

# Minutes



Meeting	Joint Finance and Resources Committee and Audit and Risk Committee		
Date	Thursday 21 November 2024	Time	17:00- joint Committee with Finance and Resources Committee
Venue	Google meet		

<b>Membership:</b>	Hayley Tingle (Chair); Stephen Bulley; Sharron Blackburn (co-opted); Shirley Collier; David Grimes; Sohil Zokari For item 5 – Finance and Resources Committee - Paul Lomas (Chair); Jason Austin; Margaret Cobb; Debbie Marshall; Kay Mulcahy; Janet Pryke
<b>In attendance:</b>	Phil Curtis (ED Finance and Estates); Jason Austin (CEO and Principal); Roopa Patel (Validera); Lee Glover (Validera); Ryan Falls (CavanaghKelly); Sarah Connerty (Director of Governance and minute taker) For the risk scrutiny session – Cath Mollart (ED Strategic Planning and Corporate Services); Jemma Moore (interim Head of IT). Additional governors attending: Fatima Sabir and Jack Pike

	Item	Action
1.	<b>Welcome, introductions and apologies</b> The Chair welcomed colleagues to the meeting. Apologies received from Shirley Collier and Lee Glover did not attend the meeting.	
2.	<b>Declaration of interests</b> There were no declarations received.	
5.	<p>The Chair referred to the Chair of Finance and Resources Committee to lead on this item and the Chair of FRC asked the external auditor and ED Finance and Estates to go through the items.</p> <p><b>a.RNN Group Annual Report and Financial Statements for the Year Ended 31 July 2024</b> The Committees considered the annual report and financial statements. Some comments were received prior to the meeting with minor updates around grammar, a query on the levels of ESFA and other funding, and reference to Aston training subsidiary which was sold in 2020 to the Bedford College Group, and this will form part of the auditors work to check prior to the Board circulation. The Chair noted she would also send through minor updates offline. There were no further updates or revisions suggested. The Annual Report and Financial Statements have been included on the Finance and Resources Committee agenda in case any further amendments were required.</p> <p><b>RESOLVED:</b> The Committees recommended to approve the RNN Group Annual Report and Financial Statements for the Year Ended 31 July 2024</p> <p>One governor asked if the Group are required to comply with the pay policy. The ED Finance and Estates reported that there is a 30-day policy, recognising that some trade creditors span a year or more, for example business rates. There was an issue with the National Fluid Power</p>	Auditors /ED Finance and Estates

Centre with an unexpected bill around rates. This was recognised and backdated and does not come out in the figures in the report.

**b. External Audit Report and Letter of Representation**

The external auditor reminded the Committee that their remit is to review the findings in the report and the letter of representation, and consider whether the unadjusted misstatements should be corrected, and minute this discussion and recommendation

He took the report as read and noted that there is one adjustment, brought forward by the Finance team in relation to Fixed Assets to recategorize equipment (see item 1.4) and the auditors are aware that this is a work in progress and are content with the management response.

Section 3 on significant risks, would have been presented to ARC in May and the risks are apparent in all audits. The key aspect is that there are no matters to report through the Committee and the auditors are awaiting final confirmation in respect of revenue recognition. The ED Finance and Estates noted that the ESFA have been in touch to confirm that the financial statements from ESFA of funding provided for student numbers will be published by the end of November. Confirmation of the finalised agreement that the ESFA will refinance the Group's debt with Lloyds Bank is in progress.

The auditors have not been made aware of any instances of fraud and are content with the disclosures.

There was a discussion on section 6 unadjusted misstatements of £86,000 related to funding body grant income/amounts owed by the ESFA. The ED Finance and Estates noted that the Group is reporting Good Financial Health by a small margin. The adjustment has not been changed but if it had the Group would still remain as Good. The Committee were content with this position.

Section 7.2 on subsidiaries provides a high-level summary of the findings and there is nothing significant to report. The National Fluid Power Centre has generated profits before tax of £352k building on the return to profitability in the last financial year.

The letter of representation confirms that there is nothing to report around regularity and the auditors are happy with the areas of fraud and going concern.

The Group are discussions with external audit for additional support around assets with the challenges during the year with the amount of capital works. A lot of assets do not carry any net value but they still sit on the Fixed Assets Register to declare for insurance purposes.

The Chair noted that this is a really good clean report and asked how it compares to previous years. It was noted that the report is always clean. Last year there were four audit points.

Following a full review of the findings in the report and the letter of representation the Committee agreed with the findings and had no changes to recommend.

**RESOLVED:** The Committee recommended to approve the External Audit Report and Letter of Representation to the Board

**c. National Fluid Power Centre Directors Report and Financial Statements for the Year Ended 31 July 2024**

**RESOLVED:** The Committee recommended to approve the NFPC Directors Report and Financial Statements for the Year Ended 31 July 2024, subject to final review with the NFPC Directors on the 4 December 2024

**d. Rotherham Education Services Ltd Directors Report and Financial Statements for the Year Ended 31 July 2024**

**RESOLVED:** The Committee recommended to approve the RES Ltd Directors Report and Financial Statements for the Year Ended 31 July 2024, subject to final review with the RES Ltd Directors on the 26 November 2024

**e. RNN Group Student Union Financial Statements for the Year Ended 31 July 2024**

**RESOLVED:** The Committee recommended to approve the Student Union Financial Statements for the Year Ended 31 July 2024

One governor asked about the £1.75 in sales in the SU accounts and the ED Finance and Estates noted that at the moment the SU is mainly around costs and there is work to do with the students about what they want to do and how they will interact with learners as the SU has been relatively dormant since Covid.

**f. Going Concern Report**

The ED Finance and Estates reported that numbers are strong and there is potential for in year growth funding. This has been modelled around staffing costs and at the moment the Group would end up with a better position compared to budget.

**RESOLVED:** The Committee recommended to approve the Going Concern position to the Board

**g. Annual report of the Audit and Risk Committee for 2023-4**

The ED Finance and Estates noted that the report details the activity taken by the Audit and Risk Committee through the year. The purpose of this report is to advise the Board on the effectiveness of the Group's systems of governance, risk management and internal control before the Board approves the Group's final accounts for the year. The report is based on:

- The internal audit annual summary report of Validera
- The external audit of the financial statements and regularity audit by CavanaghKelly

Based on the activity through the year the RNN Group has:

- adequate and effective risk management.
- adequate and effective governance; and
- adequate and effective control processes

The auditor's opinion given in the Financial Statements is unqualified, no regularity issues have been identified and there is one recommendation related to the Fixed Assets Register.

*In summary the Group does have arrangements in place to provide assurance, establish an appropriate governance framework, and monitor risk management and risk mitigation. The Committee and the Board have dedicated a significant amount of time to improving the position and arrangements in place. Whilst not being complacent, the Committee feels that continued progress has been made to improve the Group position.*

**RESOLVED:** The Committee approved the Annual Report of the Audit and Risk Committee for 2023-4

**h. Finance Record**

The ED Finance and Estates reported that the Finance Record is drafted and following the Committee's acceptance of the findings of the audit will be finalised. The Finance Record is how the Group presents all the information back to Government. The Financial Statements back up the Financial Record that goes back to the ESFA. An important point is the move out of Requires Improvement to Good Financial Health.

The Chair asked for the background on the pensions position. The ED Finance and Estates reported that the Group has been in deficit and over the last two years has moved to a surplus position but not one that can be realised.

The Government has agreed to underwrite any pension deficits if a college ceases trading, meaning in the long-term liabilities are less risky for pension providers which may lead to a reduction in employer liabilities. This may not change the Group's position but stop acceleration.

	The Chair passed on thanks to the ED Finance and Estates and his team and the auditors for all the work that has gone into the reports.	
	<b>The joint meeting was followed by the Audit and Risk Committee</b>	
16.	<b>Any other items</b> There were no items received.	

Meeting closed 18.42