



## HUDDERSFIELD NEW COLLEGE FURTHER EDUCATION CORPORATION

Finance & Resources Committee held on Wednesday 9<sup>th</sup> December 2020 from 5pm via Zoom.

### Confirmed Minutes

**Present:** Ms A Needham, Ms T Wright, Ms A Williams, Mr J Dawson, Mr P Cropper, Mr D Watson, (100% attendance)

**In attendance:** Ms Lisa Smith (RSM Tenon), Ms J Butterfield (Tiaa) Mr A Hogg (W&B), Ms C Dalrymple (W&B), Ms J Thomas and Mr J Flynn.

**Clerk:** Mrs C Coupland

It was noted that the agenda items were to be jointly considered with the Audit Committee. Time was therefore taken for introductions to be made.

#### **1. Apologies for Absence/ Declaration of Interest**

No apologies were received from committee members. It was noted however that Ms Butterfield was in attendance at the meeting as a representative from Tiaa given that Mr McCulloch was unable to attend himself.

#### **2. External ESFA Funding Assurance Review – November 2020**

Ms Smith, Senior Manager, RSM Risk Assurance Services LLP verbally presented feedback of the audit findings to the committee.

Ms Smith explained that the final report, quality assured by ESFA, is expected to be issued January 2021.

Ms Smith explained that the funding assurance review assesses the Individualised Learner Records (ILR) returns and associated funding for the funding year. Ms Smith advised the committee that it is the college's responsibility to ensure that ILR returns are complete, accurate, up-to-date and are consistent with the information contained in the individualised learner records/files. The Assurance Team have therefore had direct access to the learner records and files. Data checks undertaken are to ensure that the college complies with the terms and conditions associated with the funding that HNC receives.

Ms Smith advised the committee that no reporting issues affecting funding were identified. Ms Smith explained that it is highly unusual for no funding errors to be identified and is testament to the high quality data management maintained by the college.

A number of small data quality issues were however identified; none of which impact on funding. It is not unusual for data quality recommendations to be made.

The committee would like to record its thanks to Ms Thomas and to her data management team for the outstanding audit report.

**Resolved:**

- **For the minutes to note the committee's thanks to Ms Thomas and to her data management team for the outstanding audit report.**
- **For the final report to be forwarded onto Governors for information.**

*Ms Smith left the meeting at this point.*

**3. Final Audit Findings Report for the year ended 31st July 2020**

Ms Dalrymple presented the Final Audit Findings Report which summarises Wylie & Bisset's key findings in connection with the audit of the financial statements of the College and the regularity audit of the College in respect of the year ended 31st July 2020.

Ms Dalrymple confirmed that Wylie & Bissett had acted as External Auditors for the College during the year ended 31st July, 2020. In advance of the audit, the Audit Strategy Memorandum was discussed and agreed by the Audit Committee in conjunction with an Engagement Letter at the meeting in September 2020.

Ms Dalrymple explained that remote auditing had made the audit process challenging this year for both parties. There was a delay in information provision in accordance with the agreed timetable mainly due to a new finance team working remotely from their appointment in March 2020 until September 2020 which caused issues with embedding skills and collaborating on tasks. A new finance system was also installed mid-year which caused difficulties.

Ms Dalrymple informed the committee that section 1.2 – outstanding matters – will be removed from the final version of the report which will be reissued post sign off of the members report and financial statements at the Corporation meeting on 17<sup>th</sup> December 2020.

Furthermore, Ms Dalrymple noted that the draft report presented states that the financial statements & regularity for the year ended 31 July 2020 is expected to be unqualified. Ms Dalrymple advised however that the final report will definitely confirm that it is an unqualified audit opinion for the financial statements as well as for the regularity assurance opinion.

Ms Dalrymple confirmed that the College's forecasts and financial projections indicate that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Furthermore, W&B have undertaken an overall review of the governance arrangements and process of internal control in place at the College. Based on their findings, Ms Dalrymple, confirmed that the College has strong systems in place to comply with governance requirements.

Ms Dalrymple drew members' attention to the audit recommendations made. It was noted that there are two recommendations (one low and one medium priority) carried forward from 2018/2019, with five recommendations being satisfactorily concluded. There are also 3 other new recommendations (2 medium priority and one low priority) made in relation to the year ended 31 July 2020. All have been accepted by management for implementation, and going forward will feature in the committee's audit recommendation tracker for review and monitoring purposes.

Members were therefore satisfied that the audit approach adopted had provided them with the required confidence that a thorough and robust audit had been carried out. Members were satisfied with the points raised during the audit.

**Resolved:**

- **To record the Committee's thanks to all staff for the quality of his work, as endorsed by the External Auditors.**
- **That the Final Audit Findings Report be recommended for approval by the Corporation, subject to the agreed amendments.**
- **That the letter of representation be recommended for approval by the Corporation and signed by the Chair and the Principal.**

*Mr Hogg and Ms Dalrymple left the meeting at this point.*

#### **4. Financial Statement and Members Report 31st July 2020**

Mr Flynn explained that the financial statement and members report had already been considered by the senior leadership team and the external auditors prior to submitting to the committees' for recommendation of approval to the corporation. The deadline for corporations to submit their financial statements to ESFA is normally 31 December. However, for the year ending 31 July 2020 the deadline has been extended to 31 January 2021. The extension ESFA are offering is for the year ended 31 July 2020 only.

Mr Flynn advised that the members report supporting the accounts, give a description of some of the key highlights in the figures, with a summary of the College achievements in the year– the report follows set guidelines, but also allows for some degree of flexibility. Post deliberation, the committee asked for the phraseology relating to the first point raised under student achievements (page 5) to be reconsidered and redrafted.

It was also noted that the Financial Statements highlighted the unqualified audit opinions in terms of the Financial Statements and the Regularity Audit, the 'Corporate Governance and Internal Control Statement', and the 'Responsibilities of the Members of the Corporation Statement'. The Report makes clear that in the course of the External Auditors work, nothing has come to their attention which suggests that in all material respects the expenditure disbursed and income received, during the period 1 August 2019 to 31 July 2020, has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Time was also taken to consider and reflect upon the Statement of the Responsibilities of the Members of the Corporation. All present agreed that the corporation had executed its duties efficiently and effectively. Based on the discussions had around the Annual Report and the Financial Statements, members unanimously agreed that:

- The Corporation can be assured that the College has an adequate and effective framework for governance, risk management and control and has fulfilled its statutory responsibility for 'the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets'.
- The Corporation believes that it is able to identify any material irregular or improper use of its funds by the college, or non-compliance with the Education Funding Agency's terms and conditions of funding under the college's funding agreement.
- The Corporation is to consider that the College has adequate resources to continue in operational existence for the foreseeable future.

#### **Resolved:**

- **To recommend the Financial Statements and Members' Report for approval by the Corporation, subject to the minor amendment agreed.**
- **To forward the Financial Statements and Members' Report to the ESFA following approval by the Corporation.**

#### **3. Any other Business.**

There was no other business.

### **11. Learner Impact Reflection**

The impact of discussions and scrutiny of the Committee's work in improving the outcomes and experience for all learners was considered and the following agreed:

- **Assurance received that the college has an adequate and effective framework for governance, risk management and control**
- **Assurance received that the college has adequate resources to continue in operational existence for the foreseeable future**
- **Assurance that the college has compliance with laws and regulations**

### **12. Determination of confidentiality**

It was resolved that all papers relating to agenda items 3 and 4 are to be deemed confidential until approved by the Corporation.

### **13. Date of next meeting: 18th January 2021 from 5pm via Zoom.**