

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON  
WEDNESDAY 3 JUNE 2015 AT 4.00 PM  
IN ROOM A7 AT THE ISLE OF WIGHT COLLEGE**

<b>Present:</b>	Mrs Jessica Garbett	Chair
	Dr Nick Sinnamon	Vice Chair
	Prof Nigel Hastings	Governor
	Mr Mike Hosking	Governor
	Mrs Sheila Paul	Governor
<b>In Attendance:</b>	Mrs Debbie Lavin	Principal
	Mr Peter Thompson	Lead Officer
	Brian Bowker	Clerk to the Corporation
<b>In Attendance (External)</b>	Ms Iona Bond – Southern Internal Audit Partnership	
<b>Apologies:</b>	Mr Graham Cooper (Work), Mrs Tracy Bull – <i>Not required</i> Ms Jenny Hill, Baker Tilly Audit Limited – <i>Not required</i>	

***The Chair noted the sad death of Mr Roy Bromley and Members agreed that his contribution to the Corporation and the College had been very significant.***

***The Chair welcomed Ms Iona Bond to her first meeting of the Audit Committee.***

**ACTION**

**12/15 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**13/15 APPROVAL OF THE NON CONFIDENTIAL MINUTES OF THE MEETING OF 11 MARCH 2015**

The Minutes were APPROVED as a true record of the meeting.

**14/15 MATTERS ARISING FROM THE MEETING OF 11 MARCH 2015**

It was noted that the College had decided that there was no need for a separate audit of maths and English student enrolments for the September 2015 intake. All other matters arising have been addressed.

**15/15 RISK MANAGEMENT POLICY REVIEW**

The Assistant Principal – Resources and Finance reminded Members that during the last 9 months the College has sought to refine its risk management, working with internal auditors, by developing a Board Assurance Framework (BAF) that will provide more robust assurance to Corporation. The outcome of this action is now fully incorporated in the revised risk management policy.

The Chair asked for background information regarding the BAF and the development of a framework by the College. The Assistant Principal provided a detailed response, identifying the input of Southern Internal Audit Partnership (SIAP) into the

development of a framework and its impact on the College Risk Register.

The Chair asked that in the interests of clarity a “roadmap” for BAF progress to date would be helpful. The Assistant Principal agreed to provide this for the November meeting and also agreed to amend 6(g) in the Risk Management Policy.

PT

The Committee RECOMMENDED the Risk Management Policy to Corporation for approval.

#### **16/15 RISK REGISTER: BOARD ASSURANCE FRAMEWORK**

The Assistant Principal informed Members that the Risk Register has been fully revised to focus on BAF controls at 3 levels of assurance; local, management and external. He stated that the key outcomes from working with SIAP had been a strengthening of all levels of assurance, the mapping of risks to strategy and developing the framework to secure independence of assurance. He stated that SIAP will now review the document and use it as a basis of audit planning and structure, and the frequencies detailed for each risk will be catalogued to form part of an annual cycle of activity that can be monitored more effectively at all levels. The Chair asked if the separate Risk Register for the capital building programme was being maintained and monitored and she was reassured that it is being monitored by the Capital Committee.

The Assistant Principal was reminded that an objective of the risk management review was to raise awareness and generate greater understanding of risk and risk management by the main staff body. He was asked how this was progressing and informed the meeting that staff are currently still using the old risk format but as they move into self-assessment of current year performance they will adopt the new structure. A number of specific questions were asked about elements of the Risk Register, including the grading of the health and safety risk. The Assistant Principal queried whether an institution could ever state that it had mitigated all potential health and safety risks, which is reflected in the grading.

The Committee RECOMMENDED the revised Risk Register for approval by Corporation.

#### **17/15 ANNUAL FRAUD REPORT**

The Assistant Principal informed Members that there were no identified instances of fraud during the last 12 months. However, SIAP have identified opportunities for further controls to provide security to staff.

The Committee CONSIDERED the report.

#### **18/15 INTERNAL AUDIT 2014/15 VISIT 3 REPORT**

The SIAP representative took Members through the report and reminded them that the areas covered were; debt, additional learning support and follow up on data protection. She stated that the audit was unqualified although there are 4 key action points to be addressed arising from the audit visit. She drew attention to the business area, debtors and income collection, and informed Members why this area had received a “limited assurance audit opinion”. She stated that there were no significant issues but the total debt balance is quite significant and although not considered to be a “doubtful debt” the College needs to continue collecting the debt. With regard to additional learning support the SIAP representative explained that the reason an “adequate” audit opinion had been given was because the level of funding has not yet been agreed with HCC and

therefore the potential financial impact on this area is as yet uncalculated. However, she stated that there is much good practice in this area and the processes are working well. Members noted that some of the debt goes back several academic years and asked why this debt had not been written off. The Assistant Principal informed them that the College was still actively pursuing old outstanding debt and payments were still being received, many of them, by instalment.

The Chair focussed questions on action plans 2 and 4 in the debtors and income collection section of the report and received satisfactory responses to the questions. The SIAP representative stated that the College is the most proactive of their clients in chasing debt and money is still being recovered.

The Committee CONSIDERED the report.

#### **19/15 ACCOUNTING POLICIES**

The Assistant Principal reminded Members that the Accounting Policies are used to prepare the College accounts and are in the note to the financial statements. He informed them that no significant changes have been made to the policies in year.

The Committee RECOMMENDED the Accounting Policies to Corporation for approval.

#### **20/15 EXTERNAL AUDIT PLANNING MEMORANDUM**

The Assistant Principal – Resources and Finance informed Members that he had had a telephone conversation with the external auditor and agreed the dates, focus and emphasis of the forthcoming Audit, noting the comparative tight deadlines involved.

Members noted that there was a level of concern on the part of the external auditors regarding the College's cash position specifically related to the forecast financial outcome and its impact on covenants and cash flow.

The external auditors have noted new build progress but are fully aware of the College's current financial position, potential funding issues and bank covenants.

The Committee RECOMMENDED the external audit planning memorandum to Corporation for approval.

#### **21/15 FINANCIAL REGULATIONS**

Members noted that there were no significant amendments in either the Financial Regulations or the Financial Procedures. Minor adjustments reflect organisational structure change below SMT level and amendments to reflect changes in fees policy. Members considered the Financial Regulations and the Assistant Principal was asked to make minor updates, relating to changes in Government organisations.

PT

The Committee RECOMMENDED the Financial Regulations to Corporation for approval.

#### **22/15 AUDIT ISSUES LOG**

The Assistant Principal – Resources and Finance reminded Members that the audit log is not a mandatory requirement but is provided for the Committee to ensure recommended management points are being actioned in a prompt and effective manner. Members considered the audit issues log and noted the significant progress being made in eroding issues.

The Assistant Principal was asked to improve the layout and colour coding issues to improve the accessibility of the document.

PT

The Chair asked Members if they had any concerns about the rate of progress in addressing issues and there were none. She stated that the Committee can take assurance from the fact that the external auditors will return and review progress and progress will also be monitored in future internal audits.

The Committee CONSIDERED the Audit Issues Log.

### **23/15 DATA PROTECTION AND FREEDOM OF INFORMATION**

The Assistant Principal – Resources and Finance informed Members that both policies were subject to significant review and revision in 2015 following an internal audit visit. He stated that required actions were listed in the Visit 2 internal audit report and the majority of actions recommended have now been implemented. He informed Members that the mandatory data protection training for all staff was progressing well and higher level training had been identified for 3 key post holders with responsibility for both data protection and freedom of information. Members noted that SIAP have viewed the policies and are comfortable with them.

The Committee RECOMMENDED the policies for approval by Corporation.

### **24/15 REVIEW OF PERFORMANCE OF THE INTERNAL AUDIT SERVICE**

*The internal audit representative left the meeting at this point*

The Assistant Principal – Resources and Finance drew Members attention to his assessment of internal audit performance, which was very positive. Members agreed that the service being provided was a significant improvement on the previous provision and agreed that SIAP should be retained for the 2015/16 academic year.

*The internal audit representative re-joined the meeting at this point.*

The SIAP representative stated that a good relationship had been developed with the College, staff involved with the audits had been extremely professional and there had been good administration of audit meetings.

The Committee RECOMMENDED to Corporation the re-appointment of SIAP for 2015/16.

### **25/15 DRAFT INTERNAL AUDIT PLAN**

Members considered the internal audit plan and noted that there had been full consultation with relevant senior managers and no significant changes to agreed priorities were being recommended. It was noted that the first audit visit will need to take place earlier than in 2014/15 to ensure timely production of the first internal audit report.

The Committee RECOMMENDED the internal audit plan to Corporation for approval.

### **26/15 AUDIT COMMITTEE TERMS OF REFERENCE**

The Committee CONSIDERED the audit terms of reference and recommended them to Corporation for approval.

**27/15 EVALUATION OF COMMITTEE EFFECTIVENESS 2014/15**

The Committee CONSIDERED and APPROVED the self-assessment exercise on Audit Committee performance in 2014/15.

**28/15 AUDIT COMMITTEE MEETING SCHEDULE 2015/16**

The Committee NOTED the 2015/16 meeting schedule.

**29/15 DISCUSSION WITH AUDITORS WITHOUT MANAGEMENT PRESENT**

There was no requirement for a discussion.

**30/15 ANY OTHER BUSINESS**

There were no items of any other business.

**31/15 DATE OF NEXT MEETING**

Wednesday 11 November 2015 at 4.00 p.m. in room A7.

Date: \_\_\_\_\_ Chair: \_\_\_\_\_

**MISSION STATEMENT  
Putting Students First  
Working for Employers  
Supporting our Community**