



Mission Statement: *Inspiring learning, developing character, building futures*

**JOINT MINUTES OF THE MEETING OF
THE AUDIT AND ADMINISTRATION AND FINANCE COMMITTEES
OF THE BLACKPOOL SIXTH FORM COLLEGE**

Date: Tuesday 24th November 2020

Virtual meeting

Time: 4.00-6.00pm

Present: Ms Caroline Coyne (Chair of Audit)
Ms Debbie Taaffe (Chair of Admin and Finance)
Ms J Gray (Principal)
Cllr D Clapham
Mr Alistair Burr
Ms Wendy Middlemas
Mr Callum Baxter

Together with: Ms Lindsay Gates (Head of Finance)
Mr Ian Pinches (Audit Manager –Mazars)
Mr Jon Marchant (Audit Partner-Mazars)
Ms Tina Cooper (Observer)

Apologies: There were no apologies for absence

28.2020 Preliminaries

It was agreed at the meeting of the Audit committee on 11th November 2019 that the first meeting of the year for the Audit and Admin and Finance committees should be a joint meeting to approve the annual accounts before recommending to the Corporation.

The Chair of the Audit committee welcomed everyone to the meeting, especially the new audit partner from Mazars and Tina Cooper as an observer.

29.2020 Declarations of Interest

There were no declarations of interest

30.2020 Consideration of any items of urgent business.

There were no items of urgent business to discuss

31.2020 Confirmation of Quoracy

It was noted the meeting was quorate with the appropriate representatives from both committees

32.2020 Minutes of the virtual meeting held on 30th June 2020

The minutes of the virtual meeting held on 30th June 2020 were approved

33.2020 Matters arising from the minutes not covered elsewhere on the agenda

There were no matters arising from the minutes not covered elsewhere on the agenda

Action

34.2020

Internal Audit Reports

There were no Internal Audit reports to discuss

35.2020

Annual Accounts for the year ending 31st July 2020

a) Annual Accounts and Financial Statements

Directors received the Annual Accounts and Financial Statements for the year ending 31st July 2020 presented by the Head of Finance and the Audit Partners (paper 8.1) Directors were given an overview of the current situation it was noted that of the operating deficit for the year of £354,000 included the £175,000 donation gifted from Gordon Halliwell.

b) Audit Completion Report 31st July 2020

Directors received the Audit Completion report 31st July 2020 (paper 8.3) presented by the Audit Partner from Mazars, Jon introduced himself and gave directors some information about his background and his role within the college sector across the country.

Directors were presented with a summary of the report which included the assurance that although the audit was carried out remotely due to the current Covid-19 situation the standards and scrutiny remained the same as an on-site audit, but required more input from the college's own financial team in terms of providing information and responding to queries. He praised the finance team at the college and stated that because of their due diligence the situation was equal to where it would have been pre pandemic.

Other highlights and key areas included the executive summary section 1 of the report which sets out the risks and areas of judgements reported in July 2020, directors were informed that there were no new risks related to Covid-19.

In recognition of the two significant risks, section 2 of the report, revenue recognition and management override of controls which are inherent of every general audit control, auditors reported there was nothing to bring to directors attention.

Two key areas of management judgements specific to the college were highlighted relating to covenant compliance, changing in funding and student numbers and defined benefit pension scheme assumptions, again there were no concerns to report to directors.

The audit partner gave directors a comprehensive overview of the defined benefit pension scheme assumptions of the college and the work carried out by Mazars specialist Actuarial Valuations team, it was noted that the assumptions by the college are in line with expectations and are broadly in line with other colleges across the country except for salary growth which is slightly more volatile. He went on to note that variance in assumptions are being used across the country and that there are two main reasons driving evaluations, 1. Asset value and high uncertainty and 2. Political economic situation both of which are out of college's control.

The audit manager noted that accounts had been put together really well and praised the finance team at the college.

Section 3 of the report refers to internal controls to which the auditors found no issues to report, it was noted that this is testament to controls in place at the college which are robust and had no adverse effect on moving from office working to home working. The auditors thanked the college management and finance team for their assistance during the audit.

Questions from Directors

The principal expressed her thanks to the Head of Finance and the finance team for all their efforts, especially during the current situation, she noted that virtual audit is not the same as face to face with a lot more emphasis on the college staff, although appreciative of any cost savings she requested that future audits take place face to face where possible. Auditors agreed and noted there had been some advantages and disadvantages to virtual audits but would resume face to face audits when possible.

35.2020 D1 Resolved: recommend annual accounts to the Administration and Finance committee

35.2020 D2 Resolved: approve the Audit Completion Report 31st July 2020

36.2020 Internal Audit Tracking Report

Directors received the Internal Audit Tracking report 2020/21 (paper 9.1) presented by the Head of Finance, she gave an update on the progress made since the last meeting. It was noted that progress had been made in all areas despite the current Covid-19 situation and any further progress will be reported on in January.

Questions from Directors

Directors were invited to ask questions, there were no questions to answer

37.2020 Committee Review 2019-20

Annual Report of the Audit Committee 2019-20

Directors considered and approved the Annual Report year ending 31st July 2020 (paper 10.1)

Key Performance Indicators

Directors reviewed and approved the progress made against the KPI's for 2019-20 (paper 10.2) and approved with slight amends which the Clerk agreed to make the KPI's for 2020-21 (paper 10.3)

Committee Terms of Reference

Directors reviewed and agreed the committee's Terms of Reference (paper 10.4)

37.2020 D1 Resolved: to approve the Annual Report of the Audit committee year ending 31st July 2020

37.2020 D2 Resolved: to approve the progress made against the KPI's for 2019-20

37.2020 D3 Resolved: to recommend committee KPI's 2020-21 to the Corporation for approval

37.2020 D4 Resolved: to approve the committee's Terms of Reference

38.2020 Private meeting of the committee with Auditors without staff

No meeting was required

39.2020 Private meeting of the committee without staff or Auditors

No meeting was required

40.2020 A.O.B

There was no other business to discuss

Date and Time of next Audit committee meeting

Tuesday 26th January 2020 at 4pm

Don Clapham and Callum Baxter left the meeting

The Chair of the Admin and Finance committee took over as Chair for the rest of the meeting.

25.2020 Minutes of the meeting held on 25th June 2020

The minutes of the virtual meeting held on 25th June were approved with the exception of rewording question (20.2020) which the Clerk agreed to make.

Clerk

26.2020 Matters arising from the minutes not covered elsewhere on the agenda

- a) **Potential Directors**-item 23.2020 from the previous minutes) confirmation a bank of accountants willing to take on voluntary roles had been followed up via the link (Reach Volunteering) and had been found unsuitable at present due to costs. As an interim measure John Boyle (previous Chair of the board) had agreed to offer assistance/advice on any financial matters should the committee require it. It was noted that the Search and Governance committee are working on recruitment of suitable directors to the board.

27.2020 Staffing Update

Directors received the staffing update for October 2020 (paper 7.1) delivered by the Principal. She highlighted that apart from the Assistant Principal: Business Support and the Study and Employability Advisor, which were replacement roles, all other posts had been in response to the current Covid situation and all essential new roles.

The Principal noted that the representation of teaching staff is a very similar distribution to the Sixth Form College Association (SFCA) data in terms of the sex of the teachers.

It was noted that data had not been provided for sickness absence for the 19/20 academic year as it does not provide an accurate picture due to the impact of Covid-19.

Questions from Directors

In response to a question about sickness absence and how the college are supporting staff with underlying health conditions it was noted that the figures are showing staff absences are much lower than normal, however the Head of HR is keeping in touch with all staff particularly staff in the extremely vulnerable category.

The Staff Director stated that communication at the college from the Senior Leadership Team (SLT) had been well judged and very good especially in terms of mental health and childcare arrangements.

It was noted by the Principal that the challenge will be coming out of the Covid situation and the relaxation of flexibility for staff when college return to normal levels.

In response to a question about monitoring and recording the diversity of staff, it was noted that the Equality and Diversity committee look more closely at data collection for staff and students

In response to a question about the gender disparity, it was also noted that the college will always appoint the right person for the role regardless of gender. Recently from ten applications for the Assistant Principal: Business Support only two were from male colleagues.

It was agreed to add further commentary to the report to show how data is collected regarding diversity.

SLT

28.2020 Management Accounts

- a) **Report and Financial Statements for the year ended 31st July 2020**

Directors received the annual accounts for 2019-20 (paper 9.2) presented by the Head of Finance who invited further questions

Questions from Directors

As these accounts had been considered at length previously in the meeting there were no further questions to answer

b) Management Accounts for the period ended 30th September 2020

Directors considered the management accounts for the period 30th September 2020 (paper 9.1) presented by the Head of Finance. She asked the Auditors to explain how the FRS 102 adjustments effects the college accounts for the benefit of the committee, and to share how other colleges report this information mid-year.

The audit partners gave directors an overview of the FRS 102 it was noted that future management accounts could be presented to directors which include and exclude FRS 102 as it does not relate to financial operations directly and does not reflect on the day to day management of the budget.

It was also noted that taking out the estimated pension payments can give a more accurate representation of the cash element of the spend against budget.

It was agreed to change the way the accounts will be presented at the next meeting but to continue to estimate and include FRS102.

The Head of Finance presented directors with some key points from the accounts which included the year to date surplus of £146,938 and the current financial health rating of Outstanding. It was noted that there had been some extra costs relating to Covid-19, such as consumables, staff and online subscriptions. It was also noted that Covid-19 specific costs are being centrally managed within the estates budget making them easily identifiable for the ESFA.

The Head of Finance drew attention to the significant reduction in applications to the bursary scheme, it was noted that Student Services are highlighting the scheme to students to ensure that all those who are eligible to apply submit an application. Directors were also made aware that free school meals are still being paid even when the student is not in college and chrome books had been purchased to support remote learners.

Questions from Directors

The Principal asked the auditors about the percentage of staff costs in relation to other colleges, it was noted that the target of 70% is proving more and more difficult to achieve due to pension costs and long term employment and although the college want to set aspirational targets should the target be decreased. It was agreed the auditors would come back with a comparison at a later date.

The Chair of the board noted that it can be quite demoralising if targets are not met, however the college must keep in line with FE benchmarking, it was agreed to have a further discussion at the next meeting.

Ian Pinches and Jon Marchant left the meeting

c) Year- end reconciliation 31st July 2020

Directors received the reconciliation from 31st July 2020 Management Accounts to Financial Statements (paper 9.3) presented by the Head of Finance. It was noted that the reconciliation included the donation from Gordon Halliwell and the FRS 102, directors were informed that if these were excluded the bank covenant would still be met and there would still be a surplus.

d) Budget 2020-21 update

Directors received a budget update (paper 9.4) as agreed at the last A&F committee meeting due to the uncertainty surrounding the implications of Covid-19 on college finances, this was presented by the Head of Finance. The revised budget sets out the changes made to date, however there are still a lot of unknowns and the college awaits the outcome of the spending review.

Question from Directors

In response to a question about any savings on staff costs in relation to the departure from the FCAT sponsorship, it was noted that the savings are mostly due to staff time.

Head of Finance

Auditors

A&F agenda

28.2020 D1 Resolved: recommend the annual accounts and financial statements to the Corporation for approval

28.2020 D2 Resolved: recommend the management accounts for the period ended 30th September 2020 to the Corporation for approval

29.2020 Health and Safety

Directors received the Health and Safety report NO 1 of 4 2020-21 (paper 8.1) presented by the Assistant Principal: Vocational. It was noted that the college reported no major incidents apart from Coronavirus during this period.

Some changes had been implemented as a result of minor incidents which are noted in the report. 10/20 new staff had completed H&S Induction training, it was noted that all staff will complete the training as soon as possible.

Questions from Directors

In response to a question about the outcome of the planned evacuation it was noted that it was well managed however minor changes can be made to refine the process even further.

Asked if any discussions took place about alternatives to evacuating the building due to the risks associated with Covid-19 it was noted that new students in particular need to be prepared for risks outside of Covid-19 especially fire risks, keeping doors open at the college increases the fire risk but decreases the risk of Covid-19, it was noted that striking a balance between risk factors is difficult but necessary.

30.2020 Committee Performance

Directors reviewed progress made against the Key Performance Indicators (KPI's) 2019-20 (paper 10.1)

Directors reviewed the committee KPI's for 2020-21 (paper 10.2) and agreed the change to point 4 to review the financial regulations every 3 years

30.2020 D1 Resolved: to approve the committee KPI's 2020-21

31.2020 Terms of Reference

Directors reviewed and agreed the committee's Terms of Reference (paper 11.1)

31.2020 D1 Resolved: the committee agreed the Terms of Reference

32.2020 Any Other Business

The Head of Finance gave directors an update on initial communication with Lloyds bank in relation to changes to the college loan. The Chair of A&F will take part in the discussions and feedback to the committee.

LG/DT

33.2020 Identification of any new or amended risks

No new or amended risks were identified from either committee

Date and time of next A&F committee meeting

Tuesday 9th March at 4pm

Signed

Signed_

Date