

MOULTON COLLEGE FEC

AUDIT COMMITTEE

Minutes of the Meeting held on Monday 24th November 2008

Part 1

Present: Mr R Thompson (in the Chair), Mrs J Charlton-Jones,
Mr M Thomson, Mr J Hoskinson, Mr J Newton, Mr A Clarkson

In Attendance: Mr M Lane, Ms E Olson-Williams, Mr C Moody, Mr J Mair,
Mr M Wilkinson

08/19 Apologies for absence (agenda item 1)

No apologies were received.

08/20 Minutes of the meeting held on 7th July 2008 (agenda item 2, paper A)

The minutes were accepted as a true and correct record.

08/21 Matters Arising (agenda item 3)

a) Provider Financial Assurance (PFA) Audit (minute 08/18/a)

This audit had taken place as part of the Ofsted inspection. The outcome was Grade 1 – Full Assurance. Following discussion, *the report was noted*.

08/22 Internal Audit Report – July 2008 (agenda item 4, paper B)

An audit of student enrolment and record procedures had been carried out by MacIntyre Hudson's specialist team. This was an additional audit to assure Governors that the College's systems still met the required standards. There had been no recommendations or issues to draw to the College's attention. The LSC have adopted an audit of employer-led and adult responsive enrolments on a risk-assessed basis from 2008-9. If MacIntyre Hudson develop an audit programme, this may be included in 2008-09 within the audit of high risk systems. Following discussion, *the report was noted*.

08/23 Internal Audit Annual Report (agenda item 5, paper C)

The report was discussed. 264 hours of work had been completed compared to the 250 hours planned. It had not been necessary to examine any high risk systems during the year. The opinion of the auditors was that the College had adequate and effective management, control and governance processes to manage its achievement of the college's objectives. Following discussion, *the report was noted*.

08/24 Risk Management (agenda item 6, paper D)

The Risk Management Group had undertaken a major review of the risks. Some had been deleted and new ones added. The total had been reduced from 110 to 102. All risks had also been re-scored. The possibility of considering 25-30 higher level risks at this level was discussed. Following discussion, *the report was noted and it was agreed to consider the production of a shortened list plus any items changed during the year.*

08/25 Audit Action Plan (agenda item 7, paper E)

Progress with the items in the report was discussed. All required items had been completed. Following discussion, *the report was noted.*

08/26 Draft Year End Accounts – year ending 31st July 2007 (agenda item 8)

a) Moulton College (paper F)

The surplus for the year was £1,200,000 compared to £891,000 in 2006-7. The FRS17 pension adjustment included in the accounts was £272,000 to meet the liabilities over a 20 year period. The pension deficit on the balance sheet associated with the LA scheme had increased from £1.6 million to £3.5 million during the year due to poor investment performance and changes in the actuarial assumptions. Net tangible assets had increased by £2 million from the final stages of the Pitsford Centre developments. Prepayments and accruals had increased from £837,000 to £1,225,000. Following discussion, *the report was noted and it was agreed to circulate a schedule of prepayments and accruals to members.*

b) Moulton College Developments Ltd (paper G)

Turnover had fallen as fewer projects had been completed last year. It would fall further next year as the LRC Extension was being developed within the College and not the Company. A loss of £42,739 had been recorded after payment of a deed of covenant to the College to remove the taxable profit. Following discussion, *the report was noted.*

c) Moulton Trading Ltd (paper H)

Turnover had increased from £263,709 to £299,103 during the year. The deed of covenant of £7,461 had reduced the profit to zero. Mr Ashby was still a director of the company as there had been an original requirement by the FEFC to have independent directors on College subsidiary companies. Following discussion, *the report was noted.*

d) Lineobject Ltd (paper I)

There was a small trading profit of £65, but a tax loss, so no deed of covenant had been required this year. Following discussion, *the report was noted.*

e) Thomas Harrison Trust (paper J)

A deficit of £11,790 had been recorded. There had been a realised loss of £7,122 during the year following the change in the investment policy. The remaining funds were now in fixed-term cash deposits with the Bank of Scotland following the sale of the investments in May 2008. The College had absorbed the acquisition costs of the new land. Following discussion, *the report was noted*.

f) Janet Strang Memorial Trust (paper K)

A deficit of £206.86 had been recorded for the year following the change of investment policy as the funds had been invested with Barclays Personal Investment Management together with those from the Thomas Harrison Trust. Following discussion, *the report was noted*.

08/27 Draft Year End Accounts – year ending 31st July 2008 (agenda item 9)

a) Moulton College Social Club (paper L)

A small surplus of £1,707 had been recorded, similar to the previous year. Following discussion, *the report was noted*.

b) Moulton College Students Common Room and Social Committee (paper M)

A surplus of £7,722 had been recorded. The accumulated balance would be used when the new student social centre was built. The return on the invested funds was discussed. It was quite low. Funds were invested with the Natonwide Building Society. Opportunities for these types of investments were limited. Following discussion, *the report was noted and it was agreed to investigate alternative investments for the funds*.

08/28 Financial Statements Audit Management Report (agenda item 10, paper N)

The report was discussed. There were no new control matters or issues arising from the regularity audit and no audit differences this year. Forthcoming changes to accounting practices were outlined. Following discussion, *the report was noted*.

08/29 Financial Management and Control Evaluation (agenda item 11, paper O)

The LSC had introduced this document as part of the Framework for Excellence. It was the College's self-evaluation of its financial management and control arrangements. All areas had been assessed as outstanding. It required Audit Committee approval before being signed by the Principal and submitting to the LSC by 12th December. Following discussion, *the approval of the document was proposed by Mike Thomson, seconded by Ashley Clarkson and carried unanimously*.

08/30 Date of next meeting (agenda item 12)

Monday 20th April 2009 at 4.00pm.

08/31 Any other business (agenda item 13)

There was no other business.

Part 1 of the meeting concluded. Ms Olson-Williams left the meeting.

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AUDIT COMMITTEE

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Part 2

Present: Mr R Thompson (in the Chair), Mrs J Charlton-Jones,
Mr M Thomson, Mr J Hoskinson, Mr J Newton, Mr A Clarkson

In Attendance: Mr M Lane, Mr C Moody, Mr J Mair, Mr M Wilkinson

08/10 Apologies for absence (agenda item 1)

No apologies were received.

08/11 Minutes of the meeting held on 7th July 2008 (agenda item 2, paper AA)

The minutes were accepted as a true and correct record.

08/12 Matters Arising (agenda item 3)

There were no matters arising.

08/13 Audit Committee Annual Report (agenda item 4, paper BB)

The draft report was discussed. It would be presented to the Board on 3rd December. Following discussion, *the report was approved and signed by the Chairman.*

08/14 Performance of Internal Audit – Performance of Current Provider (agenda item 5, paper CC)

The paper was discussed. All performance indicators had been met for the 2007-8 year. The Internal Auditors had produced some very good recommendations during their work. The Audit Manager had changed and the new one had brought a fresh approach to the work. Following discussion, *the report was noted*

08/15 Committee Self-Assessment Report (Agenda item 6, paper DD)

The draft report was discussed. No further changes were made and, following discussion, *the Committee graded its work as 1.*

08/16 Any other business (agenda item 7)

There was no other business.

Part 2 of the meeting concluded. College staff left the meeting.