

BOSTON COLLEGE**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD ON 22 NOVEMBER 2018**

1. PRESENT

Stephen Brown, David Hanson and Ann Savage.

Apologies for absence: Andy Atkins

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

Attendance 75%

2. APPOINTMENT OF CHAIR 2018-19

Having been duly nominated David Hanson was appointed as Chair of the committee for 2018-19.

David Hanson in the Chair

3. APPOINTMENT OF VICE-CHAIR 2018-19

Having been duly nominated Andy Atkins was appointed as Vice-Chair of the Committee for 2018-19.

4. ACTION LOG

Members reviewed the action log and noted progress made against the items listed.

ICCA confirmed that the review of evidence of off-the-job training on Apprenticeships would be carried out as part of the funding audit later in the year. Jo Maher advised the committee that Ofsted would be looking at the quality of Apprenticeships but that the SFA will require evidence of compliance with the funding rules.

It was noted with regard to the item on Data Control Checks that information on the controls would be going to the Finance and Resources Committee on 4 February and a copy would be provided to the Audit Committee. ●

5. MINUTES

The minutes of the meeting held on 21 June 2018 were reviewed and subject to 2 minor corrections were agreed as a correct record.

A discussion took place about the appropriate codes to be adopted by the governing body. The Clerk advised that a recent Governance conference had identified that the most important thing was to choose an appropriate code and comply with it. Ann Savage suggested that an analysis of the different codes should be carried out for the Corporation. It was noted that a number of colleges were still looking at different models of governance and it was suggested that it would be appropriate for Boston College to do this as well. ● ●

6. ANNUAL ACCOUNTS

Debbie Holland and Richard Lewis presented the Annual Accounts and a report on them.

Richard explained the contents of the Annual Accounts Report and the committee noted the key points. The committee noted that the accounts note on internal controls and management of risk were particularly important as was the section on going concern. David Hanson as chair of the committee summed up the arrangements and information supporting the statements made in the accounts which included the support offered by the internal audit service, the sound pre-audit process for the financial accounts audit and the standing risk management committee. The going concern statement reflects the financial position of the College.

Richard Lewis confirmed that he had spoken to the Chair of the Corporation and to the Principal regarding regularity requirements reported in the accounts and the regularity questionnaire and drew members attention to the auditor's opinion given within the accounts. Having drawn the attention of the committee to the income and expenditure account and balance sheet, he advised that the accounting policies at the College were consistent and appropriate. A key point to note was the investment in the EMAT Centre and IT and also that the College had very healthy levels of cash as compared with debt.

Members were advised that the pensions gain was due to changes in the calculations. Richard Lewis completed his part of the presentation with confirmation that RSM had given an unqualified audit opinion on the accounts.

Stephen Brown asked about sector debt levels. Richard Lewis confirmed that there was no average level but that high levels of debt are not uncommon nor are low cash levels. Debts are generally highly geared. Jo Maher confirmed that she has advised the Finance and Resources committee that this puts the College in a strong position and makes the College one of the strongest financially in the sector.

Stephen Brown drew attention to the number of cash days. Jo Maher explained that the development of the EMAT Centre demonstrates the College is investing and innovating and advised that another LEP bid was being planned. She told members that when the insolvency regime comes in some college closures are expected. Jo confirmed that the College is in a challenging but strong position. Challenges coming up on Estates include the condition of the car park and some rooms and an Estates strategy will be taken to the Finance and Resources Committee. It was noted that there was unlikely to be any funding uplift in the near future.

The committee was advised that the College was still waiting for further guidance on the insolvency regime. Jo explained a number of issues which were common across the sector which included some conflict which had been created by the Area Review process. One positive for Boston College is that demographics are recovering locally and that will help the 16-18 funding contract recover.

The Chair summed up that the College was in a good financial position at present and that it was aware of the challenges and opportunities before it.

Richard Lewis led the committee through the audit findings and advised that the College had taken RSM's advice on bespoke pensions assumptions. One point of interest was noted to be the lease provision for dilapidations on the Skegness property.

Richard asked if there was any awareness of any fraud in the College to the value of over £10,000 and it was noted that no-one was aware of any.

Jo Maher advised the committee that the impact of devolution on AEB funding was likely to reduce income in the future. The College was looking at alternative procurement routes in the area to offset the loss.

Richard Lewis reported that funding audits generally were going quite well and that RSM would be issuing summary advice on these.

The committee noted that the Chair and Principal are required to sign the statement of corporate governance and internal control and was satisfied that the statements being made within their annual report meant that this could be signed. The committee was also satisfied with the audit findings.

It was noted that the financial audit had gone well and the committee thanked Debbie Holland for her work.

7. INTERNAL AUDIT

Members received the final audit report for 2017-18 on pensions administration and noted that this carried substantial assurance. Jonathan Creed advised that pensions administration was well designed and operating efficiently and the audit had found no issues, one minor recommendation had been made. The College was looking at pension scheme options at the present time.

Jonathan presented the annual internal audit report for 2017-18 prepared by ICCA Education Training and Skills. The committee noted that the report gave reasonable assurance on governance, risk management and systems of internal control and was a clean audit opinion.

8. RISK MANAGEMENT ANNUAL REPORT 2017-18

Members received a report from Debbie Holland on risk management including information on the top risks and the detailed information presented by the Risk Management Group.

Debbie advised that the Risk Management Group looks at a selection of risks at its meetings and the risk register is actively managed. The committee had a discussion about how they could review the highest risks. It was agreed that the top 10 risks should be reviewed in more detail over the course of the year.

9. COMMITTEE PERFORMANCE MONITORING

Members received a report from the Clerk to the Corporation on the committee's performance against its 2017-18 targets which were covered within the draft annual report. The committee approved the contents of its annual report to the Corporation and noted that it was satisfied with its performance against its terms of reference.

The committee agreed to recommend its targets for 2018-19 to the Corporation:

- Make an annual report to the Corporation
- 80% attendance at meetings
- Carry out in-depth reviews of the College's top 10 risks.

10. AUDITORS REPORT PERFORMANCE

Members reviewed draft analyses of the performance of ICCA and RSM and approved these and agreed to recommend both Auditors re-appointment.

11. **FE COMMISSIONERS REPORT**

Richard Lewis drew attention to information from the Commissioner and it was agreed that this would be circulated to the Corporation. ●

12. **DATES OF MEETINGS**

It was noted that the next meetings of the committee were scheduled to be held on 14 March and 20 June 2019. It was agreed that members of the committee would advise if any changes to these dates were required.