

Finance & General Purposes Committee

Rachael Fisher (Chair); Suzanne Lyne; Shawez Mir; Kunal Parkash

Maxine Deslandes (Director of Finance); Anil Nagpal (Chief Operating Officer); Karen Redhead (CEO/Principal); Richard Ward (Director of Governance)

Paul Goddard (Scrutton Bland); Robert Cloke (Buzzacott)

The Chair welcomed members to the meeting.

No interests were declared.

Resolved

The Chair noted that the matter arising from the previous meeting relating to internal audit benchmarking had been completed. The Director of Finance reminded the committee that the tender process would begin in January.

The Committee received a written report on the College's subcontracted provision. A governor queried whether the reported level of income was on target.

The Committee noted that information relating to the methodology for the RAG rating of subcontractors had been included as an appendix to the paper.

Paul Goddard commented that several of the recommendations related to funding assurance, which was a subject where definitively resolving recommendations could be more difficult to achieve as a result of exceptions within a large volume of transactions. He added that it would be possible to bring the planned follow-up work forward to see whether recommendations which had been marked as completed could be validated any sooner. A governor suggested that it would be preferable to have a shorter list of high priority recommendations for the College to focus on.

The Chief Operating Officer presented the external audit tracker, which included the two recommendations made as part of the audit of the College's accounts for 2022/23. The introduction of the new finance system which included a fixed asset module had helped resolve the recommendation made in respect of the College's fixed asset register, and good progress had been made on the recommendation relating to depreciation.

The Chair noted the significant effort which had been made by the finance team to resolving both issues. The Chief Operating Officer drew the Committee's attention to the fact that the post audit management report included one new recommendation, classified as category C, which would be set out later in the meeting.

Paul Goddard presented the annual report of the internal audit service. The internal audit had concluded that the College had adequate and effective risk management, governance and control processes, notwithstanding issues discussed earlier. It out later in the meeting. s ater

Robert Cloke presented Buzzacott's post audit management report. He commented that the audit process had gone well, although the start of the external audit had been slightly delayed as against the timetable. He acknowledged that the changeover in finance systems during 2023/24 had increased the amount of work required by the College's finance team. Buzzacott would also work with the College to clarify what information was required at the start of the audit. He anticipated unmodified and unqualified opinions on both the regularity audit and the financial statements audit.

Resolved

The Chief Operating Officer presented the Regularity Self-Assessment Questionnaire, incorporating a Fraud Assessment Questionnaire, both of which had been reviewed in draft by the Audit Committee.

Resolved

The Chief Operating Officer presented the draft annual report and financial statements, which had been subject to a thorough audit by Buzzacott. The headlines included a surplus of £313k, as against a surplus of £101k the previous year and the continuation for a third year of 'Good' financial health. The precise financial health score would either be 180 or 190 points, and this was currently being reviewed by Buzzacott and the College.

He noted that the actuarial valuation of the LGPS had come in significantly different to the budget, which had resulted in a benefit to the final bottom line. One new 'category C' recommendation had been made by Buzzacott in relation to how locations of fixed assets were captured within the new fixed asset register. Governors raised questions relating to payment performance, the nature of the College's reserves policy and the staff utilisation rate.

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Resolved

The Chair noted that the matter arising from the previous meeting would remain.

The Chief Operating Officer spoke to the September management accounts. He noted that period 2 was very early in the year and there was very little to report in terms of movement. The one significant change was on the LGPS actuarial report, where the budgeted £2.6m cost was now forecast to be a credit of £153k giving a projected bottom line surplus of £404k. On the financial KPIs, the College was currently on target, but the year to date financial health score was currently overstated as it was still early in the financial year. The management accounts had been streamlined and improved taking feedback on board. The accounts would continue to be further refined in future versions. The Chief Operating Officer confirmed that the College remained a going concern as at the meeting date.

The Chief Operating Officer updated the Committee on the College's estates strategy, which covered progress on Hammersmith & Fulham College including refurbishment works. The College did not have the funds to complete the rest of RIBA Stage 3 and was continuing the elements of the work that it could within the available budget for the current year. The Chancellor's Autumn Budget had included £950m of skills capital funding, of which £300m was intended for colleges to maintain, improve and ensure the suitability of their estates. Further details of this funding were anticipated.

The College had met with representatives of the DfE's FE capital team earlier in the month and held constructive discussions on the condition of and options for Hammersmith & Fulham College. Since the last meeting of the Committee, further discussions had taken place on the possible accommodation of another educational establishment. The timelines did not align with the College's redevelopment plans and the proposal would not be taken any further. The Committee discussed progress in the

