

## NOTRE DAME SIXTH FORM CATHOLIC COLLEGE

Joint Audit/Finance and Physical Resources Committees meeting held In College on:

**TUESDAY 13 DECEMBER 2022 AT 4.00PM**

**PRESENT**

Paul Casey (Chair of Audit)	David Wright (Chair of Finance and Physical Resources/ F and PR)
John Barnes (Audit)	Matt DiClemente (F and PR)
Father Michael Hall (Audit)	Chris West (F and PR)
Graeme Brown (Audit)	Principal

**IN ATTENDANCE:** Interim Director of Finance and Operations  
Susan Francis – Clerk to Corporation  
New Director of Finance and Operations  
JB – TIAA (Internal Auditors via Teams)  
SG – Wylie & Bisset (via Teams)

### **1.00 APOLOGIES FOR ABSENCE AND MEMBERSHIP MATTERS**

1.01 There were no apologies, everyone was present.

### **2.00 DECLARATION OF INTERESTS**

2.01 There were no declarations relating to any agenda item.

### **3.00 EXTERNAL AUDIT FINDINGS REPORT**

*The Audit findings report from Wylie & Bisset had been shared ahead of the meeting.*

#### **3.01 Financial Review:**

- The College had reported an overall operating surplus of £276k (2021: £164k surplus), after accounting for FRS102 required pension cost adjustments.
- After accounting for an actuarial gain of £4,792k (2021: £1,282k gain) in respect of the pension schemes the College was reporting a total comprehensive income surplus of £5,068k (2021: surplus of £1,446k).
- The result for the year was impacted by a net £600k (2021: £548k) of payroll costs and £85k (2021: £80k) of interest to arrive at the result reported above.
- Without these combined costs of £685k (2021: £628k) the College would have achieved an operating surplus of £961k (2021: £792k). The balance sheet at the year-end showed net assets of £4,006k (2021: liabilities £1,062k).
- For the year ended 31 July 2023, the College had predicted a surplus of £399k pre pension adjustment.

#### **3.02 Key Reporting Matters**

*Regularity Assurance Opinion:* There were no issues to report in relation to the regularity opinion.

### **ACTION**

3.03 **Going Concern**

Wylie & Bisset explained why they were satisfied that the College is a Going Concern.

They were expected to issue an unqualified opinion on the accounts of the College for the year ended 31 July 2022. The College's forecasts and financial projections indicated that the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason the external auditors continued to adopt the going concern basis in the preparation of its Financial Statements. As auditors, they were satisfied, following review of the forecasts and financial projections, that the Board of Governor's assessment of the going concern basis of preparation was appropriate.

A discussion took place about the agreed actions on items of expenditure which had impacted on the final year end surplus, in effect reducing the final surplus for 31 July 2022.

**UPDATE:** These variations were then agreed by Full Corporation and the Auditors made the necessary adjustments as proposed to the final report prior to ESFA submission.

3.04 **Governance and Internal Control**

Wylie & Bisset had undertaken an overall review of the governance arrangements and process of internal control in place at the College. Based on their findings it appeared that the College had strong systems in place to comply with governance requirements

3.05 **Control Recommendations**

No recommendations in relation to the year ended 31 July 2022 were made.

3.06 **Financial Statements and Regularity:**

Wylie & Bisset confirmed that there were no anticipated qualifications on the College's accounts for the year ended 31 July 2022. They were satisfied with the work undertaken to verify the Financial Statements and Balance Sheet was true and fair.

- Wylie & Bisset confirmed the College needed to consider increased spend in relation to the maintenance provision, to ensure that the nature of the arrangement continues to comply with UK GAAP.
- Wylie & Bisset were satisfied with internal controls.
- In terms of buildings owned by a third party (the Diocese), Wylie & Bisset considered the issue and do not believe the continued occupancy element required to determine the nature of the asset can be assessed. Consequently, they did not believe a value could be attributed to the land and buildings owned by third parties and in this regard the audit opinion presented remains unmodified in relation to the year ended 31 July 2022. The trial balance of approx. £7k remains in accruals (a one-sided entry).
- Wylie & Bisset confirmed that there were no concerns with regards to fraud or irregularities which was considered throughout the audit process.
- Wylie & Bisset were satisfied with work undertaken to mitigate the risks identified by the College (section E).

- 3.07 The Committees and Wylie & Bisset were satisfied that this was a positive annual report.
- 3.08 **Recommended for approval:** The Committees accepted the External Audit Findings Report and recommended it for approval to the Corporation.  
**UPDATE:** The **External Audit Findings Report** was approved by the Full Corporation on 13 December 2022.
- 3.09 **Letters of Representation – Regularity and Financial Statements**  
Wylie & Bisset confirmed that the letters followed a standard format. The purpose of the letters, which sit in the audit file, is to comply with reporting standards. The Committees considered both of the Letters of Representation. The unadjusted errors and adjusted errors, noted within the Letters of Representation (appendix C/D), were explained and a recommendation to make a specific adjustment was discussed at length.  
The adjustment would have no impact on the financial statement of the College. The Interim Director of Finance gave the background figures to the holiday pay accrual and both Committees agreed to make the suggested adjustment. The updated documents would be circulated to all governors of the Corporation and authorisation granted to the Chair and Principal to sign them off ready to submit to the ESFA.  
**UPDATE:** This was actioned, the documents signed and submitted to the ESFA.
- 3.10 A governor asked for further details on the changes with regards pensions, to which W and B gave a satisfactory explanation.
- 3.11 Given the recent announcement from the ONS (Office of national Statistics) about the reclassification of Colleges from Private to Public sector, a governor asked how this might impact on the financial statements of the College. W and B explained that this would largely be an operational change and, having spoken with other similar institutions, he recommended that no change was required at present. The Committees agreed to keep things as they stood in this regard.
- 3.12 **Financial Statements Year End 31 July 2022**  
The Report was considered by the Committees.  
Wylie & Bisset were satisfied that the accounts were technically compliant with all the appropriate legislation, i.e., they comply with the statement of recommended practice and include all the appropriate disclosures and notes.
  - Identified audit risk – there were no issues or concerns to report
  - Accounting Policies- These were listed within Financial Statements.
- 3.13 **Recommended for approval:** The Committees accepted the Letters of Representation and Financial Statements and recommended them for approval to the Corporation.  
  
**UPDATE:** The Letters of Representation and Financial Statements were approved by the Full Corporation on 13 December 2022, which were signed by the Chair and Principal.

W and B  
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Operations/  
Chair/Princi  
pal  
(Actioned 14  
December  
2022)

**4.00 INTERNAL AUDIT REPORTS FROM TIAA** *(shared after the last Audit meeting, is available on Teams and included in the meeting bundle).*

4.01 Under the Post 16 Audit Code, the appointment of independent internal auditors was no longer a mandatory requirement for Colleges under the Articles of Government or the financial memorandum. The College continued with the existing internal audit arrangements in 2022/23. The College's internal auditors during the year ended 31 July 2022 were TIAA. In the course of the year ended 31 July 2022 the following areas had been reviewed by the Internal Auditor:

- HR Recruitment
- Risk Management Framework
- Performance Management and Board Reporting
- Budgetary Control
- ICT Management Controls
- Follow-up of Previous Internal Recommendation.

4.02 The IT report had been shared in advance and was the last of the years reports to be reviewed. The reasons for the main priorities from the report were explained by TIAA. There were seven action points in total (one Important and six Routine). A governor commented on the higher than usual number of actions and if there were a specific reason for that, to which TIAA replied that this was an ever-changing area with the complexities of cyber security and that College was in line with comparable institutions in this regard. Substantial assurance in this area was difficult to achieve.

4.03 The Chair commented on the amount of work that had been done to ensure there were appropriate controls in place from a cyber security viewpoint. The actions from this report would be followed up by the Audit committee.

**Audit**

**5.00 FINANCIAL DASHBOARD REPORT NOVEMBER 2022 AND MANAGEMENT ACCOUNTS**

**5.01 Financial Dashboard**

The College's Financial Health was graded Outstanding by the ESFA in November 2022. The Finance Dashboard data was considered.

**5.02 Management Accounts**

The Interim Director of Finance and Operations gave a summary of the accounts to date, that College was on track in terms of budget. He advised governors to be mindful of the impact of the cost of utilities and future pay awards on College finances in the future.

5.03 Details about the money for levelling up following the ONS reclassification announcement were shared with the Committees.

**6.00 BUILDING UPDATE**

6.01 A verbal update on the capital build project was provided by the Principal.

That regular meetings took place between Triton, AHR and College. The project was largely on track both in timescale and financially.

## **7.00 ANNUAL REPORT OF THE AUDIT COMMITTEE** (*recommend to Corporation*)

### **7.01 Annual Report of the Audit Committee**

The Report, which followed the standard format, was considered.

It was an annual review of the audit processes and work to inform a view of the adequacy of the Board Assurance Framework.

The Report confirmed that:

- All performance indicators in relation to 2020/21 were met or were considered satisfactory
- The Audit Committee was satisfied with the Internal Audit Service
- The Audit Committee was satisfied with the External Audit Service
- The Financial Statements for 2021/22 were unqualified
- The Regularity Audit Report was unqualified.
- TIAA confirmed the Report covered all appropriate areas.

Thanks was given to all those involved in producing the Report.

- 7.02 **Recommended for approval:** The Committees accepted the Annual Report of the Audit Committee and recommended it for approval to the Corporation.  
**UPDATE:** The Annual Report of the Audit Committee was approved by the Full Corporation on 13 December 2022.

## **8.00 POLICY REVIEW**

- 8.01 The Business Continuity Plan had been shared in advance of the meeting. An explanation and the rationale behind the changes about the plan was given. Governors were happy to approve it as per the scheme of delegation.

- **Resolved:** That the Business Continuity Plan be adopted.

- 8.02 The IT Network and Information Security Policy had been shared in advance of the meeting. Governors were happy to approve it as per the scheme of delegation.

- **Resolved:** That the IT Network and Information Security Policy be adopted.

## **9.00 RISK REGISTER - OVERVIEW**

- 9.01 The Risk Register was available as part of the meeting bundle. The main risk areas were discussed by the Committees. Governors were assured that there were clear pathways as to how the risks were regularly reviewed and reported.

## **10.00 ANY OTHER URGENT BUSINESS**

- 10.01 There was no other business to discuss.

## **11.00 DATE AND TIME OF NEXT MEETING**

- 11.01
- Audit - Wednesday 8 February 2023 at 5.00pm
  - Finance and Physical Resources – Wednesday 1 March 2023 at 5.00pm

The meeting closed at 5.45pm.