



**AUDIT AND RISK ASSURANCE COMMITTEE
MINUTES OF THE MEETING HELD ON THURSDAY 14TH JANUARY 2021 @13.00
FOR GENERAL RELEASE**

Present: **Ian Falconer, Chair**
Gwyn Arnold, Member

In attendance:

Alan Doyle, Financial Director
Rob Campbell, Chair of the Board of Directors
Paul McKibben, Accountant
Michael Rigby, Leonherman
Ben Norris, Clerk
Kate Sayer, Secretary

1. WELCOME AND APOLOGIES FOR ABSENCE

The Chair welcomed the committee, The Chair of the Board of Directors and the representative from Leonherman who are the external auditors for Futureworks.

2. DECLARATION OF INTEREST

None.

3. RECEIVING ASSURANCE:

- a. Auditors report on outcome of audit of 19-20 Report & Financial Statements –
The Chair noted that the Audit and Risk Assurance Committee (ARAC) had been engaged in the audit process from start to finish for the first time this year and as such, there had been a bit of learning curve for all involved. The process had worked reasonably well, and any initial problems encountered would be reviewed to ensure a smoother process next year. The Financial Director welcomed the fact that this year's audit had been more in depth with more challenges provided by the auditors.

The Statement of Corporate Governance and Internal Control was tabled. Subject to a few minor grammatical amendments, the Chair confirmed that ARAC were happy to recommend the Statement of Governance and Internal Control to the Board of Directors (BoD) for inclusion in its Directors' Report. ARAC was also happy to recommend to the BoD the Statement of Responsibilities.

ARAC also confirmed that the within the Overview of the Year, there were no statements that were inconsistent with its knowledge, nor with the principal statements and notes provided.

The Chair of the BoD noted comments made by the Chair of ARAC regarding the layout of the Report, in particular the sections on going concern and Post Balance Sheet Events, which will be taken into consideration for future years. A more expansive document for wider distribution could be considered.

- b. A discussion took place regarding Futureworks as a going concern and ensuring the robustness and transparency of documentation provided to ARAC. ARAC were particularly interested in the Financial update 20-21 Q1, given its relevance to the question of going concern. ARAC was concerned about the variances in some areas between the budgeted scenarios and the actual cash budget at such an early stage in the financial year. The Accountant explained that these were mostly related to



minor coding and timing adjustments. ARAC asked for more explicit confirmation in future quarterly management accounts which should be presented in more depth with clearer explanations. This was suggested as an area for early Internal Audit assurance. ARAC confirmed that, on the basis of the information provided to it, it had no concerns about the proposed going concern assertion proposed by the BoD. To provide a more robust audit trail, ARAC suggested that alongside the financial documents, a commentary is to be provided to the by the Financial Director to the Board of Directors meeting on 19.01.20 presenting clearly why Futureworks is a going concern. Management accounting is to remain on the agenda regularly for future ARAC meetings.

- c. The external auditor gave an overview of his report. He was confident that after challenging the management assessment of the institution, and with the proviso that student numbers remained consistent, that Futureworks was a going concern. The Financial Director confirmed that student retention was currently better than previous years and that recruitment figures for September 2021 intake were on a par with last year.

[This section contains commercially sensitive information and has been redacted.]

The Chair welcomed the assurance provided by the clean audit report, and praised all the hard work undertaken to get to this position. It was concluded that the external auditor remained independent and in a position to issue a formed opinion, that he had completed the audit in accordance with the agreed audit plan and his proposed opinions which were appropriate. The committee welcomed the assurances provided by the proposed audit reports, noted that the control comments in the Findings Report demonstrated that there were no impropriety issues and there were no significant deficiencies in internal control. Control recommendations are to be added to the ARAC Action Tracker.

With reference to the Management Representation Letter, The Chair confirmed that subject to a minor clarification of ownership as opposed to control of the company, the representations sought by the external auditor were reasonable and thus ARAC could recommend it to the Board of Directors.

[Action: FD to provide a commentary to the BoD on 19.01.20 regarding FW as a going concern]

[Action: Secretary to add Management Accounts to agenda for ARAC meetings, including consideration of a role for Internal Audit.]

[Action: Control recommendations to be added the ARAC Action Tracker.]

The representative from Leonherman left the meeting at this point.

4. AOB:

[This section contains commercially sensitive information and has been redacted.]

5. DATE OF NEXT MEETING

The next scheduled meeting of the Audit & Risk Assurance Committee is:
18th March 2021 @ 10.00 via Teams.