

BOSTON COLLEGE

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 20 JUNE 2019

1. PRESENT

David Hanson (Chair), Andy Atkins and Stephen Brown.

Apologies for absence were received from Ann Savage.

Also in attendance: Janet Hemmant (Clerk to the Corporation), Debbie Holland (Director of Finance), Richard Lewis (RSM) and Jonathan Creed (ICCA).

Attendance 75%

2. ACTION LOG

Members reviewed the progress made against items in the action log.

3. MINUTES

The minutes of the meeting held on 14 March 2019 were reviewed and agreed as a correct record. It was noted that Board assurance information from RSM had been circulated.

4. AUDIT REPORTS

Jonathan Creed presented internal audit reports:

a) GDPR

The outcomes and action plan in the report were reviewed and it was noted that substantial assurance had been given.

Particular note was taken of the Audit walks which had been introduced which were useful. Richard Lewis commented that it would be useful to check data retention policies against the ESFA retention rules. There is now an expectation that GDPR arrangements are in place and Jonathan advised that the focus is on good practice and keeping practices up to date.

David Hanson asked if the actions recommended on the action plan had been implemented and Debbie Holland confirmed that they had but that they were also still ongoing actions. The committee asked if the Information Commission carried out audits of GDPR and was advised that this would only happen if there was an issue. In response to a question from Andy Atkins it was confirmed that the recommendations would go onto the tracking record.

b) Payroll

The payroll report was presented with substantial assurance and no recommendations. The outcomes were similar to that of the pensions administration review. It was noted that this was a good outcome and that this was a key area for review.

Richard Lewis commented that payroll as a percentage of income was a figure which the FE Commissioner was interested in and that costs needed to be monitored. It is a common theme of the Commissioner to encourage colleges to get the cost percentage down. DH commented that this is increasingly more difficult with increases in pension costs.

c) Follow Up

The follow up report shows substantial assurance with all recommendations being complete. The committee commented that this was an excellent report.

5. INTERNAL AUDIT PLAN

Members received a report from the Director of Finance on potential changes to the Internal Audit Plan.

Members were asked to review whether the IT data security or HR performance management reports should be included within the plan for 2019-20 because two risk based audits had been included within the plan taking it over the budgeted cost. There remains an audit to be carried out on the new finance system transfer which will take place shortly and the committee noted that RSM will want to see that report.

Jonathan Creed ran through the proposed audit plan and a discussion took place about the residential audit where it was noted that a mock inspection had taken place. The committee were unsure what the accommodation review was for and whether it related to Ofsted. At Stephen Brown's suggestion it was agreed that this matter should be referred to Jo and Debbie for clarification so that a decision whether to proceed with this audit could be confirmed.

The committee discussed the IT data security and performance management audits and agreed that it would be useful for both of these to be included in the plan.

Richard Lewis commented that the review of risks in sub-contracting is critical. This is particularly important in the context of insolvency as is the funding audit.

6. EXTERNAL AUDIT PLAN

Richard Lewis presented RSM's audit plan for the year ending 31 July 2019 and advised the committee that the plan reflected discussions which had taken place with the College.

Richard asked if the Corporation were aware of any fraud which needed to be declared and it was confirmed that there was no fraud to be reported. Richard drew the committee's attention to a potential increase in pension liabilities and the key nature of the new insolvency regime for colleges. Cashflow was identified as particularly important to the College with building projects ongoing. He advised the committee that the RSM fee has increased due to requirements on disclosures on executive pay. It was suggested that the emerging issues document within the plan presented should be shared with other Corporation members. It was noted that the Corporation had already had guidance on insolvency but noted that RSM offered training in this area. Richard identified a need to be familiar with the audit code of practice as well.

Andy Atkins commented on the changeover to a new Finance system and whether this had been identified as a risk. Richard advised that he will review whether this needs to have a more focussed approach and noted that it was not currently identified as a significant risk.

David Hanson highlighted the ten questions for governors on fraud in the audit code of practice. It was suggested that this should be reviewed within the governor development programme as well as training being given to managers on what to look for in fraud.

The audit plan was approved by the committee.

7. RISK MANAGEMENT

Members received a report from the Director of Finance on Risk Management.

The committee reviewed the information presented on Risk Management arrangements and specific risks and asked about the scoring thresholds. Debbie explained how these worked. David Hanson asked about the effects of scoring and Debbie explained that mitigations were considered and shifts were monitored very regularly with SLT looking at risks every 2 weeks. In response to a question from Stephen Brown it was confirmed that Risk Management would develop further within the board assurance framework. Richard Lewis commented that mitigation actions are key, particularly looking at how they work, and it was advisable to take a deep dive on risk. It was agreed that the committee would have a look at each meeting at how mitigations worked on specific risks focussing on a selected risk and looking at it in detail.

8. FUNDING INCOME

Richard Lewis presented a document produced by RSM on College income and the key factors to monitor for funding compliance. Apprenticeship off the job training was noted to be a significant area of focus and Debbie Holland advised that the College has been doing a lot of work on this. It was suggested that the Corporation needed to be clear how the funding risks were being managed and it was suggested that a check list could be useful for consideration at a governors training event. There is a need to consider the sensitivity of the different funding streams and how these would be managed in the event of different scenarios materialising. A question was asked about how governors get information on this and the breadth of knowledge of this matter in the governing body.

Richard Lewis also highlighted the contents of RSM's risk register analysis and the questions it contained for governors.

9. LOCAL GOVERNMENT PENSION SCHEME

The committee was advised that there was a consultation out on possible amendments to the way in which support staff pensions were dealt with.

10. NEXT MEETING

It was noted that the next meeting of the committee would take place on 21 November 2019.