

Members Present; Warren Gordon (Chair)
Tony Medhurst (Principal)
Jo Howell

Audit Committee Members:
Ricky Irons
Jan Wing

In Attendance; Andrew Clare (Dep. Principal Finance & Resources)
Karen Fleet (Director of HR)
Mark Griffin (McIntyre Hudson)
Angela MacLean (Curriculum Quality Manager. Item 311 only)
John Fowl (Clerk to the Corporation)

(Members of the Audit Committee attended the first three items on the agenda of this meeting to receive the report from the Financial Statements Auditor.)

307. To Receive Apologies for Absence.

Apologies were received from Mike Carver, Ken Ayling and Kyle Broad.

[The Chair expressed his concern that papers for this meeting had been provided to Governors so close to and at the meeting. He requested that tabled papers should in future be avoided if at all possible.]

308. Declaration of Interests and to Notify Part 2 Agenda Items

There were no declarations and Part 2 agenda items were as previously notified.

309. To Approve the Minutes of the Resources Committee held on 23/06/16.

It was agreed that the minute forming item 272 should remain strictly confidential. With this amendment the minutes were approved.

310. Matters Arising.

Members were informed that there was no longer a provision for the pension deficit in the accounts as this has now been brought into the main body of the accounts.

311. To Receive and Approve the Single Equality Scheme.

Angela MacLean present the revised scheme and outlined the changes that had been made. The Chair suggested that where in the scheme it refers to a nominated person a fall-back person should also be added in case the main nominated person was not available. It was agreed to include this. It was noted that in future, the induction of Governors would need to be more formalised to ensure their training is recorded for such matters as Equality & Diversity, Prevent and Safeguarding etc: This will bring them in line with all college staff.

It was **Resolved** that the revised Equality & Diversity Policy be approved.

(Angela MacLean left the meeting at this point.)

312. To Approve the Financial Accounts, Management Letter and Letter of Engagement 2015-16

The accounts were presented to the Governors and it was confirmed that the auditor had given an 'unqualified opinion' for the year 2015-16. The Regularity Audit had been conducted at the same time as the Financial Accounts were being prepared and this audit also received an 'unqualified opinion'.

Mark Griffin advised that the College Group had generated an overall operating Group deficit for the year and expanded on the detail behind the accounts, drawing attention to the key issues impacting on the

College financial performance which included, Bank & Cash, Bank Loans, Payments and the new FSR102 accounting standard.

The main movements in the Income & Expenditure statement for the College Group were noted with the main variances shown. The change due to FSR 102 had required the accounts for 2014-15 to be re-stated and this altered what had been a surplus into a deficit. It was stressed that this was an accounting issue and that the financial position of the College remained sound. It was not expected that this will present a problem in respect of the Bank covenants.

Members noted the impact of the Hertvec losses and how they had been consolidated into the College accounts.

The risks identified by the auditor were considered together with the actions proposed. Governors were of the view that as the past situation regarding Hertvec was beyond the control of the College and that a surplus was now being forecast for the next 3 years of the contract, the auditor's recommendation in respect of this should be revised. This was accepted by Mark Griffin and he undertook to alter the recommendation accordingly.

The Chair and the Auditor recommended that the College should ensure its estates were appropriately registered with the Land Registry.

Governors suggested a number of small adjustments to the accounts. In view of HRC cubed no longer being operational it was felt the company should not feature in the accounts for 2015-16.

Within the Management Letter the key audit issues and resolutions were noted and agreed and Governors were pleased to hear that no material issues had been raised.

The College has a very good level of cash days in hand compared to many colleges.

The Letter of Representation was received and noted.

It was **Recommended** that the Board of Corporation;

- (i) Approves the annual accounts for 2015-16
- (ii) Approves the Management Letter.
- (iii) Notes and approves the Statement of Internal Control.
- (iv) Authorises the Principal and Chair to sign the Letter of Representation and Financial statements.

(Mark Griffin left the meeting at this point.)

The Committee expressed their disappointment that a senior representative of MacIntyre Hudson had not attended the meeting to present the accounts, but acknowledged that Mark Griffin had done a good job. The Chair of the Audit Committee will be asked to consider whether the College should seek to go to tender to test the market for Financial Statements Auditor.

313. To Receive the Annual Accounts of CK Assessment to July 2016.

Members received the accounts which had been approved by the CK Directors and noted that they will be lodged with Companies House.

It was **Resolved** that the CK Assessment Abbreviated Annual accounts 2015-16 be received.

314. To Receive the Management Accounts – October 2016

The Management accounts for the period to the end of October 2016 were received and the main variances in both income & expenditure were noted. Governors were told that the restructuring costs were now included.

Members were told of the shortfall in income due to the under achievement in recruitment of students.

The question was raised as to what the College was doing to ensure staff utilisation is improved as this could save a further £500,000 of expenditure. Details of what was planned in this respect was shared with the Committee.

In considering the risks the Governors sought more information about the impact of the Employer Levy for Apprenticeships. It was felt to be too early to provide an accurate response.

The Committee received a copy of the letter from the SFA in which the College Financial Health had been confirmed as ‘Good’.

It was **Resolved** that the Management Accounts October 2016 be received.

315. To Receive the Human Resources Reports.

The content of the report was received and noted.

In reviewing the relevant KPI’s Governors were told of the action taken to address the issues of non-compliance in such matters as staff appraisals. It was expected that the new HR system will assist in monitoring of such things but accepted that much of the problem lies with individuals. Governors were told of the intention to make use of ‘Dashboards’ to help prompt staff to comply. The introduction of managed services should improve compliance matters.

The re-structuring of the Curriculum Manager roles has seen two staff leave the college but most of those affect have now signed the new contract.

At present the College has a contract with Herts County Council to run 3 Children’s Centres until March 2018. The view was shared that this was not the core business of the College and any income generated is being spent on the service and the contract was taking up a lot of College management time. In view of this it is being considered whether to continue with the contract beyond March 2018.

It was **Resolved** that the report be received.

316. HRC’s and Transputec.

Companies House has been informed that both companies have ceased to trade but the Directors have to remain in place until the HMRC clearance.

317. Any Other Business.

There was no other business.

318. Date of Next Meeting

Wednesday 1st March 2017.

Signed.....

Date.....

The Meeting moved to the Part 2 Confidential agenda at this point.