

## **BOSTON COLLEGE**

### **MINUTES OF A MEETING OF THE AUDIT COMMITTEE MEETING HELD ON FRIDAY 16 NOVEMBER 2007 AT 3.00 PM**

#### **PRESENT**

Mr A Reynolds, Mr D White, Mr D Hanson

Also in attendance Miss S Hill (Clerk to the Audit Committee), Mrs S Daley (Principal), Mrs J Hemmant (Director of Corporate Services), Mr N Walford (Finance Manager), Mr M Riley and Mr C Williams (Bentley Jennison), Mr M Standish (Baker Tilly)

#### **1 APOLOGIES FOR ABSENCE**

Received from Mrs H Wright

#### **2 APPOINTMENT OF CHAIRMAN**

Mr White proposed and Mr Hanson seconded the re-appointment of Mr Reynolds as Chairman. Mr Reynolds welcomed Mr Hanson to his first meeting.

#### **3 MINUTES OF MEETING HELD ON TUESDAY 26 JUNE 2007**

The minutes of the previous meeting were signed as a true record.

It was confirmed that the procedures relating to write offs in Canteens had now been implemented.

Mrs Hemmant confirmed that issues identified in the Overseas Contracts audit would be picked up under Key Financial Systems.

Mr Standish confirmed that bank covenants in the Baker Tilly Audit Strategy was not an actual risk in the audit.

#### **4 INTERNAL AUDIT ANNUAL REPORT 2006-7 AND AUDIT PLAN 2007-8**

Details were given on the Internal Audit Annual Report for the 2006-07 year and it was confirmed that 15 out of 16 recommendations made by Bentley Jennison were accepted. The only one which College Management disagreed with related to Learner Numbers Systems (student status). It was confirmed that the Committee was happy with the decision.

The table on page 8 of the annual report showed benchmarking data which demonstrated that the college achieved an above average result.

Mr Williams reported on the 2007-08 Audit Plan, including changes from the original plan. A review of Departmental Sales has been removed, and Mr Reynolds asked what this item would have involved. Mrs Hemmant stated that it is a whole range of sales across the College. The Principal confirmed that it was not too long ago since this area had been reviewed. For the next meeting the Chairman asked for a summary sheet of College Sales. \*

Mr Williams said that the plan has been amended to look at Payroll as it has been brought back in house. Mrs Hemmant confirmed that Mr Tharby is leading the payroll and the Principal said that the College has had good software support and all seemed OK after a couple of dummy runs.

The second area of amendment was to look at the Use of Learning Support. The College needs to see how effectively it is using this money.

The revised Audit Plan for 2007-08 was accepted.

Mr Williams stated that Appendix B showed fees for the year plus an inflationary rise and that Appendix C reiterated the full year's plan.

## 5 ANNUAL ACCOUNTS

Mrs Hemmant's report informed the Committee about the annual accounts and the deficit of £235,000 compared to the previous year of £374,000 which was confirmed in Baker Tilly's report on page 9.

Mr Standish said that there were some minor restatements in the content of the Corporation report. The Chairman pointed out a couple of errors, which Mr Standish confirmed would be amended. Mr Standish said that the proposed audit report on the financial statement will be a clean report.

It was commented that staff costs have increased in admin areas and this will be looked at by Finance and General Purposes Committee. The balance sheet on page 15 also shows a significant improvement in the pension position.

Further discussion took place on plans for the college buildings and it was confirmed that if the Governors made a decision to proceed with a re-location then there will be a need for an impairment review of the existing property values in the balance sheet. Further discussion took place relating to the feasibility study.

Wilcomex, one of the College's subsidiaries was discussed and it was agreed that there was no reason why the land should not be valued and sold to Boston College, whereby Wilcomex makes a profit and gift aid to the College, as this had been suggested since 2003.

Mr Standish presented his firms Final Audit Findings and confirmed that this was a clean report and said that no amendments are expected to change the report of the financial statement and regularity audit.

Internal Control Issues is an item which Mr White thought was brought up last year. It was requested that this point be added to the Action Log. \*

It was confirmed that the item in section 8 of the report has been changed. Mr Standish reported that the £6,000 related to settlement of an employment issue which had been charged to 2006-2007 alongside the related legal costs.

Mr Standish told the Committee that Appendix C on page 26 onwards related to emerging issues which had been cut significantly. He stated that the biggest forthcoming change is that it is likely that the LSC will not exist from 2010/11 and money will then come from LEAs.

The Chairman thanked Mr Standish for his reports.

## 6 RISK MANAGEMENT

Mrs Hemmant presented to the Committee her draft report on the College's Risk Management and it was confirmed that the Audit Committee is satisfied. Mr White proposed and Mr Hanson seconded to accept the document.

It was confirmed that it was a routine Annual Report which complements what the Auditors say, there being a number of items, and the biggest item is new software.

The reports were accepted by the Committee.

## 7 PERFORMANCE MONITORING

### i) Committee Performance

The Committee reviewed a draft annual report to the Corporation which included a review of its performance.

It was confirmed that the Committee had hit its performance targets set by the Corporation, including attendance. Targets needed to be set for 2007/8 and Mr White proposed Payroll Implementation and this was seconded by Mr Hanson.

The contents of the Committee report were approved.

## **ii) Auditors Performance**

Discussion took place on the Performance Indicators completed by Mrs Hemmant. The Chairman queried item 3D on the checklist concerning audit materiality adopted, as how it is measured had not been discussed prior to the audit commencing. However, it was confirmed that it was a standard LSC question. Following further discussion both sets of Auditors were happy with their working relationships and the Chairman thanked both teams.

## **8 DATES OF MEETINGS**

The dates of future meetings had been set to fit in with relevant audit plans as follows:

Thursday 3 April 2008

Thursday 3 July 2008