

MOULTON COLLEGE

AUDIT COMMITTEE

Minutes of the meeting held on Monday 21st November 2011

Part 1

Present: Mr M Thomson (in the Chair), Mr A Clarkson, Mr T Neville,
Mr G Wilson

In Attendance: Mr I Borley, Mr W Lumsden, Mr S Davies, Mr R Chapman,
Mr J Mair, Mr M Wilkinson

11/20 Apologies for absence (agenda item 1)

Apologies were received from Ms E Olson-Williams.

11/21 Minutes of the meeting held on 18th July 2011 (agenda item 2, paper A)

The minutes were accepted as a true and correct record.

11/22 Matters Arising (agenda item 3)

There were no matters arising.

Jane Charlton-Jones joined the meeting.

11/23 Risk Management (agenda item 4, papers B and Bi)

The report of the meetings held in September and November were discussed. A full review of the risk register and priorities had been carried out. Some new controls had been added to existing risks and one new risk had been identified. The top 10 risks were discussed. Low success rates had entered this list following a discernible decline from a high base, although all but one category were still above national benchmarks. Controls had been put in place to effect improvements. Following discussion, *the report was noted.*

11/24 Internal Audit Annual Report (agenda item 5, paper C)

The report was discussed. 285 hours of work had been completed compared to the 250 hours planned although additional fees had not been incurred. 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.*

11/25 Audit Action Plan (agenda item 6, paper D)

Progress with the items in the report was discussed. There had been no new reports since the last meeting. All required items had been completed by the due date and none were outstanding. Following discussion, *the report was noted.*

11/26 Draft Year End Accounts – year ending 31st July 2011 (agenda item 7)

a) Moulton College (paper E)

The Member's Report was discussed. There had been problems in delivering and assessing the new Functional Skills scheme, particularly at Entry level. National results had been similarly poor. The surplus for the year was £764,000 less than in 2009-10 although the 2009-10 figures had been upwardly distorted by a change in LGPS benefits which affected the FRS17 adjustment. The 2010-11 outcome had been in line with the underlying surplus for 2009-10. Following discussion, *the report was noted.*

b) Moulton College Developments Ltd (paper F)

A loss of £49,532 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 increased during the year. The deed of covenant of £12,367 had reduced the profit to zero. Following discussion, *the report was noted.*

d) Lineobject Ltd (paper H)

A profit had been recorded following the sale of some old equipment. However, there was a taxable loss once the first year allowances on the new equipment were included. Following discussion, *the report was noted.*

e) Thomas Harrison Trust (paper I)

A surplus of £131 had been recorded. The funds had been in fixed-term cash deposits with the Bank of Scotland, producing a very low return. A new investment strategy was about to be implemented. Following discussion, *the report was noted.*

11/27 Year End Accounts – year ending 31st July 2011 (agenda item 8)

a) Janet Strang Memorial Trust (paper J)

A loss of £266 had been recorded for the year. The investment income had been very low and the investment strategy had recently been changed. The accounts had been approved by the Trustees. Following discussion, *the report was noted.*

b) Moulton College Social Club (paper K)

A loss of £2,040 had been recorded due to a reduction in turnover. Following discussion, *the report was noted.*

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

A loss of £440 had been recorded. Following discussion, *the report was noted.*

11/28 Financial Statements Audit Management Letter (agenda item 9, paper M)

The report was discussed. The SFA would not give its final confirmation of the College's income until around 13th December. The College would need to confirm that it believed its numbers were correct. The College' accounts

represented its most prudent position. The surplus was 5% of income and the balance sheet was also healthy in spite of an increase in the FRS17 pension liability. The report contained one medium and 2 low priority recommendations. The medium priority recommendation was to produce a formal paper annually summarising the key accounting considerations arising from its review of the Estate and Corporation approved estates developments. The College did not consider it necessary as no developments in the current Property Strategy involved significant impairment costs. The first low priority recommendation was to regularly review new suppliers and match them against authorisation procedures included in college regulations. The proposed electronic ordering system should eliminate the need for this. The second recommendation was to provide training for staff and consider system based methods to prevent incorrect fee credit note requests being made. A training programme would be implemented for Registry staff. Following discussion, *the report was noted.*

11/29 Financial Management and Control Evaluation (agenda item 10, paper N)

The short version had been completed again this year following a change in SFA regulations. All areas had been assessed as outstanding. Following discussion, *the document was approved for recommendation to the Board.*

11/30 Chair's expenses

The Chair's expenses for 2010-11 were reported as being £40.12. Following discussion, *the report was noted.*

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

Monday 2nd April 2012 at 4.00pm.

11/32 Any other business (agenda item 12)

a) Quality and Standards Committee Self-assessment Report

The committee had noted that it did not currently discuss the Quality Policy and Procedures as an area for improvement. As procedures were not normally discussed by Governors the possibility of including a review in a future internal audit would be discussed with MacIntyre Hudson.

b) Risk Management

The Chairman reported on a training event he had attended at KPMG. A greater understanding of risk management may be required by all Governors in future. This would be incorporated into the next Development Day programme and consideration given to extending the item to include appetite for risk.

Part 1 of the meeting concluded. Robin Chapman left the meeting.

MOULTON COLLEGE

AUDIT COMMITTEE

Minutes of the Meeting held on Monday 21st November 2011

Part 2

Present: Mr M Thomson (in the Chair), Mr A Clarkson, Mr T Neville,
Mr G Wilson

In Attendance: Mr I Borley, Mr W Lumsden, Mr S Davies, Mr J Mair,
Mr M Wilkinson

11/10 Apologies for absence (agenda item 1)
No apologies were received.

11/11 Minutes of the meeting held on 18th July 2011 (agenda item 2, paper AA)
The minutes were accepted as a true and correct record.

11/12 Matters Arising (agenda item 3)
There were no matters arising.

11/13 Audit Committee Annual Report (agenda item 4, paper BB)
The draft report was discussed. It would be presented to the Board on 1st December. Following discussion, *the report was approved and signed by the Chairman.*

11/14 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 2010-11 year. Although 35 hours additional work had been carried out, no additional fees had been charged as a fixed fee had been agreed in advance. They had carried out some particularly good work on audits of stock. Following discussion, *the report was noted.*

11/15 Any other business (agenda item 5)
There was no other business.

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