

MOULTON COLLEGE FEC

AUDIT COMMITTEE

Minutes of the meeting held on Monday 22nd November 2010

Part 1

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

In Attendance: Mr I Borley, Ms E Olson-Williams, Mr W Lumsden,
Mr G Norris, Mr C Moody, Mr R Chapman, Mr J Mair,
Mr M Wilkinson

10/20 Apologies for absence (agenda item 1)

No apologies were received.

10/21 Minutes of the meeting held on 12th July 2010 (agenda item 2, paper A)

The minutes were accepted as a true and correct record.

10/22 Matters Arising (agenda item 3)

There were no matters arising.

10/23 Internal Audit Annual Report (agenda item 4, paper B)

The report was discussed. 313 hours of work had been completed compared to the 250 hours planned. More time had been spent on the audits of stock and Train to Gain than originally planned. Part of the additional cost had been absorbed by the auditors. 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. The possibility of including the number of each level of recommendation in future reports was discussed. A summary table would be included in the Committee's annual report to the Board instead. Following discussion, *the report was noted.*

10/24 Risk Management (agenda item 5, paper C)

The report of the latest meeting was discussed. A full review of the risk register had been postponed to March 2011 by which time the government policy on funding should be clearer. The review and revision of work experience procedures was almost complete. The risk associated with inaccurate funding returns had been raised to significant as the learning aims database did not currently contain adequate information to allow an accurate review of the funding generated in the ILR. Following discussion, *the report was noted.*

Robin Chapman left the meeting.

10/25 Audit Action Plan (agenda item 6, paper D)

Progress with the items in the report was discussed. All required items had been completed by the due date apart from some items related to stock control at the Garden Centre where a new manager was in place. These

outstanding items would be completed by the end of December. Following discussion, *the report was noted.*

10/26 Draft Year End Accounts – year ending 31st July 2010 (agenda item 7)

a) Moulton College (paper F)

The surplus for the year was £537,000 more than in 2008-9 although the figures had been distorted by a change in LGPS benefits which affected the FRS17 adjustment. The underlying surplus had been in line with the budget. Following discussion, *the report was noted.*

b) Moulton College Developments Ltd (paper F)

Turnover had increased due to the construction of 2 houses. A loss of £33,575 had been recorded after payment of a deed of covenant to the College. Following discussion, *the report was noted.*

c) Moulton Trading Ltd (paper G)

Turnover had risen due to the increased use of minibuses. The deed of covenant of £12,750 had reduced the profit to zero. Following discussion, *the report was noted.*

d) Lineobject Ltd (paper H)

Turnover had been unchanged at £13,306. A loss of £379 had been recorded after payment of a deed of covenant to the College. Following discussion, *the report was noted.*

e) Thomas Harrison Trust (paper I)

A surplus of £40,580 had been recorded as a legacy of £40,000 had been received. The funds were in fixed-term cash deposits with the Bank of Scotland and producing a very low return. Following discussion, *the report was noted.*

f) Janet Strang Memorial Trust (paper J)

A loss of £103 had been recorded for the year. The investment income was currently very low. The accounts had been approved by the Trustees. Following discussion, *the report was noted.*

10/27 Draft Year End Accounts – year ending 31st July 2010 (agenda item 8)

a) Moulton College Social Club (paper K)

A loss of £1,851 had been recorded due to a reduction in turnover. Following discussion, *the report was noted.*

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

A surplus of £78 had been recorded. The accumulated balance would be used for purchase of equipment when the new student social centre was built. Following discussion, *the report was noted.*

10/28 Financial Statements Audit Management Letter (agenda item 9, paper M)

The report was discussed. Some non-recurring items had been included in the accounts, and the College had taken a prudent view on these. Net current assets had fallen significantly as a revolving credit facility had less than one year to run and had therefore become a current liability. A new facility had been secured since the year end. There were no significant audit differences. There was 1 low priority recommendation from the audit for the College to request regular statements from larger suppliers and carry out monthly reconciliations. This recommendation would be addressed. The Director of Finance reported that the outcome of the triennial review of the pension fund was due shortly. The local colleges and the university had submitted evidence to be regarded as low risk employers in future, which should limit increases in pension contributions to 1%p.a. for the next 3 years. Following discussion, *the report was noted.*

10/29 Financial Management and Control Evaluation (agenda item 10, paper N)

The short version had been completed this year as there had been no significant changes. All areas had been assessed as outstanding. It had to be submitted by 30th November. A copy would be taken to the Board the following day. Following discussion, *the document was approved.*

10/30 Chair's expenses

The Chair's expenses for 2009-10 were reported as being £156.89. Total expenses claimed by Governors amounted to £288.89. Following discussion, *the report was noted.*

10/31 Date of next meeting (agenda item 11)

Monday 4th April 2011 at 4.00pm.

10/32 Any other business (agenda item 12)

a) Retirement of Principal

Members wished the Principal well during his forthcoming retirement.

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

MOULTON COLLEGE FEC

AUDIT COMMITTEE

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Part 2

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

In Attendance: Mr I Borley, Mr W Lumsden, Mr C Moody, Mr J Mair,
Mr M Wilkinson

10/20 Apologies for absence (agenda item 1)

No apologies were received.

10/21 Minutes of the meeting held on 12th July 2010 (agenda item 2, paper AA)

The minutes were accepted as a true and correct record.

10/22 Matters Arising (agenda item 3)

There were no matters arising.

10/23 Audit Committee Annual Report (agenda item 4, paper BB)

The draft report was discussed. It would be presented to the Board on 1st December. A table summarising the number of internal audit recommendations at each level would be added to next year's report. Following discussion, *the report was approved and signed by the Chairman.*

10/24 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 2009-10 year. A fixed fee had been agreed for the 2010-11 audit. Following discussion, *the report was noted.*

10/25 Re-appointment of Internal Auditors (agenda item 6)

The 2004 Audit Code of Practice removed the requirement to regularly re-tender for audit services but placed a 7 year limit on the Audit Partner. The current partner had reached this limit so Rakesh Shaunak, the managing principal of Macintyre Hudson's education unit would become the signing partner. Elaine Olson-Williams would continue to oversee the work and attend meetings should Rakesh be unavailable. Following discussion, *it was agreed to recommend to the Board the re-appointment of Macintyre Hudson for a further 3 years.*

10/26 Committee Self-Assessment Report (Agenda item 7, paper DD)

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

10/27 Any other business (agenda item 7)

There was no other business.

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