agenda: There were no changes to the agenda.*

1	<p><b>FRA/19/101 - Apologies for absence</b></p> <p>Apologies were received from;            Rachel Court , External Governor (A)            Richie Dunk, External Governor (A)            Jenny Grainger, External Governor (A)            Andrew Wright, Co-opted Governor (F&amp;R)            Jonathan Creed, ICCA            Callum Flanagan, Grant Thornton</p>	
2	<p><b>FRA/19/102 – Confirmation of eligibility, quorum and declarations of interest</b></p> <p>No notice had been received of any member becoming ineligible to hold office.</p>	
3	<p>There were sufficient Finance and Resources Committee members.</p>	

4	<p>There were not sufficient Audit Committee members present and therefore it was agreed that as the Financial Statements 2018/19 required recommendation to the Board, following this meeting, the minutes would be circulated to all Audit Committee members for consideration along with the papers for comment and confirmation of the recommendation in advance of the Board meeting.</p>	
5	<p>There were no declarations of interest in agenda items.</p>	
<p><b>FRA/19/103 – Financial Statements 2018/19</b></p>		
6	<p>Mr M Redfern, Grant Thornton presented the Financial Statements for 2018/19 and the Audit Findings document together with the Management Letter.</p>	
7	<p>Mr Redfern referred Committee members to the status of the audit at page 4 of the Report and confirmed that all outstanding testing matters were complete.</p>	
8	<p>It was understood that the ESFA confirmations were due in the second week of December 2019 and these would be required prior to the final sign off of the Financial Statements. No issues were expected.</p>	
9	<p>Mr Redfern referred Committee members to the overview of audit findings at page 2 of the Audit Findings document.</p>	
10	<p>Mr Redfern explained that there had been no significant audit findings in any of the accounts reviewed as part of the audit work undertaken.</p>	
11	<p>The audit had included testing for management bias and override, unusual policies and transactions had been reviewed and journal entries tested.</p>	
12	<p>Committee members noted the risks identified as part of the audit plan and the Auditor commentary on pages 5 to 9 of the report.</p>	
13	<p>There was consideration of the LGPS pension scheme liabilities which had significantly increased from the previous year from £7.7m to £14m. Mr Redfern referred to the contributing factors which had resulted in the increase. Past service costs had impacted on the income and expenditure account in this financial year however, this would not be present in the 2019/20 Financial Statements.</p>	
14	<p>Committee members noted that the contributions to the LGPS were increasing by 0.5% for the next four years. The TPS scheme contributions were subject to a greater increase however, Government uplift funding had been</p>	

	provided to cover this increase in the short term. The position in the longer term remained uncertain.	
15	Mrs D Cheng-Carter, Deputy Principal (Finance and Resources) confirmed that there had been a revaluation in March 2019, this had been rated as a medium risk. The next LGPS revaluation would take place in three years and the TPS in a further five years. Grant Thornton's internal actuaries had reviewed the figures.	
16	In relation to employee remuneration (as the most significant area of expenditure), testing had been undertaken using the data interrogation software (IDEA) no issues were identified in this area. Particular consideration had been given to any duplicates, where these were identified, these were investigated and corroborated.	
17	Committee members discussed a phishing email which some Colleges had been subject to in relation to payments of salary. Mrs Cheng-Carter confirmed that the College does not use self-serve systems, any changes to bank information details can only be changed by the employee visiting the HR team.	
18	In relation to the potential risk of understatement of creditors or operating expenses, again, no issues had been identified.	
19	Mr Redfern explained that, in relation to ensuring that grant income was appropriately accounted for, no issues had been identified from any testing undertaken. All policies and procedures were deemed appropriate.	
20	Consideration had been given to the payments in advance received in relation to the Sheffield Skills Bank contract. This had been tested and confirmation given that the proper accounting method had been used correctly.	
21	A report on FRS102 retirement benefits and assumptions was contained within page 10 of the Audit Findings.	
22	Committee members noted the other communication requirements at page 11 of the Audit Findings and the internal controls matters raised at pages 12 and 13 of the report.	
23	Mr Redfern explained that a small number of improvement areas had been identified. These were not serious or significant and were to improve rather than correct.	
24	Committee members noted the adjusted misstatement on page 14 of the Audit Findings; it was noted that the impact was very small but this was included within the report for	

	completeness.	
25	The Non-Audit fees and independence comments within the report were noted.	
26	Mrs Cheng-Carter confirmed that RSM had conducted the funding audit on behalf of the ESFA and the final management letter was awaited. The resulting net adjustment of the audit was in the region of £900.	
27	<b>Committee members noted the content of the report.</b>	
	<b>Approach to Going Concern Assessment</b>	
28	Mrs Cheng-Carter explained that due to the impact of the pension contributions, the College was in a deficit position at year-end.	
29	Mrs Cheng-Carter explained that Governors needed to be satisfied that the College remained a going concern and was able to pay its operating expenses and any debts as they become due and that therefore the College is not insolvent.	
30	Page 2 of the report confirmed the approach taken by management.	
31	Committee members noted that the budget 2019/20 and the 2020/2022 plan remained solid and the cashflow forecast at Appendix 1 was noted. There were no concerns that the College would not be able to pay creditors. The College would also remain able to comply with bank covenants.	
32	Committee members had discussed the impact of the increase in past pension service costs during the 2018/19 financial year and had noted that this would not repeat in 2019/20.	
33	There were no indications that any of the assumptions contained within the budget or plan needed to be changed and therefore it was concluded that the College remained a going concern.	
34	The challenge of the pension issue nationally across the sector was noted along with the complexity of the issue.	
35	Committee members discussed and agreed the approach to going concern and Mr Redfern confirmed that the College remained a going concern.	
36	Committee members reviewed the Draft Financial Statements for the year-ended 31 July 2019.	

<p>37</p> <p>37</p> <p>38</p> <p>39</p> <p>40</p> <p>41</p> <p>42</p> <p>43</p> <p>44</p>	<p>In relation to the Report of the Members of the Corporation, it was noted that this was based on the published template document.</p> <p>There were amendments suggested to the Members list and attendance figures to ensure that both Safia Kauser and Oskar Watson were included.</p> <p>It was agreed that the payment performance section of the report on page 5 would be amended to reference the College approach to payments.</p> <p>Mr M Rogers, External Governor provided a number of typographical amendments.</p> <p>It was agreed that all amendments would be incorporated before submission to the Board in December.</p> <p>Committee members thanked the Finance team for their work in producing the draft Financial Statements.</p> <p><b>Resolved – Committee members recommended to the Board for approval</b></p> <p><b>1. The Financial Statements for the year-ended 31 July 2019 (subject to the agreed amendments)</b></p> <p><b>2. The Audit Findings for the year-ended 31 July 2019</b></p> <p><b>Committee members confirmed that the documents would be recommended forward pending the outcome of the final ESFA figures being provided.</b></p> <p><b>Committee members confirmed that the College remained a going concern.</b></p>	<p><b>Action: Mrs Cheng-Carter December 2019</b></p>
<p>45</p>	<p><b>FCA/19/104 – Items to be reported to the Board</b></p> <p>Items recommended to the Board for approval;</p> <ul style="list-style-type: none"> <li>• <b>The Financial Statements for the year-ended 31 July 2019</b></li> <li>• <b>The Audit Findings for the year-ended 31 July 2019</b></li> </ul> <p><b>Subject to comments and amendments above.</b></p>	
<p>46</p>	<p><b>FCA/19/105 – Date of Future Meeting</b></p> <p>Joint Finance &amp; Resources and Audit Committee – November 2020 – TBC</p>	

Signed as a true and accurate record

MCR  
Chair

Date : 19 March 2020