Minutes of the Barnfield College Audit Committee Meeting held on Wednesday 9 December 2014 at 6.45 pm in the Conference Suite, Barnfield College, New Bedford Road, Luton LU2 7BF.

Governors | Cumulative Attendance | Present at this Meeting
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Trevor Warrs (Chair) | 2 of 2 | ✔
Helen Bailey | 1 of 2 | Apologies
Trevor Holden | 0 of 2 | Apologies
Bronwen Philpott | 2 of 2 | ✔

Percentage Attendance to date 62.5% Percentage Attendance this Meeting 50%

In Attendance: Monica Box – Interim CEO, Lynda Connon - Executive Director Finance, Andrew Murdock – Interim VP Resources, Ian Joyce – Financial Controller; Andy Latham – PWC; Ben Wiper – PWC; Lisa Milligan – Clerk, Janice Webber - Interim Clerk

1. Apologies for Absence
   Apologies had been received in advance from Trevor Holden and Helen Bailey.
   The Meeting was quorate.

2. Declaration of Financial and Non-financial Interests
   Bronwen Philpott declared her interest as a Board Member of Barnfield Academy Trust, Moorlands Free School Trust and Barnfield Studio School Trust.

3. Minutes of the Previous Meeting
   The Minutes of the meeting held on 12 November 2014 were approved as an accurate record and signed by the Chair.

4. Matters Arising and Register of Actions

5. Internal Audit Service – to receive a verbal update - Lynda Connon, Executive Director Finance
   There had been noting further to report at this stage.

6. Reserves’ Policy - referred from FEC Board held on 20 November 2014
   Paper (11 November 2014) Reserves Policy by Executive Director Finance (Tabled)
   This was taken under item 7q, see below.
7. Review of the post audit financial statements for 2013-14 and the report of the Auditors

- Barnfield Education Services Ltd Directors’ Report and Financial Statements for the Year Ended 31 August 2014
- Barnfield Shared Services Ltd Directors’ Report and Financial Statements for the Year Ended 31 August 2014
- Barnfield Academy Trust Annual Report and Financial Statements for the Year Ended 31 August 2014
- Barnfield Studio School Annual Report and Financial Statements for the Year Ended 31 August 2014
- Moorlands Free School Annual Report and Financial Statements for the Year Ended 31 August 2014

It was agreed to consider items 7 and 8 together. The full scope audit for 2013-14 financial year ending 31 July 2014 had now been completed. Pages 3/4 provided a high level summary of the audit position. The auditor took Committee members through the reports highlighting key points and the following is a brief summary of the points raised/noted in discussion:

Financial Statements Management Letter
a. The post year end outturn showed that the College had benefitted from funds received from Barnfield Education Partnership Trust (BEPT) in relation to the Endowment Fund resulting in a small surplus of £351k, an improvement on the deficit of the previous year;
b. The major capital expenditure plan had been put on hold for the time being at least;
c. Pension liability had gone up;
d. It was noted that BEPT had net liabilities as at 31 July 2014 of £3,000 and hence was reliant on the continued support of the college in order to continue as a going concern. Accordingly in order for an unqualified opinion to be issued a letter of subordination was needed from the college to provide support to BEPT. The external auditors would provide a letter for Board approval;
e. The College had a number of other companies and their respective positions had been summarised in the report, three of which were in the process of being wound down – Barnfield Incubator Trust, Barnfield Metaswitch and Schole Educational Trust;
f. The Barnfield Education Services had a current year net gain of £287k;
g. Auditors advised that there was nothing to highlight from the Regularity Audit;
h. There had been no unadjusted misstatements;
i. The Letter of representation was noted and that there was nothing to highlight from this;
j. Committee Members were referred to the internal control deficiencies highlighted on page 14 in particular the wording relating to the work in relation to the fixed asset register. The Executive Director Finance felt that
this was misleading and the auditor agreed that this was reworded. Fixed asset register control mechanism was required and the College had undertaken a considerable amount of work on this. The reconciliation had now taken place;

k. The auditors reported that overall the College had made good sound progress;

l. There was discussion over the Studio School position and whether there was a plan for it to support itself or needing support. To be a viable going concern this needed to be demonstrated through a viable business plan.

The Committee received and noted the financial statements management letter and letter of representation which would also be presented to the Board.

Regularity Audit

m. The regularity self-assessment questionnaire (part of the Joint Audit code of Practice) was tabled. This demonstrated the college’s position in relation to compliance with regularity and propriety requirements. It provided an insight for the auditors and to a degree enabled them to base their audit work around the responses;

n. It was noted that the Register of Business Interests for Board Members was up to date;

o. An amendment was noted that the Human Resources Director was interim and not a new Director.

The Committee AGREED to RECOMMEND the Regularity Audit Statement to the Board subject to the amendment highlighted above.

Barnfield College Annual Report and Financial Statements 2013-14

p. The following amendments were agreed –

Page 7 – to read ‘The College strives to maintain its good reputation locally and nationally’

Page 8 - should read ‘95% of the College’s revenue was ultimately public funded’ and not 74% as stated.

These would be amended

q. The Executive Director finance drew the Committee’s attention to the Reserves Policy Statement (page 5) and her paper circulated in advance of the meeting (item 6). The College Board had referred consideration of this to the Audit Committee;

r. There was discussion around modelling financial health to determine the reserves policy. It was recommended that a number of scenarios be investigated including a reduction in net current assets for future modelling of the reserves policy;

s. It was agreed that the Reserves’ Statement should remain as drafted as it met current requirements;

t. There were further postings to be made and the expected outturn to be carried forward to 2014/15 would therefore be a difference of an additional £76k.

The Audit Committee AGREED to RECOMMEND to the Board approval of the Annual Report and Financial Statements for the year ended 31 July 2014
Barnfield Education Partnership Trust (BEPT)
u. This had been discussed earlier (see d above);
v. An amendment to the Principal activity was to be made to reflect the terms of reference.

The Audit Committee AGREED to RECOMMEND to the BEPT Board approval of the BEPT Directors’ Report and Financial Statements for the year ended 31 July 2014 at its meeting on 11 December 2014.

Barnfield Apprenticeship & Training Agency Limited (BATA)
w. It was noted that this company was currently being wound up and therefore the accounts would not need to be filed at Companies House

Barnfield Education Services Limited (BES)
x. BES was also being wound down but there remained a pension liability to be resolved. This was being dealt with by the actuaries and there would need to be consideration of how the liabilities would be met.
y. The accounts would need to be received and approved by BES but would not need to filed as the company was being wound up within twelve months of the balance sheet date.
z. The IT Managers would need to determine the costs of any IT related assets so that anything that could be separated out could be split and otherwise the BES Board would need to reach agreement over how the asset was to be transferred.

Barnfield Shared Services Limited (BSS)
aa. It was noted that this company was also currently being wound up and if this was completed within twelve months of the balance sheet date the accounts would not need to be filed. Filing of the accounts at Companies House was due May 2015.

8. Receive financial statements management letter
   Paper – Barnfield College Year End Report to the Audit Committee by PwC including Letter of Representation

   This was taken under item 7, see above

9. Any Other Business
   Audit Committee Annual Report for 2013/14 Financial Year
   The report had been prepared by the Chair and was NOTED by the Committee

10. Date and Time of Next Meeting
    The next meeting will take place on 4 March 2015 at 5.30 pm.

The Committee noted that this would be Lynda Connon’s last Audit Committee meeting and thanked her for her hard work and support of the Committee.

Signed: __________________________________________________________
       Chair of the Audit Committee

Date:    __________________________________________________________