

# Draft Minute

## Resources and General Purposes (RGP) Committee

### Special Meeting of the Audit and Finance Committees:

10<sup>th</sup> December 2015 Boardroom Cumbernauld Campus

**Present:**

**Audit Committee:** Ronnie Smith (Chair), John Elliot, Ann Stark, Keith Fulton

**Finance Committee:** Kenny Anderson (Chair), Stuart Reid, Paul O'Donnell, Martin McGuire

In Attendance: Linda McTavish, Iain Clark, Alistair Gray (Wylie Bisset), Graham Gillespie (Wylie Bisset), Cathie Wyllie (Henderson Loggie), Penny Neish, Diane McGill (Board Secretary)

Agenda Item Minute	Action /Decision
<p><b>1. Chair's Welcome</b></p> <p>Ronnie Smith chaired the meeting for agenda items 1-5 and Kenny Anderson chaired the meeting for items 6-8 which included the item on the NCL 2014-15 accounts. Ronnie Smith welcomed everyone to this special meeting of the Audit and Finance Committees. He noted and commented on the very tight turn-around of papers for this meeting: in explanation, the current financial reporting pressures were set out in a context paper which had been presented at the meeting of the Finance Committee on the 23<sup>rd</sup> November and was included in the special meeting papers.</p>	
<p><b>2. Apologies</b></p> <p>There were apologies from Moira Jarvie and Derek Smeall.</p>	
<p><b>3. Declaration of Interest</b></p> <p>There were no declarations of interest</p>	
<p><b>4.Risk Register Update</b></p> <p><b>1.</b> At the last meeting of the Audit Committee on the 16th November the Chair of the Board had raised two areas of risk to be considered. These have now been incorporated into the risk register as x = college unable to maintain its operating budget as a direct result of failure of due diligence associated with the merger of Coatbridge College and NCL and y= breakdown in positive relationships with stakeholders as a direct result of public and governmental reporting of the Section 22 report – the 2013-14 audit of Coatbridge College governance of severance arrangements.</p>	<p><b>4.1</b> These are now incorporated into the Risk register and will be reported on at the next meeting of the Audit Committee on the 29<sup>th</sup> February 2016.</p>

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<p><b>5. Wylie Bisset Due Diligence Report</b></p> <p><b>1.</b> The committees considered a confidential working draft of the Review of Due Diligence Report. This covered areas which had been reported at the meeting of the Audit Committee on the 16th November and detailed in the minutes for that meeting.</p>	<p><b>5.1 - 1.</b> It was agreed that there is no need for the external auditor to put a provision into the accounts for the potential of ERDF clawback given the materiality of the amount in question.</p> <p><b>2.</b> The final report and next steps will be considered at the next meeting of the Audit Committee on the 29<sup>th</sup> February 2016. Any comments from committee members are to be sent to Ronnie Smith.</p>
<p><b>6.NCL 2014-15 Accounts</b></p> <p><b>1.</b> The following introductory points were made: the accounts are for a 16 month period, there are new areas to report e.g. remuneration and Coatbridge College is included for the first time. The accounts are not consolidated as yet with SLC but this will be the case in the future.</p> <p><b>2.</b> There were two high level position statements one including AMCOL and the other without. The statement that includes AMCOL shows a gross deficit of -£9.933 million. The following losses are set against this: -£6,102k for a revaluation of land and buildings at the Motherwell Campus, -£403k loss on disposal of the Horticultural Unit, -£313k for FRS 17 Adjustments, -£145 k movement in pension provision, -£77k realignment of Deferred Capital Grant. This leaves an operating deficit of -£2,893 k of which -£2,426k is the net depreciation allowance (the bulk of which was used to cover a shortfall in student support funds) and the rest a combination of student support, transfer of WSUMs to SLC and an AMCOL deficit. The committees were informed that only 0.6% of the deficit was under the control of the college.</p> <p><b>3.</b> Kenny Anderson as Chair commended the accounts as being a very good read and a succinct account of the college's position.</p> <p><b>4.</b> The external auditors stated their independence to carry out the audit. They noted that the move to new financial systems has had a big impact this year and they had held back on their audit until the figures were available. There were no qualifications in the accounts and they highlighted the following in their report:</p> <p><b>Page 4</b> – sets out the background and scope of the audit and the significant risk areas facing the college</p> <p><b>Page 8</b> – sets out the audit and accounting adjustments and the major adjustment to land and buildings</p> <p><b>Page 12</b> – there will be an addition by the auditors about the dental course claim to reverse the provision</p> <p><b>Page 14</b> the auditors did not identify any areas of concern regarding the College's corporate governance arrangements</p>	<p><b>6.5 - 1.</b> The Audit and Finance Committees agreed to recommend the accounts to the Board.</p> <p><b>2.</b> There should be a protocol for Board Members to answer any question which are addressed to them and this will be raised in the Chair's Report to the Board.</p>

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<p><b>6.NCL 2014-15 Accounts (Continued)</b></p> <p><b>Page 15</b> – paragraph 57 gives the latest position on the Coatbridge College 2013/14 accounts and there will be an amendment to this.</p> <p>There will be an adjustment to the letter of representation as follows: Para 11 Miller Construction UK Limited will be changed to Galliford Try and the wording at para 16 will be changed to reflect a potential repayment of ERDF.</p> <p><b>5.</b> The committee was asked by the Chair to recommend the accounts to the Board at its meeting on the 14th December 2015. The committees noted that the narrative to the accounts is very important to explain the nature of the deficit.</p>	
<p><b>7. AOB</b></p> <p>There was no other business</p>	
<p><b>8. Date of the Next Meeting</b></p> <p>The date of the next meeting of the Audit Committee is the 29th February and of the Finance Committee is the 7th March at Park Street at the Coatbridge Campus.</p>	