



## **NORTH SHROPSHIRE COLLEGE**

**MINUTES OF THE JOINT MEETING OF THE  
AUDIT & RISK MANAGEMENT COMMITTEE  
And the FINANCE & RESOURCES COMMITTEE  
held on MONDAY 27 NOVEMBER 2017  
in the Board Room  
at the OSWESTRY CAMPUS**

### **Audit & Risk Committee**

<b>Present:</b>	<b>Mr G Casson</b>	<b>GBC</b>	<b>Chair, and Chair of the meeting</b>
	<b>Mr A Clarke</b>	<b>AC</b>	<b>Co-optee</b>
	<b>Mr R Hargreaves</b>	<b>RH</b>	
	<b>Ms E McQueen</b>	<b>EMcQ</b>	
	<b>Mr J Nicholls</b>	<b>JN</b>	

### **Finance & Resources Committee**

<b>Present:</b>	<b>Mr T Trickett</b>	<b>TT</b>	<b>Chair</b>
	<b>Mr I Clinton</b>	<b>IC</b>	<b>Principal</b>
	<b>Mr W Dakin</b>	<b>JWD</b>	
	<b>Mr P Polowyj</b>	<b>PP</b>	
	<b>Mrs G Richards</b>	<b>GPR</b>	<b>Vice Chair</b>

*Attendance: 76.9%*

### **In attendance:**

<b>Mr P Nangle</b>	<b>PN</b>	<b>Deputy Principal</b>
<b>Mr B Deed</b>	<b>BDd</b>	<b>Interim Finance Director - outgoing</b>
<b>Ms S Whitling</b>	<b>SW</b>	<b>Interim Finance Director - incoming</b>
<b>Ms L Randall</b>	<b>LR</b>	<b>RSM UK</b>
<b>Mr K Azeem</b>	<b>KA</b>	<b>RSM UK</b>
<b>Mr B Devitt</b>	<b>BDvt</b>	<b>Grant Thornton (part)</b>
<b>Mrs C Thompson</b>	<b>CDT</b>	<b>Governance Advisor</b>

*The meeting opened at 6.00 pm*

Item	Action
<p><b>1. Apologies for absence</b> Mrs V Cox; Mrs T Williams: Audit &amp; Risk Committee members. Mr J Fletcher, Finance &amp; Resources Committee member.</p>	
<p><b>2. Declarations of interest</b> Mr Casson was the Chair of the Local Academy Committee of Holy Trinity Primary School.</p>	
<p><b>3. Risk Register</b> S8, about the planned merger with Reaseheath, had been substantially changed. There was a new risk around Marches LEP funding of the anticipated £424k funding to improved ICT. There had been a number of delays but the College was close to getting the funding agreement. The funds needed to be spent before the end of March. The arrows indicating movement since the summer 2017 related to residual risk: gross risk could be different. Key risks were around finance, recruitment in apprenticeships and 16-18, and keeping deficit under control.</p>	
<p>Members asked if some of the red arrows would be mitigated and would change to amber. The interim Finance Director said it was early in the year: a considerable amount of work was being done in Apprenticeships. S12: 16-18 recruitment had been lower than planned which would feed through to the following year, with lagged funding. Members asked how management could demonstrate the actions being taken to mitigate the risks. Marketing for 16-18s was underway and Apprenticeships were being worked on closely by a project team led by the Deputy Principal. The Principal said management would report on actions taken on each red area.</p>	<p><b>Mgmt Imm -</b></p>
<p>Members asked if there was a difference in the shades of the RAG: it was. Darker was more intense. Members asked if any of the amber arrows were at risk of becoming red. There was a risk in some cases. These were being reviewed.</p>	
<p>Members asked about S7, failure to put in place an achievable 2018/19 curriculum plan. It was the same item as the previous year. It was still relevant. S16: members asked about what happened with Ofsted. The Principal said there was a monitoring visit taking place on 7 December, which was optional. Ofsted had a risk register which was used to decide when to inspect.</p>	

*Mr Devitt joined the meeting.*

The earliest they could re-inspect was in May 2018. Much work was being done to address the issues they had raised. Members asked why S16 was green, when the Self-Assessment Report had graded apprenticeships as 4. Members suggested this should be amber.

### **ACTION**

#### **1. Report on actions taken to mitigate red-graded risks.**

**Mgmt –  
imm.**

#### **4. Report & Accounts 2016/17**

Mr Devitt spoke to the paper highlighting key points. The key issue was the information on going concern. This was the key concern. Reference was made in the report to the cash flow forecast and that the College was seeking further exceptional funding. There was mention of the merger that had fallen through and that NSC was pursuing other merger opportunities. The accounts had been done on a going concern basis, with the support of the bank and the Education & Skills Funding Agency (ESFA). The wording had been drafted by the interim Finance Director with approval from Grant Thornton.

Grant Thornton would not qualify the audit report, but they had an obligation to include an emphasis of matter paragraph to draw attention to it. The accounts would not be qualified, and Grant Thornton considered them to be true and fair. This had to be confirmed by Grant Thornton's technical team. Mr Devitt talked through the Balance Sheet as at 31.7.17.

Members asked how much had been spent on the merger: almost £250k. There was scope for using some of the studies again. Reaseheath had given their agreement and discussions had taken place with Deloitte. The data would need to be updated.

#### **Audit Findings Report**

Mr Devitt said Grant Thornton were obliged to write to the Audit Committee to summarise what had come out of the audit. From an audit perspective it had been very straightforward supported by the interim Finance Director and the Finance team.

The audit was substantially completed although it remained open until after governors had signed off the accounts on 11 December. Mr Devitt highlighted the key issues arising. It would be an unqualified audit report but it would make reference to the going concern issue. Grant Thornton issued a second report, on regularity. They had tested to satisfy themselves that funds received were being used for the correct

purpose. The accounts had been received by Grant Thornton in good time and in good order. They had looked at controls to a degree and had found very little of issue: there were two housekeeping points regarding the IT fixed asset register and signing off the credit card statement each month.

Outstanding matters were: letter of Representation requested; final check on post final balance sheet events; confirmation of funding; confirmation of the loan balance from Barclays.

Members agreed that the comments made about the Finance Director and the Finance team should be acknowledged. From college point of view, a clean audit helped merger aspirations.

**ACTION**

- 1. It was agreed to recommend the documents to the Board.**

**SW –  
11.12.17**

*The meeting closed at 6.40 pm.*

**Chair** ..... **Date** .....