

## LEEDS COLLEGE OF BUILDING

### AUDIT & RISK AND FINANCE & RESOURCES COMMITTEE

Minutes of the meeting held on Tuesday 28 November 2023 at 3.15pm, Meeting Room 1, North Street / Microsoft Teams.

#### PRESENT:

Matthew Shields (MSh) Chair  
Steve Carmody (SC)  
Nikki Davis (ND)  
Robert Grice (GR)  
Laurence Kendall (LK) (*attended via Microsoft Teams*)  
Rachel Lindley (RL) (*attended via Microsoft Teams*)  
Katherine Naisbitt (KN)  
Mick Norton (MN)  
Mark Roper (MR) (*attended via Microsoft Teams*)

#### IN ATTENDANCE:

David Pullein (DP) – Vice Principal, Finance & Resources  
Jonathan Creed (JC) – ICCA  
Richard Lewis (RLe) – RSM  
Jane Taylor-Holmes (JTH) – Director of Governance  
Nancy Fearnside (NF) – PA to Strategic Leadership Team (minutes)

**ACTION  
BY AND  
TARGET  
DATE**

#### APOLOGIES FOR ABSENCE

Apologies for absence were received from Peter Norris and Sarah Wilson.

#### 1. DRAFT FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2023

RLe presented the Financial Statements for 2022/23; year ended 31 July 2023.

Committee members were referred to the final year end position; the College generated an operating deficit in year of £776,000.

RLe also commented on the updated statements, particularly in relation to the ONS decision regarding the reclassification of colleges. The amendment to the financial policies of the College was specifically mentioned throughout the report. RLe commented that whilst the College financial regulations had not been updated the College had reviewed the Managing Public Money guidance and understood that it remained compliant.

RLe referred to the public benefit statement on page 4 onwards.

In relation to page 12, RLe referred to the principle risks and the aspects reported in relation to educational life at the College.

RLe also referred to the absence of reinforced autoclaved aerated concrete (RAAC) in the College buildings and the statement in relation to this.

RLe also referred to the cash outflow and the required assessment that the College was a going concern to December 2024; one year from the date of sign off of the accounts.

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**1. DRAFT FINANCIAL STATEMENTS – YEAR ENDED 31 JULY 2023** (continued)

RLe confirmed that following the review it had been concluded that the College was a going concern and that position would be presented to the ESFA. The going concern statement was at page 13.

RLe referred to the key elements as follows; corporation governance statements and statements on the College regularity, propriety and compliance.

Page 22 was referred to as it included reference to the work undertaken by the Internal Auditors. Page 23 set out the statement from the Audit Committee and conclusions.

Committee members noted that the Page 25 on Regularity was to be signed by the Chair of the Board and ND as Accounting Officer. There were no matters of non-compliance identified and the appropriate statements were included.

RLe confirmed that the audit assurance opinion would be unmodified and would be inserted. Page 27 onwards was the report from the Independent Auditors and would be unqualified on the fairness and accuracy of the Financial Statements.

In relation to the performance for the year (page 30), the position at 31 July 2023 was a deficit of £776,000 after depreciation and notional costs for pension scheme. There had been an almost £3.5 million gain due to the Pension scheme revaluation. There had been a large 'swing' in the value of pensions during the 2022/23 year.

The statement of cashflow was reviewed and the £3.6million cash at bank noted. The net worth of the College was £14.7million net assets with £3.8million cash with the LGPS pension scheme liability as nil.

Committee members reviewed the notes.

RLe described the approach taken by the Actuary in relation to the revaluation of the pension scheme and the agreed approach that the asset should not be accounted for and is therefore nil within the accounts.

RLe referred to the specific disclosures made in relation to severance payments required by the Managing Public Money guidance at page 44, note 7.

Balance sheet notes were reviewed and in particular, the TPS revaluation rate as employer which had increased

**Members received the draft Financial Statements – year ended 31 July 2023.**

**2. DRAFT AUDIT FINDINGS REPORT**

RLe presented the draft Audit Findings Report. He explained that the external auditors work was almost complete subject to the outstanding items to be resolved. He had no concerns regarding these items. The Unadjusted misstatements were noted and RLe confirmed that these were not material.

**2. DRAFT AUDIT FINDINGS REPORT** (continued)

RLe referred to the ongoing issue regarding management override of controls. This had been a feature in previous reports but it was acknowledged that a Management Accountant had been recruited, which would resolve this issue.

The majority of recommendations related to Apprenticeships. Management responses had been included and would be correctly formatted within the final report. RLe acknowledged that similar points had been raised across the internal audit work.

RLe emphasised that Apprenticeships were a significant area for the College and it was important that the points raised were addressed.

RLe commented that a regularity meeting was still required with MR; JTH would action.

**JTH  
Dec. 2023**

RLe thanked the management team and staff for their support and assistance during the Audit.

MSh thanked RLe for his report.

RL acknowledged that there were a number of recommendations regarding Apprenticeships and these needed to be weaved into the internal audit recommendations. It was agreed that recommendations would be added to the recommendations report to the Audit Committee.

**NF  
March 2024**

RLe stated that Apprenticeship funding was complicated and if the College was to have a funding audit by the ESFA there may be a clawback. This was a high risk as the College is due for such an audit.

RL asked whether the College needed to prepare for this. DP commented that the mock ESFA audit undertaken by ICCA would help, together with the planned audit on the restructure of the team.

It was agreed that an update on the restructure would be a standing item on Audit & Risk meetings and that the Compliance team would be invited to a future Audit Committee meeting. RG emphasised that having evidence before the Committee would provide Governors with assurance.

**DP  
March 2024**

MSh asked if extrapolations had been taken into account; RLe confirmed they had.

MSh thanked RLe and JC for their input and also passed on the Committee's thanks to DP and his team for their work on the audits.

**Members noted the draft Audit Findings Report.**