

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON WEDNESDAY 13 FEBRUARY 2008 AT 4.00 PM THE ISLE OF WIGHT COLLEGE, MEDINA WAY, NEWPORT, ISLE OF WIGHT.

Present:	Mr John Pulsford Mr Bob Streets Mr Peter Shaw	Chairman
In attendance:	Ms Carol Bliss Mr Brian Bowker Mrs Debbie Lavin Mr David Morris	Interim Director of Finance Clerk to the Corporation Principal Internal Auditors (MacIntyre Hudson)
Apologies:	Dr Nick England (Work) Mr Chris Mantel	External Auditors (Tenon)

ACTION

- 01/08 APOLOGIES**
Apologies were received from Dr Nick England (Work) and Mr Chris Mantel (Tenon)
- 02/08 DECLARATION OF INTERESTS**
There were no declarations of interest.
- 03/08 MINUTES OF THE MEETING HELD ON 13 NOVEMBER 2007.**
Members received the Minutes of the meeting held on 13 November 2007.

RESOLVED: That the minutes of the meeting held on 13 November 2007 be approved and signed.
- 04/08 MATTERS ARISING**
It was noted that all matters arising had been addressed or were in hand. The Clerk drew attention to a copy of the latest Audit Code of Practice which had been provided for Committee Members. It was agreed that this should be an item on the next Audit Committee meeting agenda. The Interim Director of Finance provided an update on the tax implications of transferring land back to the College.
- 05/08 RISK MANAGEMENT/REGISTER**
The Principal provided the Committee with an overview of current risks and associated management. The changes to the LSC funding methodology were identified as a high risk, particularly in relation to adult funding, where there has been a significant decline in funding. Currently it is unclear if the reduced funding can be compensated for elsewhere and a decision from the LSC will not be made until later in the current academic year. It was noted that the changes will have a direct impact on cashflow, with Colleges being funded retrospectively following programme delivery.

IWIGITS was noted as a risk, although the risks are reducing now that the College has greater clarity, following the inspection, of the significant issues relating to IWIGITS. The Principal stated that a strong manager has been introduced in this area who is implementing stronger controls and focusing on the tracking of learners.

Work based learning (WBL) remains a risk and the College is falling slightly behind on profile but the WBL structure is being reviewed to further improve the match between employer expectations and delivery.

The Capital Project is high risk but the Principal stressed that any decision on new build accommodation needs to be made on the basis of the quality of provision for learners and not political expediency. The Internal Audit representative stated that he felt there was a 9 month window of opportunity remaining to obtain Approval in Principal for Capital Projects.

A question was asked relating to how often the Risk Register is reviewed. The Interim Director of Finance indicated that the Register is reviewed by SMT on a 3 monthly basis and by the Risk Management Group every 6 months. The Principal stated that risks to the College were reviewed constantly and the process is now embedded. Department Heads are more a risk aware and aware of the need for contingency plans than ever before and risk is reviewed on a routine basis during general College activity.

It was noted that the performance management of identified actions was done by the Risk Management Group.

The Chair thanked the Principal for highlighting the current key risks.

The Committee CONSIDERED the Report

06/08 FINANCIAL CONTROL EVALUATION

The Interim Director of Finance took Members through the Financial Control Evaluation (FCE) Report. She explained that the College is participating in an LSC pilot to replace the current Self Assessment Report Questionnaire (SARQ) as part of the LSC's Framework for Excellence development. She drew attention to the Financial Control descriptors and stated that the College had evaluated its Financial Controls as a Grade 2. This grading was endorsed by Committee Members who felt that it reflected the current position of the College and this view was supported by the Internal Audit representative.

The need for Committee Members to take a particular interest in Risk Management and the need for the College to focus on the Improvement Plan (pages 38/40) of the FCE were noted.

The Committee CONSIDERED the Report

07/08 INTERNAL AUDIT REPORT NO.1 2007/2008

Members considered the draft Internal Audit Report, following the audit visit in November 2007. It was noted that the Report provided an overview of internal systems for; Train to Gain; Bank and Cash; Payroll and Personnel Management; Central Nominal Ledger; Budgetary Planning and Control and Fee Income.

ACTION

The Chair discussed the College League Table and the College's position within it. Discussion took place regarding the two high priority recommendations, relating to "Outstanding July 2007 Transactions" and "Recording of Income in Unit E". The Interim Director of Finance reassured Members that these would be addressed by the target date.

CB

The Interim Director of Finance was asked to provide more detail regarding the "Credit Control" issue and the target date for collecting all student debt by 31 March 2008. The Interim Director of Finance outlined new, stringent action being taken to address student debt and the need to do this was stressed to avoid punitive future LSC action.

It was noted that the highest level of recommendations related to "Bank and Cash" which were above the bench mark. The Interim Director of Finance and the Internal Audit representative felt that significant progress would be made in this area before the next audit visit.

The Committee CONSIDERED the Internal Audit Report and recommended it for APPROVAL by Corporation.

08/08 AUDIT ISSUES LOG

Members reviewed the Audit Issues Log and the Interim Director of Finance took Members through the Report and informed them that completed items would be removed in the next update.

The Chair asked for a progress report update on any areas of significant concern, particularly areas that were significantly behind target completion dates. The Interim Director of Finance stated that there were no significant areas of concern. She also agreed to amend the report presentation by incorporating page numbers.

CB

The Internal Audit representative suggested that future Internal Audit visits could validate follow up actions and be incorporated into the Internal Audit Report. Members supported this proposal.

CB

The Committee CONSIDERED the Report

The Internal Audit representative left the meeting at this point.

09/08 TENDER FOR AUDIT SERVICES

Discussion took place regarding the process and procedure for tendering for audit services. The Clerk agreed to provide Members with details of the LSC requirements from the Audit Code of Practice.

Clerk

The Clerk will check current timings for both the internal and external Audit appointments and it was agreed that a draft Process and Procedures Timetable should be produced and circulated by the Clerk for Members to consider. It was also agreed that the tendering for audit services would take place outside the normal Audit Committee Meeting schedule.

Clerk

Members NOTED the proposals for tendering for Audit Services.

ACTION

10/087 ANY OTHER BUSINESS

Mr Bob Streets provided Members with an update on the proposed Audit Committee Members training (including the College Risk Management Group) and it was agreed that the presenter should provide the Clerk with a proposed programme and dates for consideration by Members. Mr Bob Streets agreed to follow this up.

BS

11/08 DATE OF NEXT MEETING

5 June 2008

Date: _____ Chairman _____

MISSION STATEMENT

**Putting Students First
Working for Employers
Raising Community Aspirations**