

Minutes of a special meeting of the Audit Committee held on 26 November 2018 at 2.00 pm

at City Centre Campus and by conference call

Julian Young (by conference
call)
Andy Furse
Jane Shaw

Chair of the Committee

In attendance

Heather Cross
Laurel Penrose

Jonathan Creed

Carol Davey
Paul Davies

Clerk to the Corporation
Principal and Chief
Executive
Interim Finance Director -
ICCA
Mazars
Finance Manager

1. **Apologies and welcome** **ACTION**
The meeting Chair welcomed everyone to the meeting and thanked Jane Shaw for being prepared to join the committee again on a short term basis.
2. **Declarations of Interest**
None
3. **Confidentiality of Items**
The Accounts would remain confidential until they were approved.
4. **2017/18 Accounts**
 - a. Self-Assessment Questionnaire
The Regularity self-assessment questionnaire submitted to the Auditors for their audit and to be signed off by the Chair of the Board was reviewed and accepted. It was **recommended to the Board for approval.**
 - b. Financial Statements Auditors report (Mazars)
The report had been circulated previously. A further version was tabled for the meeting with some slight amendments as some of the information listed previously as not having been received had now been received. Carol Davey introduced the report and commented that

an item concerning a lease needed further investigation and may need to be recorded as an onerous lease.

The debt position reflected in the accounts was discussed given that there had been issues concerning this in previous recent years. Specific provisions had been made for commercial debt and it was noted that a commercial credit controller had been employed by the college at the start of the year to improve payment which had seen improvements. The Committee commented that they would recommend to the college employing such credit control measures on a regular basis.

Defined benefit pension contributions were discussed. The College had not challenged pension assumptions and the auditors had been satisfied with this position.

There was discussion about the recent Funding Audit at the college and the report which had recently been given that there would be no clawback and the allocation for 2017/18 was approved – this was a very pleasing outcome, but could not be recognised in the accounts until the full position was formally confirmed.

There was discussion about the land value for Somer Valley which was recorded in the accounts as a value reflecting resale had been used at merger. It was noted that the value would need to be impaired if there was no intention of sale. It was understood that the local development plan was shortly to be published and the college should consider the position after this. It was agreed that the Audit Committee would be asked to consider the issue.

There was discussion concerning a number of leases on student accommodation. There were six leases in place and only three of them had been let. If there was no prospect of letting this accommodation then any costs should be accounted for immediately. This was currently being checked. Committee members encouraged college management only to make such arrangements in the future when it was certain that such accommodation would be needed. The loan covenant position was discussed and the college was commended on securing a necessary breach waiver before year-end.

Recommendations were made in the report concerning internal control which were noted and prior year internal control points had been updated as soon as personnel were available to take the indicated action.

Mazars recommended that a 'going concern' statement be prepared for the Board for their consideration in approving the accounts.

The Committee Chair thanked Paul Davies for his considerable work in preparing the accounts.

- c. Although there were some issues still to be resolved and therefore the accounts could not as yet be recommended to the Board for approval, most of the work was completed and issues identified.
Report and Accounts for 2017/18 year

The draft Members report and Financial Statements had been circulated previously. There were no comments made about content.

It was noted that the figures represented an operating deficit of £254K which was a £178K improvement on the original budget and on the forecast out-turn provided three months previously. This position was welcomed and further improvement to bring in a positive year end figure was encouraged.

5. Any Other Business

The Principal asked the committee to consider the level of confidence they had in the year end position in order to recommend to the Board the payment of a 1% pay award to staff in the current year. In discussion it was noted that the figures provided in the year end accounts indicated so far could be relied upon and the cost of the pay award was below the level of materiality in any case. It was confirmed that there was a high degree of confidence in the position and this comment would be given to the Board.