

B O S T O N C O L L E G E

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON FRIDAY 13 NOVEMBER 2009

1. PRESENT

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

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 Standish (Baker Tilly), Mr M Riley (Bentley Jennison)

2. APPOINTMENT OF CHAIRMAN

Appointment of Chairman - Having been proposed and seconded Mr Reynolds was reappointed as Chairman.

3. MINUTES OF MEETING HELD TUESDAY 30 JUNE 2009 AND MATTERS ARISING

Mr Reynolds apologised to Mr Riley for being referred to as Mr Bentley in the minutes.

PDAs – Mrs Hemmant confirmed that the booking in and out of PDAs is currently in the process of being passed over to WBL and this will be done by the next meeting. *

Fixed Assets - Mr Walford confirmed that completed fixed assets audits are now being signed off by staff undertaking the asset verification.

Stock Control - Mrs Hemmant had circulated to the Committee a document detailing how each area controlled stock throughout the academic year. The account given by Construction area was not felt to be sufficient, and it was decided that this area would be revisited. It was noted that all areas were using their own developed practices rather than a College approach. *

Some discussion took place about whether the College carried out central buying and it was confirmed that this is done for some general items through the Library and Office Services. It was reported that Lincolnshire Colleges are looking at central buying.

Environmental Audit – Environmental Committee. Mrs Hemmant informed the Committee that the Environmental Committee had not yet met. *

Recycling – Hall of Residence. It was reported that Julians Waste Management had recently gone into administration, and they had not had the facilities to handle recycling from the Hall of Residence. The Estates Manager is in the process of looking at a new contract with an alternative supplier. These items to remain on the action plan. *

Payroll - Confirmation was received that follow-up actions from last year's audit had been taken.

4. INTERNAL AUDIT ANNUAL REPORT YEAR ENDED 31 JULY 2009

Mr Riley referred the Committee to Page 9 appendix B of the Annual Report which showed there had been 29 recommendations of which 5 were significant and none were fundamental. The internal audit annual report gave a positive opinion for the year in respect of Governance, Risk Management and Internal Control. Page 6 of the report reminds the Committee of the scope looked at for each area. It was noted that the format of some of the reports had changed and colour coding had been introduced. The Chairman asked Mr Riley to remind their technical people that the end user may not have access to colour copies.

Discussion took place concerning benchmarking, and it was commented that benchmarking data is there but not very clear in black and white.

5. STRATEGY FOR INTERNAL AUDIT 2009/10 – 2010/11

Mr Riley reported to the Committee that for 2009/10 it was planned to keep the same number of days at 32 and at the same costs.

Discussion took place on the area of Performance Management Thematic Review which was being introduced. Mr Riley was unable to give the Committee more detail on what this entailed at the present time, but promised to share this with the College as soon as he had further information himself.

Key financial systems review – This area is now broken down into 6 areas that will be reviewed over the next 3 years of the internal audit plan. In 2009-10 the two areas to be reviewed are 'Income and Debtors' and 'Payroll and Expenses'.

The proposed internal audit strategy had been extended to 2011/12 and the Chairman asked for some flexibility on this – eg if there is a new system in place.

It was noted that four days had been allocated for the Committee's chosen area of focus. Mr White asked if there could be an audit within this time for stock control to be tested to check that the way that staff said it is being done is in fact being followed (see minute 3 above). Mr Riley advised that the departmental review focuses on stocks and equipment. Mr Walford suggested that the recent banking transfer could also be reviewed. It was agreed that the proposed audit plan be amended to allocate 2 days to the Committee's specialist area (being the effectiveness of the bank transfer) and the Departmental review – Equipment be extended by 2 days to include a review of the stock controls systems throughout the College.

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Mr Riley to make the necessary amendments in the strategy document and the Chairman thanked him for the History of Audit Areas document, which had proved to be very useful.

6. ANNUAL ACCOUNTS

Committee members commented that they were pleased to see a surplus in the accounts despite the impact of the proposed new build costs. Mr Standish advised the Committee that this was the only college of which he

was aware showing a surplus following such a write-off.

Discussion took place concerning the rise in pension costs to 149%, although it was reported that Grantham College's rise was 114%. One college had reported a reduction in their deficit. Mr Standish, on the subject of FRS17, reported that a lot of colleges were reporting substantial losses.

Mr Standish went through some of the notes to the accounts. Members sought and received clarification on the contents of the accounts and a couple of minor corrections were noted.

The Chairman asked Mr Standish to go through the audit findings report. He confirmed that the College had been given a clean report and similar findings regarding regularity audit work. Mr Standish also confirmed that the funding mechanism had been changed and Baker Tilly was waiting for information from LSC which would apply to all colleges. It was expected that further information would be received in about one week's time.

Mr Standish reported that issues on all key areas had been resolved.

Mr Standish advised that this would be his last year as lead manager on the College's audit and said that Baker Tilly would like to put forward proposals to the March meeting on future audit arrangements. The Chairman thanked Mr Standish for his contribution over past 7 years.

The Committee confirmed that the College's accounting policies were appropriate and also agreed to confirm the appropriateness of the College's risk management, control and governance processes in the Committee's annual report to the Corporation.

7. RISK MANAGEMENT

Mrs Hemmant presented the Risk Management Annual Report from the Risk Management Group. Mrs Hemmant explained that the format is different on the new software (which was free), although she is not happy with the use of the software, primarily because the College is dependent upon only one technician being able to support it. The software is to be changed again to a more-readily supportable format.

Discussion took place relating to the risk to teacher training funding and its potential impact in areas such as construction where staff are not generally teacher-trained when recruited. It was stated that the cost of teacher training is about £40,000 overall and there is at present no funding available for this. Plans and discussions are still going on.

8. PERFORMANCE MONITORING

i) Committee Performance

The Committee approved its report to the Corporation with one minor amendment. It was agreed that the performance of the Committee was good with no issues raised.

A query was raised as to which committee a new corporation member would be joining and Mrs Hemmant agreed to check on this.

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ii) Auditors Performance

A short discussion took place on the Performance Indicators, which were agreed, and the Chairman thanked both Baker Tilly and Bentley Jennison for the work of their teams during the last year.

9. PROVIDER FINANCIAL ASSURANCE REVIEWS

i) Train to Gain

There were no issues on the Train to Gain report. The Chairman asked for thanks be given to Lynn Ladds for such tight controls.

ii) European Social Fund

Also a good report which showed the appropriate use of funds with good controls.

10. FINANCIAL MANGEMENT AND CONTROL EVALUATION (FMCE)

Mrs Hemmant distributed a draft of the FMCE report for consideration. This showed a summary of grades where the College had again assessed itself as good. The Committee agreed to recommend approval of the document to the Corporation.

11. NEXT MEETING

It was noted that the next meeting of the committee would take place Thursday 25th March 2010.