



## Brooke House Sixth Form College

Minutes of a joint meeting of the Audit Committee (AC) and the Finance and General Purposes Committee (FGP) held on 16 November 2020 at 0900hrs.

<b>Present</b>	Steve Blackshaw	James Cross (AC Chair) (1-04/20 only)	Sheridan Mangal (1-04/20 only)
	Sally Townsend (FRC Chair)	Kevin Watson (8/20 on)	
<b>In Attendance</b>	Adrian Cottrell (VP(F&R))	Ralph Devereux (Clerk)	Mike Eagle (McIntyre Hudson) (1-04/20 only)
	Kevin Watson (Principal) (1-08/20)		
<b>Apologies</b>	Jonathan Beake		

### 01/20 ELIGIBILITY, QUORUM, DECLARATION OF INTERESTS AND APOLOGIES

- a. No notice had been received of any member becoming ineligible to hold office, the meeting was quorate (as a joint agency) and no interests were declared.
- b. It was agreed that James Cross would act as Chair for Items 1-4. **(Action 1)**

**The information was noted and received.**

**Actions had been identified. (Register at 10/20)**

### 02/20 MINUTES OF/ACTIONS FROM THE LAST MEETING

- a. There was a quorum for each Committee present and accordingly, the Minutes of the last meetings held on:
  - (i) 21 September 2020 (AC); and
  - (ii) 1 October 2020 (FGP).were confirmed for electronic signature, Clerk to action. **(Action 2)**
- b. The actions identified at the last meetings were discussed and were progressing or had been completed.

**The information was noted and received.**

**Actions had been identified. (Register at 10/20)**

### 03/20 MATTERS ARISING AND URGENT BUSINESS

There were no matters arising and it was agreed to consider some urgent business from the Corporation Chair.

### 04/20 ANNUAL FINANCIAL STATEMENTS (AFS)

- a. External Audit Management Letter. The external auditor's Management Report, which reviewed the systems and financial arrangements in the College, was then considered. The Report comprised several sections and each was considered in turn; with reference to the AFS, there were no qualifications to either the main or regularity reports. The key financial performance issues were considered and noted. Key Audit Issues, tabulated at P6 were considered, particularly the "Going Concern" element. It was clearly of prime importance that members fully understood this aspect for this year in particular. The management responses including the discussions with the Further Education Commissioner (FEC) who had recently completed a monitoring visit were noted. There had been some shortfalls with employment contracts, relating to paid internships and volunteers and these would be

entered in to the Audit Tracker, which would allow monitoring at each Audit Committee (AC) meeting. **(Action 3)** It was also agreed to amend references in the "Introduction" relating to the ..... "sole use of the Governing Body of Brooke House" ..... to reflect that the Education and Skills Funding Agency (ESFA) and the FEC would have access to the document as necessary and the term "Governing Body" would be replaced with "Corporation". With these amendments the Management Letter was recommended to the Corporation. **(Action 4)**

- b. Financial statements. The AC remit was to scrutinize the narrative of the AFS, the Corporate Governance Statement with respect to the systems of financial control, RM and governance processes. The FGP would consider the financial performance as detailed in the accounts. The AFS was then discussed in general and it was noted that the audit process had gone smoothly; small factual and presentational changes, some arising from the consideration of the Management Report above, had been identified and would be incorporated into the document before presentation to the Corporation. Thanks, were recorded to the auditors for their open and professional approach to the work. The AFS Governance Statement, and all External Audit information were conditionally recommended to the Corporation for approval. **(Action 5)**

**The information was noted and received.**

**Actions had been identified. (Register at 10/20)**

**James Cross, Sheridan Mangal and Mike Eagle left the meeting and Sally Townsend assumed the Chair.**

#### **05/20 FINANCE**

AFS 2018/19 and Regularity Report. The Committee remit was to consider the findings of the External Auditor, to scrutinize the AFS and the Regularity Report, and to recommend the document(s) for signature if appropriate. Complete sets of documents had been circulated to inform the considerations. The unqualified opinion on both the accounts and the Regularity Report was noted and welcomed. The AFS narrative and numbers were then fully and closely scrutinised and some agreed minor amendments were identified. The "Going Concern" statement on P18 and the Accounting Policies references were considered and it was agreed to add some words around the likely increase in student above the number used for budgetary planning. Some minor changes to Senior Post Holders (SPH) salary levels would be corrected. The technical deficit (£1.6m) after application of pension account numbers was noted and would be reconciled back to the management accounts. **(Action 6)** During full and detailed discussion, the Corporation Chair explained that he had some drafting points for the narrative, which would be forwarded directly to the VP(F&R). **(Action 7)** . It was noted that the considerable income reduction had not translated directly into an increased forecast deficit; a testament to the tight rein on expenditure controls. It was unanimously agreed to recommend the documents (with the agreed amendments incorporated) to the Corporation for acceptance, approval and signature. **(Action 8)**

**The information was noted and received.**

**Actions had been identified. (Register at 10/20)**

#### **06/20 MANAGEMENT ACCOUNTS**

The summary of accounts, supplemented by graphical and tabulated information accurate to 31 October was studied and discussed. Key Performance Indicators (KPI) were heartening and a Financial Health Grading of "Good" was looking possible without further savings. The recent FEC Review report had included 3 recommendations, one of which was to cut £100k from non-teaching related expenditure, which had been robustly contested. The present number on roll of 1070 was likely to increase by reclassifying some withdrawals and by additional "back on track" learners early in 2020 and this would result in additional income for the following year. Additionally, students who achieved a grade 4 GCSE in English and Maths (EAM), would benefit from extra "catch-up" funding if their learning had been disrupted by the pandemic, that was likely to be c£140k and would bolster a lettings income windfall of c£50k. Additionally, there could be some slack within adult funding. Any additional income would be subjected to the ruthless spending regime now established and would not fund any easing. The current year-end forecast was for a deficit (c£300k) an improvement of £34k against budget; all variations

from budget were clearly detailed in the accompanying papers and were discussed individually. Non-pay expenditure was adverse by c£48k, staff costs were in line with budget, all contributing factors were detailed in the papers and were explained, the expectation for Covid related expenditure to fall over the remainder of the year was welcomed. The cash flow forecast (CFF) was considered and the low point in March 2020 was noted, however some easing of the cash position for the remainder of the year was welcomed; the CFF would be regularly and scrupulously monitored and updated. The Financial Health remained as "Requires Improvement" (RI) however the associated data had improved and risen inside that category. The balance sheet was considered and noted. Key PIs were noted; there were 21 cash days in hand, the adjusted CR was .58 and the staffing ratio was 74.2%. All covenants remained in scope. The information was received and recommended to the Corporation. **(Action 9)**

**The information was noted and received.**  
**Actions had been identified. (Register at 10/20)**

**07/20 ESFA RETURNS**

- a. Covid Return. The commentary that would supplement the November 2020 Covid return to the ESFA was discussed. Covid related expenditure would reduce dramatically for the remainder of the year. Full requirements for the return and associated cashflow were contained in the covering papers and it was agreed to update the detail and circulate the paper to Corporation Members for electronic approval. **(Action 10)**
- b. Financial Return Schedule. The proposed timeline for financial returns during 2020/21 was discussed; the specified dates did not in some cases match the planned Committee meeting schedule. It was agreed to issue the schedule updated for responsibility and target dates and then circulate the detail to those concerned. **(Action 11)**

**The information was noted and received.**  
**Actions had been identified. (Register at 10/20)**

**08/20 URGENT BUSINESS**

There had been a meeting of middle managers during the previous week, some points had emerged:

- a. one related to IT contract renewal including that for file server storage, that was now largely completed in the "Cloud" and there could be some possible redundancy, full detail would be determined and electronically circulated to Members; **(Action 12)**
- b. the other related to capital expenditure and the associated necessary postponement of some routine maintenance items, a report examining the current state of affairs and including possible "green" projects would be detailed and circulated; **(Action 13)** and
- c. resumption of scrutiny of procurement contracts detail to meetings was required. **(Action 14)**

**The information was noted and received.**  
**Actions had been identified. (Register at 10/20)**

**09/20 NEXT MEETINGS**

The next meetings would be held on:

- a. AC 15 March 2021; and
- b. FGP 21 January 2021.

**10/20 ACTION REGISTER**

Note referenced minute for full detail.		Resp	Date
<b>Action 1</b>	01/20b. JC to Chair meeting (Items 1-4)	Clerk	wie
<b>Action 2</b>	02/20a. Last minutes (21.09.20 & 01.10.20) confirmed.		
<b>Action 3</b>	04/20a. Staff contract added to Audit Tracker.	VPFR	
<b>Action 4</b>	04/20a. Mgt letter recommended to Corporation.	Chair	10.12.20
<b>Action 5</b>	04/20b. Governance Statement rec to Corporation.		

<b>Action 6</b>	05/20. Deficit reconciled back to outturn.	<b>VPFR</b>	<b>wie</b>
<b>Action 7</b>	05/20. Drafting points to be passed for inclusion.		
<b>Action 8</b>	05/20. AFS provisionally recommended to Corporation.	<b>Chair</b>	<b>10.12.20</b>
<b>Action 9</b>	06/20. Management Accts rec to Corporation.		
<b>Action 10</b>	07/20a. Covid return to be circulated for approval.	<b>VPFR</b>	<b>asap</b>
<b>Action 11</b>	07/20b. ESFA schedule to be allocate responsibilities.		
<b>Action 12</b>	08/20a. IT contract detail to be circulated to members.		
<b>Action 13</b>	08/20b. Capital maintenance report to be circulated.		
<b>Action 14</b>	08/20c. Procurement Report on future FGP agendas.		

*Ralph Devereux (Clerk) for Sally Townsend (Chair)*






# JointAudit&F&GMins16.11.20RD

Final Audit Report

2021-01-25

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