

## **BOSTON COLLEGE**

### **MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON THURSDAY 17 JUNE 2010**

#### **PRESENT**

Mr A Reynolds (Chair), Mr D White, Mrs H Wright

Also in attendance: 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 (RSM Tenon), Mr R Lewis (Baker Tilly), Mr K Tharby (Director of Human Resources)

The Chairman welcomed Richard Lewis from Baker Tilly and introduced him to Committee members and others at the meeting and explained that Martin Standish has had to step down from acting as manager for the College's contract due to rotation of duties requirements.

#### **1. APOLOGIES**

Apologies were received from Mr D Hanson.

#### **2. MINUTES OF MEETING HELD FRIDAY 29<sup>TH</sup> APRIL AND MATTERS ARISING**

Chairman signed the minutes of the last meeting as a true record.

Environmental Committee – Mrs Hemmant confirmed that the newly set up Environmental Committee was due to meet on 23<sup>rd</sup> June and will set up its constitution.

New Committee Member – Mrs Hemmant confirmed that approaches had been made to find a new Committee member.

#### **3. INTERNAL AUDIT**

##### **a) Human Resources – Absence Monitoring**

Mr Riley confirmed to the Committee that the report on Absence Monitoring was given a substantial assurance and said that Boston College is currently on 4.4% absence, which is significantly lower than average and was showing a downward trend. One significant issue was that some managers do not send in monthly figures. The Chairman asked if there was a better way to get returns in and Mr Tharby said that the best way to do it (in 80% of cases) is to get one return each month including any nil returns. The Principal said that the first part of the recommendation is already being done and that this is already on board for staff development.

Mr Tharby was at the meeting to clarify a point in the minutes concerning how a possible bogus starter would be identified. He said that the exception report is not the only one available, but there are reports on starters, leavers, bank details, etc. He said that the line managers complete the start forms, pass them through to Human Resources, where they are set up on payroll, and sent a contract, etc. The starters report lists everyone onto the system in the month. Mr Tharby explained to the Committee how difficult it would be to bypass the system.

##### **b) Risk Management**

This report was given a substantial assurance and the Chairman gave congratulations for no recommendations.

### **c) Follow Up of Previous Internal Audit Recommendations**

It was confirmed that the 2008/9 recommendations are not new but they had already been to Committee, but the audit checked to see if they had been put into operation. The Chairman said that it was very disappointing then to hear of recommendations which have not been implemented.

Mr Riley said that less than 50% of recommendations have not been implemented and Mrs Hemmant confirmed that this was not good enough. It was stated that Refectory is the real problem, discussions have taken place and Mrs Daley and Mrs Hemmant will meet with refectory staff. Mrs Hemmant informed the Committee that she has introduced a new tracking system on all recommendations. The Principal said that they have to concede that they haven't been monitored enough. Further discussion took place and it was stated that with the waste issue, De Montfort has improved but not Rochford Campus.

The Chairman asked if there is any merit in inviting managers to come to join the meeting as Mr Tharby had done, but it was not thought to be beneficial. It was stated that staff need to be aware that members of the Audit Committee are disappointed, and Mrs Hemmant said that these issues should be recorded in appraisals. \*

On the Key Financial Systems reports, both were accepted, although the second issue was more of a technical issue, whereby the list of Certifying Officers had not changed, which was the reason it had not been updated. However, members agreed that although there were no changes, a signature and date was required.

The Chairman asked, in readiness for the next meeting in November, that this is revisited so that the Committee has closure on this. \*

### **d) Long Term Planning**

There was a substantial assurance given.

### **e) Banking Transfer**

This related to the new banking arrangements implemented on 1 December 2009 with the move from Barclays Bank to Nat West. There were two significant issues both of a similar nature relating to written agreements, and on the Securicor collection service covered within the remit. Discussion took place on the security for the size of loan and the facility letter. The Principal that there were some debate needed and discrepancies which still needed to be solved and said that because of this, one of the significant issues should be taken off the report until there was resolution. Mr Riley said that it was a significant issue at this moment in time, and the Chairman asked whether it was thought that this could be used as leverage with the bank, saying that we are being pushed by the Auditors. Mr White offered any help and assistance thought necessary.

Mr Walford said that there had been one criticism in that some Boston College money had gone into Boston Borough Council's account, and this had taken some time to resolve. Mr White asked how much money was still being paid into Barclays bank, and Mr Nigel said very little now.

It was confirmed that the cost of changeover had been £2844 which principally had been to cover the cost of Symmetry changes and the printing of new cheques. This cost is being recovered from the bank as offered.

## **f) Purchasing, Stocks and Investments**

The audit originally looked at 3 areas but then others were added. Mr Riley confirmed that there had been adequate assurances with 3 significant and 5 others.

The significant categories included standardised stock forms not being agreed to, stock records needing to be maintained on a regular basis and physical counts needing to be done on a regular basis rather than only at year ends. Mrs Hemmant said that the College is not in agreement as we could not have a 'one size fits all' and gave examples. Further discussion took place and Mrs Hemmant did confirm that the Construction leader had confirmed that there had been overstocking.

The Chairman said that there should be a framework showing consistencies where departments follow protocol. The Committee accepted the rejection of 'one size fits all' but asked that those areas which need a review are looked at separately and Mrs Hemmant agreed. It was confirmed that recommendation 2b was purely to enhance the current arrangements regarding over/under stocking.

The Chairman said that the issue on this is what is the agreed course of action. Mr Riley said that he will speak with College management and bring it back to next Committee meeting. The Chairman said that it would be useful to find out what is happening around the College regarding stock. \*

## **4. BAKER TILLY**

Mr Lewis told the meeting that he was delighted to take over as RI from Martin Standish and that he had 12 other schools/colleges under his remit, taking over funding audits, grant audits and delivering training for FE Colleges updates.

Mr Lewis went through his report and said that regularity stays this year but may change for the future and that the letter of engagement is the same as previously.

Page 4 of the report showed the timetable and how the audit will be carried out.

It was stated that one of the key areas is staffing costs which, it was suggested, the College should be challenging. Mrs Hemmant said that this had been done. The Principal said that the College did receive benchmarking figures last year and it showed that our staffing costs were good.

The Committee agreed to accept the increase in fees.

Mrs Hemmant said that she had had notification from RSM Tenon suggesting the College pay in advance for their fees, to avoid VAT increases, although she said that she would need a guarantee of receiving a refund if the number of days decreased, or they could be carried forward to the following year. Mrs Hemmant asked Mr Riley to email an invoice based on the same daily rate as this year. Mr Riley agreed to do a calculation.

## **5. TRAIN TO GAIN**

Mrs Daley presented a report to the Committee and discussion took place.

## **6. ANY OTHER BUSINESS**

Discussion took place on a European Social Fund issue.

## **7. DATE AND TIME OF FUTURE MEETINGS**

Thursday 11 November 2010 – Mr White confirmed that he would not be able to attend

Thursday 24 March 2011

Friday 17 June 2011