



CALDERDALE COLLEGE
JOINT AUDIT & FINANCE AND RESOURCES COMMITTEE MEETING

Minutes of the Meeting held on 27 November 2023, 17.35
Remote via MS Teams

Present:

Peter Clark	External Governor (F&R)
Rachel Court	External Governor (Chair) (A)
Richie Dunk	External Governor (A)
Jenny Grainger	External Governor (A)
Richard Laycock	External Governor (F&R)
David Malone	Principal & Chief Executive (F&R)
Suzan McGladdery	External Governor (F&R)
Chris Reeve	Co-opted Governor (A)
Martyn Stone	External Governor (A)
Andrew Wright	External Governor (F&R)
John-Paul Yates	External Governor (F&R)

In Attendance:

Andrew Harrison	Vice Principal – Corporate Services
Jonathan Creed	ICCA
Richard Lewis	RSM
Jim Leiper	IT Manager (Items 101-103 only)
Jane Taylor-Holmes	Clerk

Agenda: There were no changes to the agenda.

	FRA/23/101 - Apologies for absence	
1	Apologies were received from Richie Dunk, External Governor (A).	
	FRA/23/102 – Confirmation of eligibility, quorum and declarations of interest	
2	No notice had been received of any member becoming ineligible to hold office.	
3	The meeting was quorate.	
4	There were no declarations of interest in agenda items.	

	FRA/23/103 - IT / Security Deep Dive presentation	
5	Mr J Leiper, IT Manager was welcomed to the meeting and provided a presentation on IT and data security.	
6	Mr Leiper provided information on the IT team structure and commented on changes within the staffing team, in particular that the recruitment of two infrastructure engineers had created additional resilience within the team.	
7	Mr Leiper referred to slides 5-7 which detailed the recent and current projects and commented that the team had replaced two non-standard fire walls, the aim continued to make the internet connection as robust as possible. Following this project, the roll-out of over 100 new WiFi access points had been completed.	
8	Mr Leiper referred to the replacement of the network switches and the progress of this project. It was noted that work was being undertaken during holiday periods to minimise disruption.	
9	Mr Leiper commented on the work being undertaken to test a new method for students to access computing services within the College including the use of thin client software. The benefits of moving to this method was noted including a reduction in maintenance and savings in costs in terms of replacing equipment. This would also provide a much improve student experience allowing easy access.	
10	Mr Leiper referred to the enhances anti-virus protection and the enhancing phishing campaigns to support targeted training for users.	
11	In relation to future plans, Mr Leiper commented on the work being undertaken to integrate ID cards with multiple systems including EBS. The aim of this was to reduce manual processes and improve efficiency.	
12	Mr Leiper commented that the current phone system was now obsolete. MS Teams was being considered as an option and this would be discussed with the new Head of Digital Innovation and Transformation.	
13	Mr Leiper explained that other developments were also being supported by the Team including the implementation of the Student App, the new HR and Payroll system, Aptem for apprenticeships and the new finance system.	
14	In relation to cyber security, it was noted that it was essential that all systems were updated. Mr Leiper confirmed that external penetration testing was in place to find any	

	areas that might be problematic. Mr Leiper confirmed that the next penetration test was due in January 2024.	
15	Mr Leiper confirmed that Cyber Essentials accreditation had been renewed and the pre-requisites for maintaining the accreditation were becoming more rigorous.	
16	It was agreed that in moving to more cloud-based systems, the importance of being aware of where data was being held and how this was protected increased.	
17	Mr Leiper referred to the summary of his presentation and commented that the College was progressing through increasing investment to address the significant underinvestment in this area previously. The growth in resilience in the team was commended.	
18	Committee members agreed that the improvements in IT were very positive.	
19	Mr D Malone, Principal & Chief Executive asked about the timeframe for the implementation of the cloud-based systems. Mr Leiper explained that work was progressing in relation to college laptops and this would then be implemented for the desktop estate. It was hoped that all student machines would be completed within four months.	
20	Mrs R Court, External Governor and Chair of the Audit Committee asked about the risk definition and score in relation to IT and whether there would be consideration to ensure that this reflected the risks of the cloud-based system. It was agreed that this would be reviewed.	Action: Mr Harrison March 2024
21	Mrs J Grainger, External Governor asked whether the implementation of the new Wi-Fi system had impacted on student experience. Mr Malone explained that issues with the Wi-Fi had not been raised to date however, would be specifically raised with students as part of student engagement activity.	
22	Resolved – Committee members received the deep dive presentation.	
	FRA/23/104 – ESFA Funding Audit Update	
23	Mr A Harrison, Vice Principal, Corporate Services provided an update in relation to the ESFA funding audit. Mr Harrison explained that the audit had been underway for two months and the College was responding to all sample requests and requests for further information.	

24	There remained a small number of outstanding queries (around 20) and so far, no funding errors had been identified. There were a number of management letter points which would be raised on completion of the audit.	
25	Mr Harrison explained that PWC were aware of the Board meeting date for the sign off of the accounts and the need to complete the funding audit to enable sign off. PWC and the College continued to work towards this date for sign off.	
26	Mr Malone commented all members of staff involved in the process for their prompt response to queries.	
27	Resolved – Committee members received the update.	
FRA/23/105 – Update on DWP Match Funding Issue		
28	Mr Harrison provided an update on match funding issues as follows;	
29	In relation to the Apprenticeship Hub; after several months of match funding scrutiny and the College satisfactorily responding to all queries, DWP were now consulting with policy and legal colleagues, for a resolution, following their conclusion that the match is not aligned to the target group specified in the project specification. There are mitigating circumstances, including that DWP approved and endorsed the match funding several times throughout the lifetime of the project and the match had been audited and verified on previous occasions. DWP recognise that the College had delivered the key objectives of the project and had received positive feedback from all partners including the LEP. It was noted that the DWP would need to resolve the matter before February end.	
30	In relation to the Collaborative Apprenticeships issue; the potential gap in funding if new match funding partners were not allowed was £180,000 (Calderdale Council and Yorkshire Water).	
31	Mr Harrison provided an update on the latest discussions with DWP; all issues with match query had been resolved, however, DWP had rejected the College's request to include new partners who would provide match funding, Yorkshire Water and Calderdale Council combined value of circa £360k. The College was still pressing DWP to reconsider with WYCC, however time was critical when the full project closure was due by February end.	
32	Mr Malone referred to the positive external support received from local MPs and others.	
33	Resolved – Committee members received the update.	

	FRA/23/106 – Financial Statements 2022/23	
34	Mr R Lewis, RSM presented the Financial Statements for 2022/23 and the Audit Findings document together with the Management Letter.	
35	Mr Lewis reiterated that the outcome of the ESFA funding audit was required before the Accounts could be signed off.	
36	Committee members were referred to the final year end position; £495,000 deficit prior to the pension gain. The operating surplus per the management accounts was £338,000.	
37	Mr Lewis also referred to the cash outflow and the required assessment that the College was a going concern to December 2024; one year from the date of sign off of the accounts.	
38	Mr Lewis confirmed that following the review it had been concluded that the College was a going concern and that position would be presented to the ESFA. The going concern statement was at page 35 and would be amended slightly in relation to key dates.	
39	Mr Lewis referred to the key elements as follows; curriculum developments and future developments including the capital projects, principal risks and uncertainties and the corporation governance statements and statements on the College regularity, propriety and compliance.	
40	Mr Lewis also commented on the updated statements, particularly in relation to the ONS decision regarding the reclassification of Colleges. The amendment to the financial policies of the College was specifically mentioned.	
41	Page 24 was referred to as it included a key statement from the Head of Internal Audit and that the work undertaken by the Internal Auditors had resulted in no matters to report.	
42	Committee members noted that the Page 27 on Regularity was to be signed by the Chair of the Board and Mr D Malone as Accounting officer. There were no matters of non-compliance identified and the appropriate statements were included.	
43	Mr Lewis confirmed that the audit assurance opinion would be unmodified and would be inserted. Page 30 onwards was the report from the Independent Auditors and would be unqualified on the fairness and accuracy of the Financial Statements.	

44	In relation to the performance for the year, the position at 31 July 2023 was a deficit of £495,000 after depreciation and notional costs for pension scheme. There had been an almost £5million gain due to the Pension scheme revaluation and when taken into the accounts would result in a £5.3million notional profit. There had been a large 'swing' in the value of pensions during the 2021/22 year.	
45	The statement of cashflow was reviewed and the £8.6million cash at bank noted. The net worth of the College was £11.6million with the LGPS pension scheme liability as nil.	
46	Committee members reviewed the notes.	
47	Further in relation to ONS matters, Mr Lewis referred to page 45 and the accounts disclosure related to ONS and disclosures regarding write-offs at page 59.	
48	The reference to the pension was continued in note 18 on pages 54 and 55, it was noted that contributions to the Teachers Pension Scheme had increased from 23.8% to 28.8% and the increase was supported by the Treasury.	
49	Mr Lewis described the approach taken by the Actuary in relation to the revaluation of the pension scheme and the agreed approach that the asset should not be accounted for and is therefore nil within the accounts.	
50	In relation to page 10 and the risks, it was noted that the impact and likelihood columns had been transposed and would be amended.	
51	Committee members noted that the staff cost ratio appeared to have missed the target. Mr Harrison explained that this may be impacted by the outcome of the decision regarding the DWP match funding issue and would be reviewed.	
52	Mr Lewis presented the draft Audit Findings Report and the Executive Summary report.	
53	Mr Lewis commented that the report from the ESFA funding audit would be required to finalise the report. Mr Lewis also commented that the restructuring costs had been reviewed with Mr Harrison and would be updated.	
54	The risk findings summarised the conclusions in relation to the risk areas.	
55	RSM had worked with the funding team and there were no errors to bring to the Committees attention, no errors had been identified in income recognition that had not been adjusted and no evidence of management bias in relation to management override of control had been seen. The	

	approach taken in relation to pensions was again discussed and the benchmarked assumptions made.	
56	Mr Lewis commented on the approach taken in relation to going concern and that this included consideration of the increase in funding rate and the agreed staff pay award for 2023/24. RSM agreed with the conclusions in relation to the cashflow forecast. No issues had been identified in relation to the going concern assessment.	
57	In relation to the reasonableness of other payables balances, Mr Lewis thanked the finance team for addressing some issues previously identified with satisfactory conclusions reached.	
58	Mr Lewis explained that, in relation to regularity, compliance with the Managing Public Money guidance had been noted. One matter in relation to a special severance payment had been resolved and was within the guidance with no requirement for consent.	
59	Committee members reviewed the recommendations on controls noting that the control points had been accepted by Management. Specifically in relation to page 17 and the procurement documentation recommendation; Mr Lewis explained that this was in relation to the tightening of documentation around value for money.	
60	Committee members received the summary of adjusted misstatements. Mr Lewis explained that these were not material. Mr Lewis also referred to the financial statement disclosures.	
61	Committee members noted the comments and agreed to ensure that follow-up would take place through the Audit Committee and the usual recommendations report.	Action: Mr Harrison Audit Committee March 2024
62	Committee members thanked the management team for their support of the accounts process.	
63	Committee members confirmed that they were comfortable with the drafts and that these were approved for recommendation to the Board subject to those changes proposed, assuming that these were not substantial changes or amendments.	
64	Thanks were expressed to RSM for their conduct of the process.	
65	Committee members reviewed the Draft Financial Statements for the year-ended 31 July 2023.	

66	<p>Resolved – Committee members recommended to the Board for approval</p> <ol style="list-style-type: none"> 1. The Financial Statements for the year-ended 31 July 2023 (subject to any amendment following the conclusion of the ESFA funding audit) 	
67	<ol style="list-style-type: none"> 2. The Audit Findings for the year-ended 31 July 2023 (subject to any amendment following the conclusion of the ESFA funding audit). <p>Audit Code of Practice – the Self-Assessment Regularity Questionnaire 2022/23</p>	
68	Mr Harrison presented the Self-Regularity Questionnaire responses to provide evidence and details around how College supports compliance.	
69	Mr Harrison explained that there had been some changes as a result of the ONS decision regarding reclassification and new Treasury rules. It was noted that this was to be signed by the Chair of the Corporation and Mr Malone as Accounting Officer. This was an internal document (not submitted to the ESFA) and was reviewed by RSM.	
70	Resolved – the Audit Code of Practice – Self-Assessment Regularity Questionnaire 2022/23 was approved for recommendation to the Board.	
71	Mr Lewis referred to the RSM Further Education Emerging Issues document which had been circulated to all members.	
72	Committee members noted that there was a requirement to have an external board review before the end of July 2024. Mrs J Taylor-Holmes, Clerk to the Corporation confirmed that this was currently underway and would be completed by the end of July deadline.	
73	Committee members thanked Mr Lewis for the update.	
74	Resolved – Committee members received the sector update.	
	FCA/23/107 – Items to be reported to the Board	
75	<p>Items recommended to the Board for approval;</p> <ul style="list-style-type: none"> • The Financial Statements for the year-ended 31 July 2023 (subject to any amendment following the conclusion of the ESFA funding audit) • The Audit Findings for the year-ended 31 July 2023 (subject to any amendment following the conclusion of the ESFA funding audit) • The completed Audit Code of Practice Self-Assessment Regularity questionnaire 	

	The meeting had received and noted an IT deep dive presentation and received an update on the DWP match funding issue.	
76	FCA/23/108 – Date of Future Meeting Joint Finance & Resources and Audit Committee – November 2024 – TBC	
77	FCA/23/109 - Meeting in absence of Management Mr Lewis asked whether the Committee members were aware of any instances of fraud which need to notify the External auditors about, the Committee confirmed not.	
78	Mr Lewis explained that the audit had progressed smoothly and thanked the College finance team and ILR team for their engagement with the process. It was noted that workload had significantly increased as the external audit was being undertaken alongside the ESFA funding audit. It was agreed that it was hoped that the new finance system would support the finance team.	
79	The finance team was well settled and working effectively under the expert guidance of Mr Harrison.	
80	Mr J Creed, Head of Internal Audit, ICCA explained that he had liaised with Mr Lewis in relation to the report on the new apprenticeship system. He supported comments about the efficiency of the finance and other teams in supporting a number of simultaneous audits.	

Signed as a true and accurate record

Chair

Mr A Wright

Date 26 March 2024