

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

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD MONDAY 12 NOVEMBER AT 3.00 PM IN LIME RESTAURANT

1. PRESENT

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

Also in attendance: Miss S Hill (Clerk to the Audit Committee), Mrs A Mosek (Principal), Mrs J Hemmant (Vice Principal, Corporate Services), Mr S Stanley, (Finance Manager), Mr M Standish (Baker Tilly), Mr M Riley (RSM Tenon)

2. APPOINTMENT OF CHAIRMAN

The appointment of Mr Reynolds as Chair was nominated by Mr White and seconded by Mr Stanley.

3. MINUTES OF MEETING HELD 5 JULY 2012

The Chairman signed the minutes as a true record.

The subject of the review of Budgetary Control and General Ledger was highlighted as an item arising from the last meeting. It was confirmed that F and GP will be looking at the budget setting procedures at their meeting on Wednesday evening.

4. INTERNAL AUDIT – ANNUAL REPORT YEAR ENDED 31 JULY 2012

Mr Riley confirmed to the Committee the findings of the reports in Appendix b, showing a summary of options, recommendations and headline findings. All were given positive assurances and 2.9 of the report showed Benchmarking data which was similar to the previous year.

Mr Riley also confirmed that a green, positive opinion had been given which was a clean audit for the year. He also confirmed that any outstanding reports will go through on a cycle.

Mr Reynolds asked how the Committee know that old recommendations had been implemented into the procedures. Mrs Hemmant said that the Committee members can be provided with a list of those recommendations rolling forward and this was thought to be useful. Mr Standish commented that other colleges have this. It was also confirmed that the Audit Committee report goes to the Corporation.

5 STRATEGY FOR INTERNAL AUDIT 2011/12 – 2013/14

Mr Riley said that there was a three year strategy which is reviewed annually. It was confirmed that the plan for 2012/13 had been discussed with the Principal and Vice Principal, Corporate Services. The Chairman said that in the past the report had included details of the audit topics covered during the last 5 years and Mr Riley agreed to produce this again.

It was stated that the Committee still need an agreement on the Audit Committee's specialist area. After discussion Mrs Mosek suggested that the Committee's specialist area for this year could be Network Security and System Recovery. The Chairman thought this would be topical and this was agreed.

It was noted that an advisory review on curriculum staffing would be undertaken this year.

Mr Reynolds said that the Committee had agreed that Spalding be reviewed next year after the operation of a complete year.

Mr Riley confirmed that the number of audit days would remain the same as last year. Mr Standish asked about capital projects and Mr Riley confirmed that it was completed last year.

The Committee agreed to the proposed plan and the Chairman thanked Mrs Hemmant and Mr Riley for their input.

6 ANNUAL ACCOUNTS

Mrs Hemmant presented her report on the Annual Accounts 2011-12 and Mr Standish confirmed that the deficit of £660,000 is shown in the commentary. It was confirmed that the accounts in terms of performance go to Finance and General Purposes Committee.

Mr Standish said that page 15 of the accounts shows a clean audit and regularity report. He said that in terms of the financial statements on page 16, this gives consolidated income and expenditure. He confirmed that no modifications were expected.

Mr Standish said that the statement on page 17 reconciles the results which shows two items – pension scheme movement and a one off £77,000 impairment of the De Montfort building. Mr Standish said that the building was on the market for £1.5 M and that it was appropriate to take a writedown in these financial statements. He said that the property was acquired at nil, and the adjustment does not affect income and expenditure. The Chairman said that it is misleading, when looking at the balance sheet, to see where the deficit is. Mrs Hemmant said that there are a few little tweaks to make. Discussion took place and Mr Reynolds questioned whether enough was being disclosed and Mr Standish said that greater disclosure could be made but it was not entirely mandatory. It was decided to let F and GP make the decision on whether there is enough disclosure. Mr White said that this would be agreeable as Mr Cropley is a member of F and GP.

Further discussion took place on the accounts including the Balance Sheet on page 18 and the additions to Fixed Assets (Sixth Building) and the significant movement in pensions detailed on page 35.

Mr Standish gave a summary of the audit findings and anticipated giving a clean audit report.

It was noted that it had not been an easy audit and that the College had not been well prepared when the Auditors came in. Additional accounting assistance had had to be given in order to complete the accounts.. Mrs Wright asked if there would be a financial implication and Mr Standish confirmed that this would be the case. Mr Standish said that these had not been quantified or agreed with management yet but that additional fees were likely to be fairly substantial.

Mr Standish said that the governors are required to consider the appropriateness of the accounting policies of the College prior to approving the financial statements on page 12.

Discussion took place on item 7 Qualitative Aspects relating to the lease arrangements for the property at Skegness. Mrs Hemmant said that the Landlord was willing to settle at a large figure, not agreeable to the College. It was confirmed that the College was looking at other uses for the premises and F and GP are aware of the situation.

The Chairman said that the report would need to go to the Corporation. It was stated that the Covenants should be a standing item for F and GP to review.

7. RISK MANAGEMENT

Mrs Hemment had produced a report from the Risk Management group showing where the most serious risks lie. The report also showed any changes made and any serious risks which have materialised throughout the year. The Committee accepted the risk management report.

8. COMMITTEE PERFORMANCE MONITORING

Mrs Hemmant presented the draft report to Committee Members which showed 93% attendance. The Chairman thanked everyone.

The Committee agreed the report and confirmed the targets for this academic year. It was noted that the specialist area of review would be Network Security and System Recovery.

9. AUDITORS' PERFORMANCE

Mrs Hemmant had produced a draft report which the Committee was happy accept.

10. SKILLS FUNDING AGENCY

The Principal gave feedback on the Audit carried out by the Skills Funding Agency on classroom based learning, with a sample of 16-18 and over 19 learners. Mrs Mosek said that the audit went very well, that the College was pleased with the outcome and the final report would be received in December.

9. NEXT MEETING

It was noted that the next meeting of the Committee would take place on Thursday 21st March 2013.