



**NOTRE DAME CATHOLIC SIXTH FORM COLLEGE**

**Principles:** *Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership*

**Virtues:** *Trust, Wisdom, Kindness, Justice, Service, Courage, Optimism*

Minutes of the joint audit/finance and physical resources committee meeting held in College on:  
**Wednesday 29 November, 2023 at 5.00PM**

**PRESENT** Paul Casey (Audit Chair)  
 John Barnes  
 David Wright (Finance and Physical Resources Chair)  
 Matthew DiClemente

**IN ATTENDANCE:** Justine Barlow - Principal  
 Karen Petrillo - Director of Finance and Operations  
 Scott Gillon - Wylie and Bisset (items 1 - 6 only)  
 Andy McCulloch - TIAA (will be able to attend from 5.30pm)  
 David J Israel - Governor Support Services (Clerk)

1.00	<b>APOLOGIES FOR ABSENCE AND MEMBERSHIP MATTERS</b>	<b>ACTION</b>
1.01	Apologies were received, and accepted, from Christine Bosch, Fr Michael Hall and Ann Marie Mealey.	
2.00	<b>DECLARATION OF INTERESTS</b>	
2.01	There were no new declarations of interest.	
3.00	<b>EXTERNAL AUDIT FINDINGS REPORT</b>	
3.01	The committee noted that the audit findings report from Wylie and Bisset was shared ahead of the meeting. This included the management letter, annual report to the Members of the Corporation on the External Audit for the Year ended 31 July 2023, the regularity self-assessment questionnaire and financial statements year end 31 July 2023.	
3.02	The key matters are listed in the executive summary, with the two outstanding elements due for completion soon. An announcement on the interest limitation rule 14 (ILR14) reviews is awaited from the education and skills funding agency (ESFA). However, this is almost certain not to impact the College.	
3.03	The two key reportable items are that the accounts are clean and there are no regularity breaches. The College remains a going concern with adequate resources to meet the liabilities through to at least 2025.	

- 3.04** Section 3.7 of the financial review reports thanks to the College finance team for their efficacy and efficiency. Sections 3.8 and 3.9 show that the income and expenditure (I&E) budget and balance sheet have been corroborated, and had sample data tested, with no qualifications required.
- 3.05** In section 4, the pension scheme shows a £1m liability at 2022, with this now showing as a break even position. This was agreed to be the correct position for the scheme, and the prudent approach to the valuation, by not adopting the asset recognition. Is there any view from the ESFA about this issue? The auditors, in conjunction with the ESFA, have tried to put out some guidance, but they were not able to do this. The Treasury and the Institute of Chartered Accountants of England and Wales (ICAEW) have also been unwilling to do this, but have pointed to areas that auditors and institutions could refer. Reviewing all these, and in line with every other college in England and Wales, has led to the opinion cited above.
- 3.06** On planned maintenance provision, the auditors noted the College's provision, including the arrangement with the Leeds Diocese and the third-party report from 2019. The original planned level of maintenance investment envisaged in this report has not taken place. It foresaw a ten-year investment, and unless investment increases, there should be a review of the investment levels to ensure it complies with the agreement, as noted in section 4, 8.3. Governors noted the significant changes in the estate and agreed that reviewing the maintenance plan would be timely. In the context of the management letter, does a specific action need recording regarding maintenance? The auditors will acknowledge the work the College will be doing on this matter as the plan is, this year, halfway through its anticipated term. There is not an immediate issue here needing highlighting. It is a matter of noting there has been less spending on maintenance than had been anticipated. This may also reflect that the work which has been done does not, initially, seem to fit with that expected in the plan. **Governors agreed that a review of this provision will be done over the coming months to update this, supported by an independent consultant, and that this should be reflected in the report. Responses to the management report will be sent through to the auditors for inclusion in the report to come back through for Corporation approval.**
- 3.07** Assessments have been completed to ensure there are no conflicts of interest between the auditors and the College. In section 6, no elements of fraud have been found or perpetrated, and no reports have been made to them. Section 8 notes the change of payroll providers, confirming that the payroll notification has been dealt with. Finally, the representations in appendices C and D are standard for all clients through the auditing standards. The matters in sections 15 and 16 relate to adjusted and unadjusted amounts, which confirm that the recording of depreciation is not materially under-rated and that the planned maintenance which was not booked against the expected provision is not materially significant.
- 3.08** Is the holiday pay issue an overhang from last year? This did take some review to complete, with consideration taken of it, and the matter has been closed as, following calculation, it is not material.

KP

- 3.09** What is the bursary adjustment? This is for the 16 - 19 tutoring provision and it was expected to use the tutoring funds, not bursary funds, to invest in support for pupils looked after. However, this appeared to be a breach of the regulations so an adjustment was made to reverse this.
- 3.10** On the trial balance there is a c£7k figure remaining. At what point does this have to be addressed? It was felt this should stay, albeit the sum of money is very small, especially if there was a change of financial systems in future. It was noted too that this figure has not changed year on year.
- 3.11** It is prudent and important that in the approval of the accounting policies and going concern, that Corporation members are comfortable with its policy and the notes about the pension valuation and the planned maintenance programme. This has been noted in the minutes from the recent finance and resources meeting.
- 3.12** Are the College's reserves in line with those of other colleges? Given the size of the College the reserves are healthy. Is there an absolute, best practice, level of reserves? Three months is often cited as a bare minimum, which the College has including the cash it has on deposit. However, it was noted that the College has more certain funding, as it primarily receives funding from central government. Are the cash balances at the right level? They appear healthy for the size, and commitments, of the College.
- 3.13** Governors thanked Scott Gillon and Wylie and Bisset for all their help and work on the accounts this year.
- 4.00** **INTERNAL AUDIT REPORTS FROM TIAA**
- 4.01** On the internal audit report for 2022 - 2023, it was concluded that the College generally complied with the outlined standards. The planned number of days from the auditor were also sufficient for their work. One reviewed area was to strengthen the control environment, which will be reviewed again in the next year's audit report, with the conclusion that the College has reasonable measures in place. Governors agreed that the overall control over payroll is now addressed through the implantation of the new system. The risk strategy this year will focus on cyber-security, increased pay demands and carbon reduction.
- 4.02** Reviews in this report year include estates, corporate health and safety (H&S), general data protection regulations (GDPR) and the student experience. Governors agreed that these *foci* are correct for the College, and will be shared with the Corporation. Were these recommendations to the College, or did they come from the College? It was a mix of input from both the College and auditors. These will also be reviewed again ahead of the end of the start of the financial year to check no new issues had arisen.
- 5.00** **FINANCIAL DASHBOARD REPORT NOVEMBER 2022 AND MANAGEMENT ACCOUNTS**
- 5.01** The EFSA financial health grade states that the College is outstanding for its 2021 - 2022 financial statement, the 2023 - 2024 college financial forecasting return (CFFR) and this is expected too for this year's accounts.

**5.02** The benchmark report allows benchmarking against similarly sized colleges, with the College scoring highly, and growing better than other colleges. One note for review is the funding per learner, which is happening now. Pay costs are 11% higher than average due to the number of experienced staff, although the College has fewer staff than the benchmark. This experience of the staff is reflected in the progress and attainment of students.

**5.03** Non-pay costs are significantly below the benchmark, but this does not impact the student experience. Energy costs are higher than benchmarks, reflecting a difference in the contract the College had in place. Energy reduction measures will also help reduce this in the coming review. The attrition rate looks very high but this was due to an erroneous input, with the real figure showing the College being in line with benchmark.

**5.04** The management accounts, and comments, had been received noting this is still the first quarter of the year, with the prediction still that the College will come in on budget. This includes the changes to both income (increased by 5%) and expenditure (staff costs raising by an additional 1.5 percentage points). Governors recognised the need to try and manage, as far as possible, supply costs, in spite of the challenges to this, especially recruiting to key positions. The surplus in the approved accounts has risen from c£194k to c.£600k.

**6.00 BUILDING UPDATE**

**6.01** A condition improvement fund (CIF) bid is being made to update boilers in one building, supported by a bid writing specialist. It was noted that the heating consultant reported that the system is very old, and that the boilers need changing as soon as possible. The outcome of the bid will be known in March 2024.

**6.02** A meeting with the ESFA recently confirmed there was unlikely to be any funding bids considered in the coming months. Demographics in the city still show growth, with the College remaining a destination of choice for many young people. Expanding classroom space is being considered, either through the addition of upper floors on buildings and/or converting other spaces. Estimations for this work are being sought to help assess viability.

**7.00 ANNUAL REPORT OF THE AUDIT COMMITTEE**

**7.01** The committee welcomed the report and noted suggestions from the external auditors had helped inform it. The points on accounting policy and going concern, as noted earlier in the meeting, would be particularly drawn to the Corporation's attention. The good performance of the external auditors was highlighted in the report too. It was agreed to show the amount paid to the auditors as a total amount, instead of as a day rate.

**Resolved:**

The report was recommended to the Corporation.

KP

**8.00 POLICY REVIEW**

**8.01** The digital strategy document was noted, and that it is now a full and effective strategy for the College, outlining the ambition as to how its digital environment will be improved. This will also help set objectives for staff and inform the IT self-assessment review (SAR).

**8.02** The international students office (ISO) policy is an update to the original policy, with additions shown in green and removals in yellow.

**8.03** The reserves policy is new and helps to ensure that it provides certainty and security for the College, as well as securing the College as a going concern which can invest in its students. The committee was keen to ensure that the minimum level be set to ensure this confidence, and to recognise any future liabilities the College may have. It was agreed that the policy be reviewed every two years and delegated to the finance committee, to be completed in summer term 2.

**Resolved:**

To recommend that Corporation adopt the strategy and both policies.

**9.00 RISK REGISTER - OVERVIEW**

**9.01** It was noted that the register is reviewed regularly by the senior leadership team (SLT). Are there any key concerns the team has? No, as the mitigations in place serve their purpose and are being carried out. Even where there is anticipation of risks increasing, the mitigations in place are appropriate given the conditions faced by the College. Governors recognised the particular challenges being faced around recruitment, and that this is a national issue across education.

**10.00 DATE AND TIME OF NEXT MEETING**

- 10.01**
- Audit - Wednesday 6<sup>th</sup> March 2024 at 17:00
  - Finance and Physical Resources - Wednesday 21<sup>st</sup> February 2024 at 17:00

The meeting closed at 7.04pm.