

		FEGP COMMITTEE/ARAC COMMITTEE – JOINT MEETING CONFIRMED MINUTES	
Date:	20 November 2024	Director of Governance Granville Road Sheffield, S2 2RL Tel: 0114 260 2620 Email : anne-marie.holdsworth@sheffcol.ac.uk	
Venue:	Boardroom, City Campus		
Present:	Ian Falconer (Chair of ARAC and Chair of joint meeting) Matthew Ainsworth (Vice Chair of ARAC) Sol Miah (member of ARAC) Adrian Abdulla (Staff governor and member of ARAC) Stephan Hollingshead (Chair of FEGP) Peter Brooks (Vice Chair of FEGP) John Mothersole, (Chair of GB and member of FEGP) Angela Foulkes, (Chief Executive and Principal and member of FEGP) Holly Anderson, (Staff governor and member of FEGP)		
In attendance:	Martin Harrison, Executive Director Finance (EDF) Andrew Hartley, Deputy Chief Executive (DCE) and Executive Director Commercial and Operations (EDCO) Paul Simpson, Executive Director People (EDP) Lisa Smith, Risk Assurance Director, RSM UK Risk Assurance Services LLP Stuart McKay, Partner, MHA LLP Jean Tracy, Interim Director of Governance Anne-Marie Holdsworth, Director of Governance		
		Action	
		by whom	by when
24/4/1	Welcome and declarations of interest		
1.1	At 09.30 members of Audit and Risk Assurance Committee (ARAC), the Internal Auditor, and other members of the ET joined the meeting. The Chair of ARAC and MHA Partner were already present as they had observed the Finance, Employment and General Purposes Committee (FEGP) prior to the joint session.		
1.2	The Chair of FEGP handed over chairing of the joint session to the Chair of ARAC, who welcomed members of both committees and others. It was noted that all members of Governing Body had been invited to be present to receive the financial statements’ auditor’s report and raise any queries about the process or the matters in the report should they have any. The Director of Governance (DG) reported apologies from Sarah Pearson and Paul Senior and confirmed that both committees were quorate.		
1.3	There were no relevant interests declared by members of ARAC. The committees noted that Angela Foulkes, Chief Executive and Principal		

	(CEP) was a director of college subsidiary companies would not be eligible to vote in any resolution concerning the company accounts.		
1.4	The Chair advised that the order of business would be as per the agenda, apart for Item 20 which would be brought forward to within Item 15, to enable a single discussion regarding fraud. There were no confidential items within the joint meeting.		
24/4/2	Chair's Comments		
2.1	The Chair reminded the members of FEGP and ARAC of i) The purpose of the joint meeting: a) for all governors to be satisfied that the draft report and financial statements for 2023-2024 properly present the college's financial position and that of its subsidiaries, that the various formal statements in the report are accurate, and that the corporation remains a going concern b) for members to be satisfied that a proper, independent external audit of the accounts has been completed c) based on the above, to advise Governing Body (GB) that the accounts be formally adopted and the various representations sought by auditors be given on behalf of GB by the Chair of Governors and the Chief Executive and Principal (CEP), as Accounting Officer. ii) The respective roles of the two committees, being: a) FEGP shall comment on the accuracy of the figures and the application of proper accounting policies; b) ARAC appoints the external auditor and ensures a proper audit has been carried out; iii) Both committees confirm the draft annual Members' Report, including the Statement of Responsibilities of the Members of the Corporation and Statement of Regularity, Propriety and Compliance, is consistent with their knowledge; iv) ARAC agrees the draft Statement of Corporate Governance & Internal Control; v) ARAC considers any control issues arising from the audit. The Chair further stated that a joint meeting of the two committees is recognised as best practice as: • It allows FEGP colleagues to hear from the auditors directly • It is much more effective for the Executive.		
24/4/3	Accounting Estimates		
3.1	The Executive Director of Finance (EDF) presented the accounting estimates, advising that nothing had changed in respect of them since last presented at the FEGP meeting of 18 September 2024.		
3.2	It was noted that FEGP Committee had <u>advised Governing Body</u> that it could approve the basis of the various accounting estimates used in the financial statements for 2023-2024.		

24/4/4	Final Draft Report of the Members of the Corporation and Financial Statements for the 12-month period from 1 August 2023 to 31 July 2024		
4.1	The EDF introduced a covering paper summarising the year's results, highlighting that performance had been strong, and of which there were no questions.		
4.2	The Chair then took members through the various sections of the Draft Report and Financial Statements, advising before doing so that members should confine comments to anything on the document and not to drafting suggestions or grammar corrections which would be picked up by the auditors and the ET.		
4.3	Strategic Report Members discussed the strategic report and raised the following points: • Could FTE data as well as headcount be included as the current presentation implied that less than 50% of the college's resources were teachers; • Could details be amended to refer to 5 campuses rather than 4. Pennine 5 needed to be mentioned as it was later referred to; • Could the wording 'balance that will need resolving' be redrafted as it implied a problem with the subsidiary companies; • Regarding the gender pay gap, there was an inaccuracy to be corrected as women's pay was not 10.6% of men's; • Nothing was mentioned regarding sustainability or the green agenda. The external audit partner said that the college was encouraged to put this on the website rather than in the statements.		
4.4	Based on the discussion, FEGP Committee and ARAC <u>agreed</u> the draft Strategic Report, subject to discussion of going concern and any post balance sheet events and <u>commended it for adoption</u> by the GB.		
4.5	Going Concern The committees discussed the proposition in the draft report that the college is a going concern. Members noted the EDF's summary of stress testing and his advice at p 3 and 4 of Item 15 that the college remains a going concern, along with his assurance in the cash flow statement at Appendix B, which showed cash remains at a healthy position. They commented on the wording 'has access to adequate resources and the external audit partner agreed to update this to 'has access to adequate resources coming through'.		
4.6	FEGP Committee <u>agreed</u> that it was content to <u>advise GB</u> that the college remained a going concern.		
4.7	Statement of Corporate Governance and Internal Control The Chair advised that the statement of corporate governance and internal control (Appendix A, p22-37) would be considered more fully in a subsequent part of the ARAC meeting, however, for now FEGP Committee and ARAC needed to consider the Board's assessment of controls to manage the risk of fraud, as the external auditor required express representation on that point.		

	Accordingly, the Executive had prepared an assessment (Item 15, Appendix C) and members were asked to link their consideration of this assessment to ARAC's annual review of the Fraud Strategy (Item 20) as, in the previous year, they had asked for the following: • That the Executive's assessment be linked to the Strategy more clearly; and • Progress on strengthening fraud controls to be tracked		
4.8	It was noted that the Fraud Strategy Update (Item 20) showed that the Anti-fraud Policy had been amended to reflect changes in requirements that frauds over £5,000 must now be reported to the DfE, rather than the previous requirement which had been for those over £10,000.		
4.9	ARAC <u>approved</u> the revision to the Fraud Strategy.		
4.10	FEGP Committee and ARAC <u>agreed</u> they were content to <u>advise GB</u> that the Fraud Risk Assessment (Item 15, appendix 2) was an accurate assessment of fraud risk.		
4.11	Statement of responsibilities of members of the corporation The EDF confirmed that there had been no material changes this year. FEGP and ARAC <u>agreed to recommend approval</u> to GB of the Statement of Responsibilities of Members of the Corporation, which in their view was accurate.		
4.12	Financial Statements and Notes to Accounts The committees considered the financial statements and notes. It was noted that there were some minor issues, namely that the balance sheet did not balance, and greater clarity was needed in respect of the pay awards totalling 6.5%. Regarding the first of these, this was a rounding up issue which the auditors would take care of and in terms of the second point, this would be stated at two pay awards totalling 6.5%.		
4.13	FEGP committee <u>agreed</u> the Financial Statements and Notes and <u>commended them for adoption</u> by GB.		
4.14	Actions: • EDF to review whether FTE data as well as headcount could be included in the Strategic Report • Details be amended to refer to 5 campuses rather than 4 in the Strategic Report • The wording 'balance that will need resolving' be redrafted in the Strategic Report • Inaccuracy regarding the gender pay gap to be corrected as women's pay was not 10.6% of men's • The wording 'has access to adequate resources to be updated to 'has access to adequate resources coming through'. • The balance sheet to be amended in the Financial Statements • Wording regarding the pay award to be amended in the financial statements to show two pay awards totalling 6.5%	EDF EDF MHA EDF MHA MHA MHA	ASAP ASAP ASAP ASAP ASAP ASAP ASAP
24/4/5	Financial statements of the college's subsidiary companies		
5.1	The committees received the draft accounts for the college's three wholly owned subsidiary companies (Sparks Teaching Services Ltd, Sparks Managed Services Ltd and Sparks Solutions Ltd), which the company directors were due to approve and sign on 22 November.		

5.2	The EDF introduced his covering paper in relation to the financial statements for the subsidiary companies, highlighting that SSL was now being laid dormant and was not a going concern.		
5.3	Subject to the approval of company accounts by the relevant Board of Directors, FEGP <u>agreed</u> the financial statements for the three companies for incorporation into the College Group accounts and <u>commended them for adoption</u> by GB.		
24/4/6	External Audit Highlights Report 2023/2024		
6.1	The External Auditor presented the draft report to the committees and members of the joint meeting. He highlighted the audit risks and the external audit opinion, explaining that they were issuing an unqualified opinion for the college, but that for SSL it would be marked in the report that the subsidiary company would become dormant in 2025 and so would not be a going concern. Additionally, in terms of audit findings, the external auditor commented that there were no high priority (grade A) recommendations but there were some advisory points.		
6.2	FEGP Committee and ARAC noted the auditor's comments, <u>received</u> the report, and concluded the following: • MHA had conducted the financial statements' audit and regularity audit according to the audit strategy agreed by ARAC and in line with the fees agreed by GB, remaining independent; • the proposed opinions were appropriate; • that both committees welcomed the assurance given by the proposed clean audit reports on the college and the three subsidiary companies, and the regularity opinion; • FEGP Committee and ARAC welcomed the improvement in presentation of the statements achieved through correction of misstatements and some disclosures.		
6.3	ARAC <u>agreed</u> that it was content to <u>report assurance</u> to the Governing Body.		
24/4/7	Financial Statements Regularity Self-Assessment Questionnaire 2023-2024		
7.1	The chair of ARAC presented the report, explaining that the information in the questionnaire guides completion of Statement of Regularity, Propriety and Compliance in the Annual Report that the Chair and CEP, as Accounting Officer, must sign. ARAC had already seen this version of the self-assessment at its meeting on 2 October 2024, when members: • Noted the significant amount of work involved in completing it, including the new questions this year (which had helpfully been highlighted in green) • Approved the draft self-assessment, subject to some minor updates, and recommended signing by the Chief Executive and Principal, and the Chair.		
7.2	FEGP <u>noted</u> the Regularity Questionnaire, it was further noted that the external auditor had confirmed no matters arose from its review and a clean regularity opinion was proposed. Both ARAC and FEGP		

	welcomed the assurance provided by the proposed unqualified Regularity Opinion arising from the Regularity Audit.		
7.3	The committees <u>advised</u> that the completed Regularity Questionnaire was suitable for signature by the Accounting Officer and Chair of Governors, on behalf of GB.		
24/4/8	Management Representation Letter 2023-2024		
8.1	The Chair introduced the management representation letter explaining its purpose and the representations sought by the External Auditor. The External Auditor commented that there was one matter concerning related parties which would be resolved and the note on this removed.		
8.2	Based on the discussions, the members of ARAC and FEGP <u>agreed</u> to advise GB that it should confirm the representations sought by the External Auditor including that: - the accounts presented a true and fair view of The Sheffield College and had been prepared on a going concern basis - there were no significant post balance sheet events that members knew of to report - accounting estimates were reasonable - members believed the going concern basis was appropriate - members were not aware of any frauds or allegations that had not already been disclosed to the External Auditor - members were not aware of any related party disclosures in respect of key management personnel which had not been declared already		
8.3	Members were satisfied with the Statement on Regularity, Propriety and Compliance and advised GB to authorize the Chair of Governors and Chief Executive and Principal (Accounting Officer) to sign this on behalf of GB, subject to the related party matter being resolved.		
8.4	Action: Related party transaction process to be improved to ensure annual returns completed with greater timeliness and consistency	EDF/DG	ASAP
24/4/9	Concluding Remarks		
9.1	The Chair asked if there were any other comments on the audit, of which there were none. The Chair commented that: - ARAC would be considering the detailed internal control matters in their meeting which followed; - this was the third year working with the external auditor MHA and it was pleasing that the process had run smoothly despite some changes in staffing at the college.		
9.2	The committees recorded thanks to the EDF and the finance team for preparation of the financial statements and to external auditors on their conduct of the audit process. The Chair recorded thanks to FEGP members.		
9.3	The joint meeting concluded at 10.15, at which point FEGP committee members withdrew leaving those in attendance for the ARAC meeting to immediately follow.		