

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

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD THURSDAY 27 JUNE 2013

1. PRESENT

Mr A Reynolds (Chair), Mrs H Wright, Mr R Stanley.

Also in attendance: Miss S Hill (Clerk to the Audit Committee), Mrs Siobhan Richards (Corporation Member, observing), Mrs A Mosek (Principal), Mrs J Hemmant (Vice Principal, Corporate Services), Mr S Stanley, (Finance Manager), Ms J Lau (Interim Finance Manager) Mr C Williams (RSM Tenon), Mr M Standish (Baker Tilly),

The Chairman welcomed Mrs Richards, a Member of the Corporation to the meeting.

The Chairman thanked Mr R Stanley for his past services as he had decided to stand down from the Corporation, and also Mr S Stanley who would shortly be leaving his post as Finance Manager.

2. APOLOGIES

Apologies for absence were received from Mr D White and Mr D Hanson.

3. INTERNAL AUDIT

a) Risk Management

Mr Williams confirmed that a green opinion, giving a positive result had been reached with two low category recommendations which had been accepted by Management. These were that the Senior Leadership Team integrates risks as a standing agenda item and a minor amendment made to the policy giving definitions of categories/scores. Mrs Mosek said that it has already been fully implemented for this year.

b) Corporate Governance

Mr Williams also confirmed that a green opinion was given with two minor recommendations.

c) Follow up

It was confirmed that Follow Up had been given a positive report with good progress being shown. Discussion took place about one element which had been missed in the audit, and it was stated that this will be reviewed again at the cost of RSM Tenon.

d) Network access

Mr Williams reported that a Network specialist had been brought in from RSM Tenon and that an amber/green report had been given with 6 recommendations, all of which had been agreed by College Management.

A high priority recommendation concerned the regulation and strengthening of the College's password settings to make them more robust. The Chairman said that this was a disappointing outcome. The College Management had since addressed all the issues, the ICT team have responded well to the recommendations and there would be another periodic review of security systems, all to be implemented during the summer.

Mr Stanley asked if, after steps already taken, will the College be secure enough? Mr Williams said that if all the recommendations are carried out then it will enhance security, although it is important that protocol is continued. Mrs Wright asked if there were any back-up problems, but Mrs Hemmant confirmed that this was OK.

e) Learner Records Systems

Mr Williams confirmed that the audit this year focused on Learner Responsive, looking at some learner records. A positive assurance with an amber/green rating had been given with two recommendations, both of which had been accepted by the Management team.

One issue related to making sure that all learning aim data had been accurately recorded on to the ILR. From the sample tested it showed that 5% (1 in 20) inaccuracies had been recorded relating to learners' prior attainment level and residency status not being confirmed. It was stressed how important it was that these areas are looked at.

The second finding which was given a medium priority, centred around withdrawals and qualifying dates which could affect future funding. A 10% error rate (2 in 20) had been found. Mrs Mosek said that she was disappointed in these errors, which had occurred from a training issue with some of the Registry staff. She said that this has since been addressed. Mrs Wright asked whether the 10% error rating had warranted the sample being extended, but Mr Williams said that they had not sampled further, but had left it to the College to make further checks to ensure that these are isolated samples.

The Chairman said that follow up should be reported back to Mrs Hemmant, who stated that the errors were with manual registers, which are only used in very limited areas, normally offsite and Partnerships provision. Both these instances related to partnerships. Mrs Hemmant also confirmed that training has now been implemented.

The Chairman said that there needs to be a robust system in place and asked if this could be checked on in the future.

4. BAKER TILLY STRATEGY

Mr Standish told the Committee that the plan follows a similar process to the previous year and gave some details.

He explained section 3 key risks and said that the left hand column showed the identified key audit risks. One of these is indicating under-delivery on the Adult Skills budget. However it is expected to achieve target for 16-18 learners.

Discussion took place on College estates including the revaluation adjustment on De Montfort Campus.

The subject of FRS17 pension scheme was discussed and it was confirmed that this is benchmarked against other colleges.

On the Regularity review, Mr Standish said that the audit focus will be on the terms and conditions of the grants, and on the increased trading at the Red Lion Quarter. Mrs Hemmant said that there was expected to be a small profit of around £20,000.

The Chairman asked about partnership audit risks which were mentioned previously. Mr Standish said that Boston College has a high number of partnerships which can affect income, although he said that this was no higher risk than with other colleges.

Mr Standish said that they proposed an additional £900 in fees for next year. The Chairman asked why there would be such an increase, as taking out the cost of the TPA certificate would still make a rise of 3.4%. It was considered that last year's rise covered the inefficiencies and additional work because of the extra volume of estates, but for next year, it was felt it should remain the same. The Chairman said that as the College is under pressure financially, it would be helpful to have the same fees as last year, £16,300 plus TPA. Mr Standish agreed.

Mrs Hemmant distributed the Audit and Accountability with the annex to the foundation code of governance. She said that as it is best practice, we should be adopting it, and that there was not really anything in the document that is not already being addressed. It was agreed that this be adopted.

Mr Williams and Mr Standish left the meeting.

5. ANY OTHER BUSINESS

Audit - Further discussion took place on Auditors fees, and the Chairman confirmed that we do benchmark the fees of other colleges.

Mrs Mosek said that there was no official reason to continue with internal audit, although we do need an internal audit function to define objectives etc. Ms Lau said that the key risks are ILR so the drawback of doing this in-house would be that we would need to audit ourselves. It was agreed that there is greater security and influence by having internal auditors and it was recommended that we go through an official tender process but also invite RSM Tenon to bid. The Committee agreed that the tender process was the next step forward and Ms Lau would be asked to facilitate this with Mr Williams (RSM Tenon) being alerted in advance of documents going out.

Partnerships – It was reported that one of our partners has gone into administration and some of their work has been taken over by Learn Direct. However, it was not anticipated that there would be any problems in learners completing. It was disappointing, as the College had been planning to give them more work. Discussion took place and that it was agreed that a lot of the small training providers are failing, which is a concern as we do rely on these contractors.

6. DATES OF FUTURE MEETINGS

To be confirmed after consideration at the July Corporation meeting.

