



**MINUTES OF THE MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD 14 NOVEMBER 2023**

Present: Mr Farouk Durrani (Chair)
Mr Spencer Bowen (Via Teams)
Ms Christine Downton
Mr Chris Whelan

In Attendance: Ms Kim Saw - Director of Finance
Mr Jon Allen - Clerk

The meeting commenced at 17.30.

APOLOGIES, WELCOMES, QUORACY & DECLARATIONS OF INTEREST

1. There were no apologies. The Chair welcomed Ms Christine Downton to her first meeting. The Clerk confirmed the meeting was quorate. There were no declared interests.

MINUTES

2. The minutes of the meeting held 20 June 2023 were approved as an accurate record of the meeting (Paper 1).

SUMMARY ACTION LIST & MATTERS ARISING

3. The 'Summary Action List' was received (Paper 2) and the following updates were noted against action points from the last meeting:

MIN REF	ACTION POINT FROM THE MINUTES OF THE LAST MEETING	UPDATE PROVIDED TO THE MEETING
21(ii)	To revise the budget forecasts for inflation to be at 5% for 2023/24, and 4% and 3% respectively for the two subsequent years	Completed and presented to the July Trust Board meeting
21(iii)	To revisit the assumptions behind the forecast for pay costs for both 2024/25 and 2025/26.	Completed and presented to the July Trust Board meeting
21(iv)	To add a line to the cashflow forecast to show the residue of reserves over and above the minimum requirement to hold two months of payroll costs.	Incorporated within the Management Accounts
Board 19/09/23	Risk relating to the transfer of the payroll contract from SCC to Cintra - to keep this risk under review by both the Finance & Resources Committee and the Audit & Risk Committee	See minute 4 below.

4. The Committee was reminded that in June, Surrey County Council (SCC) informed the College, and other colleges in Surrey, that they would no longer provide a payroll service from this December, with November being their final payroll month. All the Colleges affected by this decision appointed Cintra in July to provide a payroll service. As part of the preparation for handover, it was agreed for SCC to make available to Cintra the payroll data and for both Cintra and SCC to do parallel payroll runs in October and November with Cintra being the sole payroll provider from December onwards. Due to issues at SCC, Cintra has yet to complete their October payroll run and, as a result, are running a week behind schedule. Cintra have informed the College that they still believe they are on track for a clean November run before going live on 21 December. Trustees sought assurances that there have been no issues on staff salary payments and payments to HMRC. It was confirmed there were no issues arising from the payroll run completed in October by SCC with all scheduled payments being fully met. The issue has been more around transitional arrangements arising from the delay in SCC providing the necessary information to Cintra, for Cintra to complete and check on the accuracy of their October payroll run against the SCC October payroll run.

5. There were no matters arising from the minutes.

MANAGEMENT ACCOUNTS UP TO 30 SEPTEMBER 2022 (ONE MONTH)

6. The Management Accounts for one month of the financial year up to 30 September 2023 were subject to review (Paper 3). As the Management Accounts covered only one month of the financial year, the Committee agreed to note the Management Accounts as it was too early in the financial year to make any firm assessments on the financial figures contained within the Management Accounts, and all the indications were that nothing unusual had happened in the month.

7. It was confirmed the Management Accounts are still showing a year-end deficit of £299k as per the agreed 2023/24 budget approved at the July Trust Board meeting. Since July, the funding agency has announced an increase of funding per student resulting in extra income of circa £500k. This extra income has yet to be incorporated within the Management Accounts as pay scales for some staff have yet to be finalised following the recent agreement to the 6.5% pay award. It was reported the expected year-end position is now one of breaking even but a full analysis has yet to be finalised. The next set of Management Accounts will include the extra income and finalised staffing costs.

FINANCIAL STATEMENTS & ANNUAL ACCOUNTS YEAR ENDED 31 AUGUST 2023

8. The Committee received the following papers:

- (i) The draft Financial Statements and Annual Report for 2022/23– Paper 4a
- (ii) Hymans Robertson Actuarial Valuation Report on the Surrey Local Government Pensions Scheme - Paper 4b
- (iii) Reconciliation of the Statement of Financial Activities per the Financial Statements to the Unaudited Management Accounts for the 12 months to 31 August 2023 - Paper 5
- (iv) Financial Statement Auditor's '*Audit Findings Report*' - Paper 6

9. The Committee reviewed the reconciliation of management accounts up to 31 August 2023 to the statutory accounts. There were no significant material changes to

report to the Committee between the Management Accounts for the 12 months to 31 August 2023 and Reconciliation Statement.

10. It was confirmed the Financial Statements have been prepared in line with the prescribed requirements stipulated in the Academies Accounts Direction 2022/23 issued by the Education & Skills Funding Agency.

11. The agreed Trust process for reviewing the financial statements requires the Finance & Resources Committee in the first instance to review the financial information and financial commentary in the year-end accounts and, once reviewed, to inform the Audit & Risk Committee of the outcomes of their review. The Audit & Risk Committee will then consider the outcomes of the review conducted by the Finance & Resources Committee and consider all audit and assurance opinions received on the adequacy of the operation of financial, and other controls, before making any final approval recommendations to the Trust Board regarding the accounts.

12. Made available to the Committee was the report from Hymans Robertson, an independent actuary, that reported on the actuarial valuation of the LGPS as at 31 August 2023 for accounting purposes (Paper 4). The estimated value of the Local Government Pension Scheme provided by the scheme's actuary resulted in a surplus of £1,187k at the year-end. The view of the auditors is that, as this asset is not a recoverable amount, it should not be recognised in the Balance Sheet. The Committee agreed with this approach.

13. When reviewing the Financial Statements (Paper 4a), the Chair confirmed he held a pre-meeting with the Director of Finance to go through the document to confirm some details and correct typos. During the review, the Committee suggested additional text be added to the energy section to explain the reasons behind the 20% drop in energy usage. In addition, more text should be added to outline the details of the ILR capital project and the build of the new car park. The Governance Section to confirm the adoption of revised Models of Association.

14. Made available to the Committee was the 'Audit Findings Report' issued by Buzzacott, the College's Financial & Regulatory Auditor (Paper 5). Subject to the satisfactory receipt of some minor outstanding items, the auditors confirmed they intend to issue the following opinions:

Financial statement's opinion:

We expect to express that in our opinion the financial statements give a true and fair view and have been properly prepared in accordance with the Academies Accounts Direction 2022 to 2023 and previous supplementary bulletin (July 2021) issued by the ESFA, and Companies Act requirements.

Regularity assurance conclusion:

We intend to state that in the course of our work nothing has come to our attention which suggests that in all material aspects the expenditure disbursed, and income received during the year ended 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

15. The report confirmed five audit recommendations, one being classified as a 'Moderate Risk', three classified as a 'Minor Risk' and one classified as 'Advisory'. The recommendations were noted as follows:

- The Academy Trust to implement a process to formally document the authorisation of payroll (Moderate Risk).
- The Academy Trust to perform a full review of the fixed assets register, at least annually, to identify which items are still in use and dispose of any items on the register which are no longer in use by the Academy Trust. In addition, to review the depreciation rates being used in order to assess whether these remain appropriate (Minor Risk)
- To implement a process to annually review their scheme of delegation to ensure this remains relevant and up to date for changes in employees and/or job roles (Minor Risk).
- The Academy Trust undertakes the self-assessment toolkit to assess any potential risk exposure and, if needed, seek a specialist to undertake a full Cyber Essentials check (Advisory).

16. It was confirmed management accepted the audit recommendations made. Assurances were given to the Committee that there were no serious issues arising from the lack of a document to authorise the payroll. The internal audit service recently conducted a full audit in this area and gave the payroll arrangements a 'Strong Assurance'. It was confirmed that when the College switches to the new payroll provider, a document will be generated for signing to record full authorisation has been given to the payroll run.

FIXED ASSET ADDITIONS IN-YEAR

17. Received for review was the report '*Fixed Asset Additions In-Year*' (Paper 6). The report was made available for information purposes and the report was noted.

CONTRACTS

18. As part of the Board Assurance Framework and to provide assurances, it was agreed for the Finance & Resources Committee to review a list of contracts each term, concentrating on the renewals coming up in the following 3 months (or time until next meeting). The paper presented reported on those renewal contacts due between 01 November 2023 and 28 February 2024 with a value more than £1,000.

19. There were no matters arising from the review and the Committee noted the report and proposed actions to be taken on renewals.

BOARD ASSURANCE FRAMEWORK - ASSURANCE ASSESSMENT TO BE CONDUCTED BY THE COMMITTEE

20. Under the Board Assurance Framework (BAF), each Committee is asked to conduct at the end of their meeting an assessment on their level of assurance agreed against each report received (including briefings and verbal updates), and for the assessment to be reported to the Audit Committee and Trust Board (the assessments being: Green = high assurance - no additional actions or monitoring are recommended at this point; Amber = medium assurance – a further report is likely to be required at the next meeting; Red = low assurance - additional actions are likely to be required and reported at the next meeting).

21. The following assessments were agreed on reports considered at this meeting:

Agenda Item	Paper	Subject	RAG rating	Any Committee Recommendation(s)
6	3	Management Accounts up to 30/9/23		No concerns/ no recommendation
7(i)	4a	Financial Statement Year Ended 31 August 2023		No concerns/no recommendations other than to inform the Audit & Risk Committee that there were no issues of concern to report to the Audit & Risk Committee on the financial figures contained in the Financial Statement. Minor changes to the text and some sections were proposed but the changes were not material.
7(ii)	4b	Actuarial Assumptions – Hymans Robertson		No concerns/no recommendations
7(iii)	5	Reconciliation Statement		No concerns/no recommendations
7(iv)	6	Financial Statement Auditor's 'Audit Findings Report'		No concerns/no recommendations
8	7	Fixed Asset Additions In Year		No concerns/no recommendations
9	8	Review of Contracts		No concerns/no recommendations

ANY OTHER BUSINESS

22. There was no other business.

DATE OF NEXT MEETING

23. Tuesday 20 February 2024 @ 17.30

The meeting closed at 18.30.

Signed: _____ Date: _____
(Chair)