

Minutes
 Extraordinary GB Corporation Meeting
 Governance

Date:	21/02/2024	
Time:	5.30 – 6.30pm	
Location:	Board Room @ Richmond upon Thames College and via Teams (<i>Online*</i>)	
Present:	Nicholas Davies (ND) Steven Cochran (SC) Alasdair MacLeod (AM) Nasim Khan (NK) Susan Kingman (SK) Mike Sutcliffe (MS) Ketan Sheth (KSh) Mario Michaelides Mel Nebhrajani (MN) Simon Boulcott (SB) Vincent Neate (VN) Jenny McLaughlin (JM) Tracey Critchley (TC) Hannah Talabany (HT) Sharon Croxon (SC) Keith Smith (KS)	Chair of Governors* Vice Chair of Governors* Governor* Governor* Governor Governor* Governor* Governor* Governor* Governor* Governor* Governor* Governor* Governor* Co-Opted Governor* Staff Governor* Staff Governor* Staff Governor* CEO (ex Officio Member)
In attendance:	Dylan McTaggart (DM) Shane Woodhatch (SW) Julie Amory (SW) Jo Withers (JW) Gavin Hughes (GH) Mark Burey (MB)	Deputy CEO, Group Principal & Principal UC* Chief Finance Officer Group Director of People & Organisation Development* Harrow College Principal* Richmond College Principal Group Director - PR, Marketing & Communications*
Guest Speaker:	Daniel Hart Anna Beattie	Auditor, Cooper Parry Director of Finance
Governance:	Perry Perrott (PP) Rekha Kaul (RK)	Chief of Staff & Governance Senior Governance Manager (Notes)
Absent:	Sofia Barbosa Boucas (SBB) Sunitha C (SuC) Amanda Priem (AP) Muaz Shariar (MS) Salman Sudheer (SS) Liloththan Paskaran (LP) Nicholas Barbosa (NB)	Governor Co-Opted Governor Governor (on maternity leave) Student Governor (40168226) Student Governor (40173248) Student Governor (40156191) Student Governor (40183619)

**21st February 2024 Action Log:
 GB Corporation**

ACTION LOG:

No.	Action:	Who:	When:
1:	HRUC to provide a Fixed Assets Register.	AB/SW	14 th July 2024

21st February 2024

MINUTES OF MEETING:

1.	Declaration of Recording for Data Protection Purposes: (time stamp: 5.35pm – 5.36pm) Attendees noted that meetings are recorded for the purposes of minutes.
1.1	Apologies for absence: (time stamp: 5.36pm – 5.37pm)
1.1.1	Governors SBB and SC were absent.
1.1.2	Governor AP is on maternity leave.
1.1.3	Four Student Governors were absent.
1.2	Declarations of Interests and Hospitality: (time stamp: 5.37pm – 5.37pm) None.
2.0	Review and approval of the Annual Financial Statements 2022-23: (time stamp: 5.37pm – 6.34pm)
2.1	SW (CFO) set the scene and to explain the purpose of today’s extraordinary GB corporation meeting.
2.2	It is normal practice for the financial statements to be signed at the end of the academic year and to come to the GB Corporation in December for full ratification.
2.3	On this occasion, when the audit was being conducted, there were certain challenges, which impacted the audit being completed and signed off on time: <ul style="list-style-type: none"> ▪ Complexity of a mid-year merger ▪ Issues with the quality of records for the asset position for Richmond College ▪ Personnel sickness during the audit
2.4	Two audit orders were conducted: <ol style="list-style-type: none"> 1. Richmond College January – June 2023 and to ensure the balances being brought into HRUC were correct. 2. HRUC financial statement
2.5	Due to the exceptional circumstances, SW (CFO) had requested the Corporation and Skills Funding Agenda (SFA) for an extension, which was granted, the new deadline was 28 th February 2024.
2.6	Today’s extraordinary GB Corporation meeting is to sign off the financial statements within the prescribed period.
2.7	SW confirmed that HRUC deem the audit to be complete and are satisfied with the figures that have been presented within the financial statements.
2.8	The following reports were contained within the meeting pack and had been provided one week in advance of the meeting: <ol style="list-style-type: none"> a) HRUC – The external auditors’ findings for the year ended 31 July 2023 (Cooper Parry) b) HRUC Regulatory Self-Assessment Questionnaire Draft 2022-23 c) HRUC Members Report Draft 2022-23 d) RuTC Draft Auditors Finding Report 3 January 2023 (Cooper Parry) e) RuTC Annual Report Accounts 3 January 2023
2.9	Guest speaker Daniel Hart (Auditor, Cooper Parry) was introduced, and he shared screen to talk through the two external findings reports in turn.
2.10	RuTC Draft Auditors Finding Report 3 January 2023 (Cooper Parry): <ul style="list-style-type: none"> ▪ Executive summary highlighted eight improvement points during the audit process (failure to retain key documents, access to documents on merger, resulting in delays to finalise the Richmond College figures. ▪ 3 high risk MLPs (no fixed assets register, no bank recon form which meant no adjustment process against the bank account and there was no copy of the risk register). ▪ Medium risk MLPs (no self-assessment questionnaire available for the short period, no declarations of interest information available)

	<ul style="list-style-type: none"> ▪ Low risk MLPs (VAT issues on the RTS trading sub, few issues on accruals on adjustments and there were no contracts available for two staff members).
2.11	A Governor asked a process question – why was it that the auditors were unable to find certain documents?
	Two Governors in the room, who sat of F&R and A&R Committees at Richmond College, can confirm the documents that SW is referring to do, did exist and were there.
2.12	SW responded – when previous Clerk of Governors left (May 2023) she gave members of staff access through Sharepoint and when offboarding process took place, access to the documents was denied. Another compounding issue was, during merger, HCUC and RC had separate Office 365 tenancy licences.
2.13	HRUC does recognise there was a risk register (for the specific six month period June to December 2023) but we are unable to electronically gain access to it.
2.14	With hindsight, during a merger, Governance will be certain to be able to retrieve key documentation.
2.15	A Governor asked two questions: <ol style="list-style-type: none"> 1. Daniel Hart to explain what a 'qualification' means, for the benefit of non-auditors, to understand the significance of this. 2. SW to explain what level of assurance can be provided to the Corporation, given key document is missing i.e. it is a process issue, rather than something more involved.
2.16	Daniel Hart explained what a qualified opinion is, that in certain points of the audit, the auditors were unable to confirm whether certain statements are true.
2.17	SW explained that, a Governor in the meeting now, has confirmed seeing the documents and also SW confirmed that he had been involved in the merger process at the time and can confirm those documents did exist.
2.18	Daniel Hart summarised, that there is confidence that the missing documents did exist, the issue is that we cannot gain access to them now, post-merger.
2.19	A Governor expressed surprise and concern, that as a previous Richmond College Governor, no one had approached him for copies of the missing documents, or that no one had approached the previous Richmond College Clerk for access to the missing documents.
2.20	SW reiterated, the learning is, that when certain key personnel leave the organisation, to ensure that we have access to the key documentation for at least one year.
2.21	A Governor asked two questions: <ol style="list-style-type: none"> 1. is the Corporation able to accept a set of Qualified Financial Accounts, would this cause any issue with the SFA. 2. Does the qualification roll across to the HRUC financial accounts?
2.22	Daniel Hart explained that the Qualifications are specifically around the pre-merger adjustments. Cooper Parry have audited the closing balances of Richmond College at the end of the five months period and are able to confirm the closing balances are correct.
2.23	Hence there is no rolling over of the qualification across to HRUC financial accounts.
2.24	Daniel continued to talk to the Richmond findings report: <ul style="list-style-type: none"> ▪ Adjustment accruals for large depreciation amounts ▪ Revaluation release was reversed and written off
2.25	£24,000 unadjusted audit differences was judgemental.
2.26	Chair of A&R Committee expressed concern that the financial statement had not gone to A&R committee in advance of today and queried a point on page three: <ul style="list-style-type: none"> ▪ Material adjustment of £4,622,000 – was this above materiality?
2.27	Daniel Hart confirmed that materiality on Richmond Audit is above £1m. Cooper Parry did a specific income statement of materiality for £125,000 and is a material adjustment.
2.28	The implications of that are – qualified opinion on the premerger adjustment.
2.29	SW provided assurance that we are governed by FRS100 – Application of Financial Reporting Requirements which is the application of financial reporting requirements. We ensure that our

	financial statements pertaining to assets, liabilities and the financial position for the period are true and fair.
2.30	The objective of FRS100 is to set the financial reporting framework according to the legislation, regulations or accounting standards in UK and Ireland.
2.31	FRS 100 will be applicable for financial statements pertaining to assets, liabilities, financial position and profit or loss for a period which is meant to provide a true and fair view.
2.32	SW confirmed that fixed assets entry was an issue. It has no cash implication to the organisation, it is a balance sheet movement between the income and expenditure reserve and fixed assets.
2.33	SW was certain that figures brought on to HRUC financial statements were correct.
2.34	A Governor queried the second paragraph as being problematic and not satisfactory: <ul style="list-style-type: none"> ▪ Auditors are saying that they have not been able to identify the assets and liabilities that have been written off. There are assets there that we cannot identify.
2.35	SW agreed it was a housekeeping matter for previous management who ran the finance department. HRUC would not entertain that.
2.36	Daniel provided some additional explanation about the adjustments.
2.37	AB (Head of Finance) confirmed that she did most of the work that resulted in the adjustments.
2.38	The biggest adjustment is in land and building. The record keeping was poor. In many cases, it was carrying of balances that should have been written off in prior periods.
2.39	All of the balance sheets accounts were checked, substantiated and questioned – should write this off.
2.40	AB provided assurance that this is simply a tidying up exercise and nothing to be concerned about. AB is able to provide all the detail.
2.41	Chair F&R Committee took comfort from the explanation that has been provided about the qualification and that the HRUC opening balance sheet is an accurate portrayal. The historical adjustment has had to be made and is not a cash adjustment.
2.42	Chair F&R Committee questioned the due diligence that was done at the point of merger about the RutC balance sheet at point of merger as being insufficient.
2.43	A governor asked whether there anything else that HRUC could or should be doing now?
2.44	SW confirmed there are lessons learned of the finance due diligent, if we were to merge with another organisation, scrutiny would be required to be done and improve the process going forward.
	PP (CoFG) agreed with SW, that Governance due diligence of any further mergers or acquisitions will have deep discovery phases, would be recorded at all phases and transferred in correct manner and missing documents would not happen and be centralised.
	Daniel Hart talked to the HRUC – The external auditors' findings for the year ended 31 July 2023 (Cooper Parry): <ul style="list-style-type: none"> ▪ HRUC financial statements were much smoother and is not unqualified. ▪ None of the Richmond College issues travel through to HRUC. ▪ Balances were correct and happy with. ▪ There were no audit adjustments for HRUC. ▪ There was one unadjusted difference, which was an extrapolation, a judgmental adjustment by Cooper Parry £25.3. and is not material.
2.45	Medium Risk: carry over from Richmond College, there is still not fixed assets register.
2.46	Low Risk: prepayment calculation error, installation costs and possibility that bad debt provision is understated.
2.47	A Governor enquired – that there is still not a fixed asset register for Richmond College and does that present a risk of further adjustments in the current financial year.
2.48	Daniel Hart confirmed that Cooper Parry Auditors are materially happy with the fixed assets enrichment. Cooper Parry has breakdowns of the fixed assets, it not in the format of a fixed asset register.
ACTION 1:	HRUC to provide a Fixed Assets Register.

2.49	SW confirmed a new post is being created in the Finance team, to focus on the managing of the fixed asset register.
2.50	KS enquired about the nature of one of the unadjusted differences being prepayments – under managing public money, certain prepayments are not allowed, is this one of those prepayments?
2.51	Daniel Hart confirmed there are certain prepayments sitting in the balance sheet that have been calculated incorrectly.
2.52	SW provided assurance by way of an example: a prepayment is, a bridge over two financial years, nine months is shown as ten months. This is more accounting treatment, and not paying for something that we have not received.
2.53	There were no more questions from the Governors regarding the two Cooper Parry reports, as presented.
2.54	SW was pleased to report a strong trading position, balance sheet and cash position for HRUC at year end.
2.55	The financial KPI's which cover profitability, solvency and gearing remains healthy.
2.56	Our financial health remains Outstanding – which means we have robust finances to fulfil our contractual obligations and to respond successfully to opportunities or adverse circumstances.
2.57	To this end, this enables the College to invest in our people, infrastructure and provide exceptional learner experience.
2.58	And this intent sits within the Sustainability & Delivery for Our Planet pillar within the Strategic Plan.
2.59	SW handed over to AB to cover the salient and exceptional items within the SOCI and Balance Sheet and KPIs.
2.60	<p>AB provided a verbal update on HRUC (seven months of Richmond plus twelve months of HCUC):</p> <ul style="list-style-type: none"> ▪ There was a small operating loss for the five month period £250,000 that was an adjustment from previously reported draft results due to some amendments to accruals and depreciation. ▪ Pre-merger balance sheet adjustment £4.623m (note 26 at back of the financial statement). There was a released revaluation reserve £3m. Therefore the net adjustment was £1.6m. ▪ Ended 5 month period with net assets after the adjustments of £25.5m which forms part of the profit. ▪ £25.5m income, which is total income £97m, expenditure £67m, we receive surplus £30m. ▪ Gain on asset sales of £16.5m (sale of land at RC). ▪ Actuarial gain on the LGPS pension of £9.7m ▪ HCUC operating gain of £1.9m plus deficit of Richmond £1m ▪ Pension gain £4.5m (reversed from costs) ▪ Liability position of £8.7m into net asset capped position, £13.2m all in connection with pension revaluation. ▪ Finished the period strong with £137m assets on balance sheet. ▪ £40.5m in cash at year end, including £4.7m in capital account.
2.61	There were no questions from the Governors.
2.62	AB concurred with the Auditors findings and the importance of having everything properly documented, recorded, accessible and reconciled.
2.63	From Easter 2024, the Richmond data will be brought into HCUC's Aptos system, so everything will be in one place. Going forward it will be easier and manage.
2.64	A physical inventory/stock take of all of HRUC's fixed assets is planned and hopeful to be completed by year end.
2.65	The regularity self-assessment was also shared with the Corporation in the pack and has also been reviewed by Cooper Parry.
2.66	No questions were received from Governors.
2.67	SC (Vice Chair) congratulated AB and the finance team on an exceptional piece of work completed. The Board recognises the level of change that the college has been through over the 12 month period. The financial performance is like the academic performance – we take pride in both.

	SW confirmed this concludes all the papers that Governors are being asked to review and approve of tonight.
2.68	KS was clear about the consolidated position. When the accounts are passed to the SFA, are they likely to raise any red flags due to the technical adjustments or will it be, now the HCUC accounts are properly validated and own qualified. Is there likely to be any follow up from SFA?
2.69	SW confirmed that he has spoken with Girma Ejere and there is no issue with it. Girman Ejere did ask SW to notify central government of the accounting treatments under FRS100 and that we do not believe it is contentious, novel or repercussive and to complete the process to ensure there is no kickback.
2.70	SW is confident there will be no issue. If it were to come back, SW would strongly contest it.
2.71	As CFO, SW to continue to ensure that everything presented to the Board is true and fair.
	A VOTE was called from Members for the APPROVAL of the Chair of Governors to sign the audited accounts.
2.72	A unanimous APPROVAL was achieved.
2.73	Chair of Governors thanked Daniel Hart, SW and AB and all of the finance team.
	The Open section of the Corporation Meeting ended at 6.34pm.

Signed: *Nicholas Davies*

Date: 26 / 03 / 2024