

WEYMOUTH COLLEGE AUDIT FINANCE COMMITTEE

Minutes of the meeting of the Audit Finance Committee held on 5 March 2019

| <i>Members present</i> | | <i>In attendance</i> | |
|------------------------|------------------|----------------------|--|
| Rosie Darkin-Miller | Chair | Sue Ratcliffe | Clerk to the Corporation |
| Jane Nicklen | Apologies | Nigel Evans | Principal |
| Andy Matthews | | Will Barnard | TIAA Internal Auditors Audit Manager Apologies |
| Steve Webb | Apologies | Liz Hurst | Director of Finance |
| Stephen Prewett | | James Clark | Finance Manager |
| Jo George | | Rob Cole | Director of Finance Designate |
| | | Richard Noah | Chair of the Board |

Apologies for Absence

11/2019 Apologies for absence were received and accepted from Steve Webb, Jane Nicklen and Will Barnard, TIAA

Declarations of interest

12/2019 Members had nothing to declare.

Notification of Any Other Business

13/2019 There were no other items of business.

Minutes of the Meeting held on 15 January 2019

14/2019 The minutes of the meeting held on 15 January 2019, were approved as correct record and signed by the Chair.

Internal Audit

15/2019 i) Audit Reports

There were no new audit reports published since the last meeting.

ii) Annual Audit Opinion

We should ask how many more days it would cost to be able to provide an overall opinion. The Clerk to clarify with TIAA.

iii) Audit Recommendation Tracker

Members received and reviewed the updated report tracking audit recommendations. It was agreed to include the date of the original recommendation and a current position in the update column for each one.

Application to the Transaction Unit

16/2019 The Director of Finance explained that the College's priority has been preparing the financial spreadsheets required by the Transaction Unit and negotiation continues, but there are a number of different people who are dealing with our case.

The Chair and Vice-Chair participated in a conference call with an expected outcome that an updated tailored contract would be issued, around 13 February, to our solicitor.

Unfortunately this has still not been received. It was felt that the Transaction Unit were reasonably amenable to the matters raised but, the College have a particular concern about two items:

1. Related to a qualified audit opinion putting us in default, clarification is needed as this could be an issue for a number of reasons, and
2. The deed of priority with the bank. The bank want a clause about permission to change finance agreements without consent of ESFA, this is not acceptable to the TU, it seems the concern is about possible extra borrowing but this event is covered by covenants. Lawyers are in discussion.

Financial Model – The College received the refinancing offer in January and were told a revised financial model was required to include recent information, much time was spent on the revised model provided, it was difficult as we couldn't get it to balance, then finding out the model was wrong! However, we now have the 16-19 allocation which has been incorporated, along with what else we are sure of for next year.

Heads of Terms – The timing of the repayments and the ability to use the £400k drawdown are other issues for clarification. It is clear we are expected to keep a balance from the drawdown money at all times, but we will need to dip into it next year in January, February and March. This needs to be agreed as soon as possible. If the decision is we cannot use the £400k then it's not a buffer. We are looking for agreement that there must be an agreed amount by the end of month if it is used.

Members:

- Were concerned we may have an accidental breach if we are not careful. It seems we may have no option but to go back to the standard contract if negotiations are not successful.
- Felt we must take the deal or we will have a terrible cash flow, we will continue to default and may face bank intervention.
- Wanted assurances there would be a deal, whilst acknowledging the risk of the Insolvency Regime.
- Felt it was clear that whatever the final outcome we cannot turn it down. We have received verbal assurances which are not yet in writing. We are looking for reasonableness and workable clauses.
- Suggested we should make it clear which clauses we are not happy about, identify who made verbal assurances and make it clear if not resolved we sign under duress, because it is the only way forward for the College.

Financial Report

17/2019 a) P6 Report

The Committee received the P6 Financial Report and noted that the cash flow graph assumes the £400k drawdown has been received and the £600k loan repayment has been removed. The Director of Finance highlighted that receipt of the £400k drawdown alleviates previous cash flow concerns, known shortfalls in income and a projection of pay and non-pay costs are included in the report.

The Director of Finance highlighted the paragraph on Advanced Learner Loans on page 4 of the report and members noted that adult learners and adult learner loans had both under recruited, with updated reconciliations, projections will be £100k under budget. Further recruitment opportunities are being explored.

Members asked about a plan for Redlands and Weyco as they are running at a loss. The Principal explained, they provided services which were difficult to run at profit, school meals contracts help Weyco, but Redlands always cost money. Despite legal advice we are unable to break our lease at Redlands, but we are hoping there may be ways to work with the new Council.

Data Protection GDPR – Breach Report

18/2019 Members received the report and asked was it necessary to report the data breach to the Information Commissioner (ICO). The Clerk explained the College had decided to err on the side of caution as the information concerned student data. Using the online report form to report the incident, there was the option to identify not being sure if notification was required. A prompt “no further action” response had been received from the ICO and no response to a letter of apology had been received, from the students’ parents/carers. The College is now implementing a “lessons learned” exercise and reminding staff of their responsibilities under GDPR. Members thanked the Clerk for a clear, concise incident report.

Any Other Business

19/2019 LEP Pipeline bid. - The Principal reported on a successful bid, £250k for motor vehicle technology. The College is now required to prepare and submit a full business case for the LEP Board meeting in May. Weekly steering group meetings have been arranged to develop our business case. It is hoped this could be up and running by end of the current Academic year. The Principal asked about Board involvement. Members suggested developing a motor vehicle advisory group, to look at what provision needs to be established, maximising marketing and PR opportunities.

The Committee agreed it was appropriate for them to monitor and oversee the development of the project, the Chair reminded members this was her Governor Link area and therefore she should be included where possible in decisions.

The Clerk reminded the Principal that authority would be needed from the Board if there was expected expenditure items over the £20k delegation. It was also agreed a discussion item on the GVO may be a useful tool if necessary. Members also suggested the College should ask when funding is available.

Date of Next Meeting

20/2019 the next meeting was confirmed as 18 June 2019

Signed _____ Chair
18 June 2019