



## **NORTH SHROPSHIRE COLLEGE**

**MINUTES OF THE MEETING OF THE  
AUDIT & RISK MANAGEMENT COMMITTEE  
held on MONDAY 6 MARCH 2017  
in the Board Room  
at the OSWESTRY CAMPUS**

<b>Present:</b>	<b>Mr G Casson</b>	<b>GBC</b>	<b>Chair</b>
	<b>Mr A Clarke</b>	<b>ACSC</b>	<b>Co-optee</b>
	<b>Mr R Hargreaves</b>	<b>JRH</b>	<b>Co-optee</b>
	<b>Ms E McQueen</b>	<b>EMcQ</b>	
	<b>Mr J Nicholls</b>	<b>JN</b>	
	<b>Mr P Polowyj</b>	<b>PP</b>	

*Attendance: 100%*

<b>In attendance:</b>	<b>Mr P McCann</b>	<b>PM</b>	<b>Interim Principal (part)</b>
	<b>Ms L Randall</b>	<b>LR</b>	<b>RSM UK</b>
	<b>Mr J Golding</b>	<b>AR</b>	<b>Grant Thornton</b>
	<b>Mr A Reid</b>	<b>AR</b>	<b>Grant Thornton</b>
	<b>Mr B Deed</b>	<b>BD</b>	<b>Interim Finance Director (part)</b>
	<b>Mrs C Thompson</b>	<b>CDT</b>	<b>Clerk to the Corporation</b>

*The meeting opened at 6.00 pm*

<b>Item</b>	<b>Action</b>
<b>1. Apologies for absence</b> None.	
<b>2. Declarations of interest</b> Mr Casson made his standing declaration that he was the Chair of	

Holy Trinity Primary School Board of Governors. Mr Nicholls was also a governor at Reaseheath College.

**3. Minutes**

The minutes of the Meeting held on 28 November 2016 were approved and signed by the Chair.

**4. Matters Arising**

There were no Matters Arising.

**5. Audit tracking report**

All previous actions had now been completed and would be archived. The Committee asked if there were any issues outstanding from the external audit report. Mr Golding confirmed there were not.

**CDT –  
imm.**

**6. Risk register and monitoring report**

The interim Finance Director said the register had been revised at the end of 2016. In terms of scoring many risks remained the same. The residual scores however had been changed; each item was annotated to indicate movement since the previous report. There was a new risk to be added since the previous Corporation meeting, regarding the new contract for some apprenticeship provision.

**BD - Mar**

Members asked how the red (gross score) risks were being managed. Item S4: cash flow was the principal risk and the cash flow report was therefore updated weekly. In terms of budgetary control there had been an issue and a significant amount of work had been done. The Committee asked about progress on the implementation of devolved budgets: this had been delayed until well into the current year.

Item S6: along with the impact of the proposed merger, the review of terms & conditions would impact on staff morale. Members questioned what was being done to address this risk. The Principal said he and the Reaseheath Principal had carried out briefings with staff which had given a degree of reassurance. Further sessions would be held, coupled with ongoing communications to keep staff informed, e.g. Principal's blog and update emails. Despite the challenges, staff's commitment to students remained high. The standard of teaching and learning had improved. There were new ATPs (Advanced Teaching Practitioners) to assist staff in professional development where needed and this was having a significant, positive impact.

S12 : the Committee asked if student recruitment for 2017-18 should be graded red rather than amber as applications were down on the

previous year. The interim Principal said that work was ongoing to address this, including a new transport strategy. The poor Ofsted grades over the previous 15 months continued to have an impact. Members asked how significant was the reputational risk. The Principal said that it was considerable and all actions were being taken to both improve the provision, and to promulgate the positive messages about the progress being made in the College.

The Committee asked what amber risks could possibly turn red. The Ofsted grades would remain a concern until re-inspection. Risk S16: the nursery had been given a grade 2 and was no longer red. S18 was a risk if the College did not get on the apprenticeship register. The Principal said he would be more comfortable if the Ofsted inspection was in the autumn to allow for more bedding in of the new arrangements, especially in Apprenticeships. (The data from 2015-16 was inadequate which was well-known). Management would bring in the (Apprenticeships) senior manager from Reaseheath College imminently, to assist in overseeing the department.

Members asked about risk O2, maths and English, and whether a grade green was accurate, given Ofsted's comments at the monitoring visit. The Principal pointed out that this was about implementing the programme; the College was good at getting students to participate in maths and English. The interim Finance Director would change the wording to reflect it was about meeting the funding requirements not quality.

**BD - Mar**

Members asked about the farm, risk O5. The interim Finance Director said milk yields were up recently which was impacting positively. A herdsman was needed. There were regular meetings between the Finance Manager, (Assistant Principal Curriculum) APC and Farm Manager to discuss performance and agree ways to improve the financial position. The interim Principal said that Reaseheath's farm made a loss but proportionally not as much as NSC's.

Risk S1: members asked for an update on the Exceptional Financial Support requested from the Skills Funding Agency, and whether it was a loan or a grant. This was still under review, depending on the outcome of the bid (risk S8) made to the Transaction Unit for Restructuring Funds (deadline March 17<sup>th</sup>). The main issue was whether the bid was considered value for money by the relevant agencies. The Committee asked about when the bid outcome would be known: this would be in May.

Members **noted** the update report.

## 7. Internal audit

### 7.1 Progress report

Ms Randall spoke to the paper. At this meeting at least two audits would normally have been completed and would be reported on. However owing to significant personnel and situational changes the original plan was deemed no longer fully appropriate for the College's needs. The Committee's view would be sought on the way forward. One audit on HR Safeguarding had been completed which gave a split opinion to reflect the progress made by management since the audit work. The report had been issued and considered the previous week. Some areas for improvement had been identified (see 7.2 below).

Section 3 of the Progress report laid out the original internal audit plan and an indication of the current views of the Senior Leadership Team (SLT) on whether the work should proceed: the scope of the planned Corporate Governance and Risk Management – Merger Arrangements was considered no longer valid. Policy in Practice was no longer wholly relevant, given the proposed merger to take place in January 2018. If insufficient audits were completed, RSM could not give an annual opinion. The Committee was asked for its view on the plan, and if alternative areas for audit should be considered, to enable RSM to give an annual opinion. This opinion formed part of the Committee's annual report to the Corporation.

The Committee discussed the options, and the impact of not having an annual opinion from the internal auditors. Members debated from which other sources the Committee could gather assurance. Ms Randall and Mr Golding gave examples from other colleges. In response to a question, Ms Randall confirmed that the cost-saving of not carrying out the number of audits to facilitate an annual opinion was circa £3k.

Members agreed that another subject for assurance should be selected and debated the other issues that would be most beneficial to audit. Focussing on policies driven by statutory requirements and compliance was an option. Ms Randall said that extending the follow-up on HR Safeguarding by one day would also be useful. This additional day, plus one other piece of assurance work would be sufficient for RSM to give an annual opinion. The Committee **agreed to delegate** the choice of audit to the Chair, in discussion with SLT. A decision would be made within the following two weeks.

GBC/BD –  
Mar

### 7.2 HR Safeguarding report

Ms Randall spoke to the paper. There had been a good management response to the recommendations made in the audit. The work had been carried out in the first week in January, the report had been taken

seriously and management had taken prompt action on the recommendations made. (There had been three medium and two high priority actions agreed). RSM's opinion had therefore moved from "Partial" to "Reasonable" assurance that the Board could take that the controls to manage the risk were suitably designed and consistently applied.

**7.3 Briefing paper: FE high priority management actions**

This was a think-piece for colleges to consider. 12% of the actions were about policies, which dove-tailed into the proposed work in the College on policies.

**8. Policies**

**8.1 Anti-Fraud, Corruption and Bribery Policy**

The interim Finance Director highlighted the key changes. The Committee **approved** the Policy.

**8.2 Risk Management Policy**

The interim Finance Director highlighted the key changes, including the change of scale from 1-3 to 1-5. The Committee **approved** the Policy.

*The interim Principal and the interim Finance Director left the meeting.*

**9. Any Other Business**

Mr Golding said he was retiring. His successor would be Bill Deavitt. The Chair thanked Mr Golding on behalf of the Committee.

**10. Members' opportunity to question the auditors**

In response to a question whether the College was "coasting" towards merger, governors said this was absolutely not the case: engagement by the Board was very high, and the interests of Oswestry and Walford needed to continue to be represented.

**11. Date of next meeting**

The next meeting would be held on Monday 26 June 2017 at 6.00pm at the Oswestry Campus

<b>How members challenged management &amp; impact</b>	
6.	<b>Questioned</b> how management were handling the highest risks. <b>Impact:</b> ensuring management taking action to mitigate the risks where possible.

	<b>Questioned</b> management on progress with devolved budgets. <b>Impact:</b> ensuring that management are pressed to implement the system.
	<b>Asked</b> how the risk of low staff morale was being managed. <b>Impact:</b> seeking reassurance that the necessary measures were being taken.
	<b>Queried</b> the amber grade for student recruitment risk. <b>Impact:</b> challenging management to justify a grade, and to triangulate the judgement with actions being taken.
	<b>Queried</b> which amber risks were potentially going to worsen to red. <b>Impact:</b> testing management on the areas of increasing risk and vulnerability.
	<b>Challenged</b> the grade given to a risk (O2). <b>Impact:</b> management to clarify the exact risk: remove ambiguity.
	<b>Requested</b> an update on the risks around EFS and merger. <b>Impact:</b> members obtaining clarity on a risk; increasing understanding of the position.

*The meeting closed at 7.25 pm.*

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