



**MidKent College**

**GOVERNING BODY**

**JOINT RISK & AUDIT AND FINANCE & GENERAL PURPOSES COMMITTEE**

A joint meeting of the Risk & Audit Committee and the Finance & General Purposes Committee is to be held on **Tuesday 19 November 2019 at 12noon** to 1300hrs including lunch in the Boardroom E4-12 at the Medway Campus, Medway Road, Gillingham, Kent, ME7 1FN.

**Present:**

Mr I Daniel	Chairman of F&GP
Mr M Blanning	
Mr C Reeves	Chairman of R&A
Mr C Reynolds	
Mrs A Start	

**In attendance:**

Ms C Burkin	Clerk to the Governing Body
Mr S Cook	CEO/Principal
Mr C Hare	Executive Director for Enterprise & Employer Engagement.
Mr M Peat	Executive Director of Finance and Estates
Ms L Keane	Scrutton Bland Internal Auditor
Mrs N Wakefield	Mazars

Mr I Daniel agreed to Chair the meeting.

**1 Declarations of Interest**

Mr I Daniel, and Mrs A Start declared an interest as they are directors of MKCTS Ltd. Mr S Cook declared an interest as a Trustee of Rivermead Trust, a Board member of the Kent and Medway Economic Partnership and Chair of Medway Place Board, Trustee of Royal Engineers Vocational Education and Training Trust (REVETT) and a member of MKCTS Board. Mr M Peat declared an interest as MKCTS company secretary and also of the Lower Lines Park. Mr C Reynolds declared an interest as a Trustee of the Sir John Hawkins Trust.

**2 Apologies for Absence**

Apologies were received from Mr N Davies, Mr P Goddard, Scrutton Bland and Ms C Bushell External Auditors Mazars.

Chair's signature *Digitally signed by Chair R Reeves*

Date 17 November 2020

**3 Minutes of the meeting held on 20 November 2018.**

The minutes of the meeting held on 20 November 2018, paper GBJOINTR&A/F&GP18/32, were accepted as a true record and signed by the Chairman.

**4 Annual Report and Financial Statements for the year ending 31 July 2019**

Martin Peat introduced Paper GBJOINTR&A/F&GP19/33, the Annual Report and Financial Statements for the year ending 31 July 2019. The financial statements are produced and audited annually and demonstrate the financial position of the College and should be read in conjunction with the management letters and annual audit report. The format of the accounts has not materially changed since last year.

The Group deficit for the year is £2,250k after the extraordinary costs of the restructure. In the previous year the Group made a surplus of £2k. The cash balance at the end of July is £17,679k an improvement of £3,632k in the year.

Members discussed the FRS102 adjustment which was a significant cost to the College in year. £2.4m cost was incurred though the income and expenditure account in staff costs. A further £3m of cost was also adjusted through the other comprehensive income. In total the balance sheet pension provision worsened by £5.3m. Members raised no concerns as the effect was due to the adjustments not performance. A further explanation re FRS102 will be presented to the Governing Body.

The draft financial statements presented had been audited but not yet proof read or cast therefore rounding errors have not been cleared. This will be completed outside the meeting a prior to presentation the Governing Body.

**Action: M Peat**

The Committee **agreed**, subject to proofing, the financial content of the report for recommendation to the Governing Body on 10 December 2019, after which they will be sent to the ESFA as required.

**Action: M Peat/I Daniel**

**5 Mazars Management Letter**

Nicola Wakefield of Mazars (External Auditors) introduced papers GBJOINT/R&A/F&GP19/34a-d the Audit Report and Management Letters.

The audit was completed on time and with no audit adjustments, there is a potential adjustment in respect of pensions but which is not recommended to be undertaken.

The audit was conducted and the College has received an unqualified audit report for both the Statutory Accounts and the Regularity audit. Mazars reported a clean audit with no concerns raised.

Members noted that as part of the audit of the annual Financial Statements the auditors produce a Management Letter to summarise their audit conclusions and should be read in conjunction with the financial statements.

N Wakefield talked members through each section of the Audit Report. She reported a clean audit and process which included good quality planning and closing meetings with the finance team.

Members noted a discussion regarding the financial reporting treatment of the Gift Aid from the subsidiary and agreed the way forward. Some wording regarding the section around the subsidiary company needs a review before presentation to Governing Body.

**Action: M Peat/Mazars**

Members were assured by the letters and comments of the External Auditors which reflected an open, honest and transparent relationship between them and the College.

Members **agreed** the letters, following the above review, for signing by the Chief Accounting Officer after presentation to the Governing Body.

**ACTION: S Cook**

## **6 Any Other Business**

There were no items of AOB.

## **7 Date of Next Meeting**

The next scheduled meeting will take place in November 2020, date and time to be confirmed.

The meeting closed at 1240hrs.