

Mrs S Newland
Students' Union at Bournemouth University
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Our Ref: BOU019/LF

1 December 2010

Dear Sarah

STUDENT UNION AT BOURNEMOUTH UNIVERSITY – MANAGEMENT LETTER

Now that our audit has been completed, I am pleased to set out for you our findings, along with suggestions for improvement.

As part of our audit process, we review the system of controls in order to establish to what extent we can rely on the controls in the audit process. My comments and observations below are based on this assessment, which is by no means a review of all the controls, nor all the areas, as we do not perform an in-depth review.

This report has been prepared for the sole use of the SUBU management and must not be shown to third parties without our prior consent. No responsibilities are accepted by Filer Knapper LLP towards any party acting or refraining from action as a result of this report. This report includes the operations of Feelprime Limited.

We found the accounting systems and records to be of a high standard and the controls in place satisfactory for an organisation of this size. The employees responsible for the operation of the accounting systems appear to be well-trained and confident in their duties. There is an open-door policy, with easy access to higher authority when needed.

However, we noted a few areas where some improvements could be made and the main areas highlighted for further consideration are detailed below:

1. FIXED ASSET REGISTER

As in previous years, we found that there is still no fixed asset register kept detailing all of the fixed assets held by the Union which details their original cost, date acquired and depreciation to date. This can be a problem if an asset is disposed or scrapped because it would not be possible to identify the cost and accumulated depreciation of that particular asset to enable it to be accounted for correctly in the financial statements. It can also be used to identify assets no longer held that may not have been accounted for by carrying out a periodic review with the managers.

We would recommend that such a register be started from this date forward and, if possible, backdated to show all the assets currently held by the Union. A fixed asset register can also act as a good working document in the event of an insurance claim or when needing to identify various assets.

Now Register being developed (S)

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2. CLAIMING INPUT VAT

During our testing of expenditure in Feelprime Limited, we found that VAT had been reclaimed incorrectly on an invoice which had no VAT number. This invoice was for £900 (net of £765.96, posted to NL code 6346) and was in relation to van repairs and carries a sage line number of 19067.

We would recommend that all staff posting transactions are reminded that a proper VAT invoice is required to avoid this occurring again.

We would also recommend that you try to obtain a correct VAT invoice in relation to this expenditure. If the supplier is not VAT registered the input VAT reclaimed will need to be repaid back to HM Revenue and Customs.

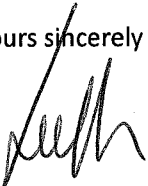
3. VARIANCE EXPLANATIONS TO BE RECORDED

When looking at the sales systems, it was noted that on occasions, explanation of variances are not recorded. We specifically noted that in relation to TOFS income the daily summary spreadsheet for 13 November 2009 was £278 different to that day's figure on the monthly till printout. No explanation of this variance was noted. Part of your control procedure is to investigate any larger variances and we need to see evidence that these have been investigated and explained. Adding explanatory notes to the file for each month would be sufficient.

*Added reminder to monthly
checklists*

When you have had a chance to review the above, I would be very happy to discuss the issues raised with you.

Yours sincerely



LUCY FILER
For and on behalf of FILER KNAPPER LLP

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