

DRAFT

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
 TUESDAY 24 JUNE 2008 AT 4.00 PM
 IN ROOM A7 AT THE ISLE OF WIGHT COLLEGE**

Present:	Mr John Pulsford Dr Nick England Mr Peter Shaw Mr Bob Streets	Chairman
In attendance:	Ms Lynne Christopher Miss Carol Bliss Mr Brian Bowker Mr David Morris Mr Matt Pillinger	Acting Principal Interim Director of Finance Clerk to the Corporation Internal Auditors (MacIntyre Hudson) External Auditors (Tenon)

Apologies: None

ACTION

12/08 APOLOGIES
No apologies received.

02/08 DECLARATION OF INTERESTS
There were no declarations of interest.

13/08 MINUTES OF THE MEETING HELD ON 13 FEBRUARY 2008.
Members received the Minutes of the meeting held on 13 February 2008.

RESOLVED: That the minutes of the meeting held on 13 February 2008 be approved and signed.

14/08 MATTERS ARISING
It was noted that there was one outstanding item relating to Audit Committee Member Training. Bob Streets updated Members regarding the fact that the potential trainer had now retired and left the Local Authority. He agreed to explore other avenues for identifying and providing a trainer. **BS**

The Agenda Items were taken out of order because the Acting Principal had been detained at the start of the meeting.

15/08 FINANCIAL REGULATIONS: ANNUAL UPDATE
The Interim Director of Finance informed Members that the College Financial Regulations were based on the CIPFA Model and no material changes had been made since it was last considered. She reminded Members that some minor changes had been made last year which had then been approved by the Audit Committee and the full Corporation.

A discussion took place regarding the adding of interest charges for late payment by students. The Interim Director of Finance stated that a number of options had been explored to try and maximise Student payment. She indicated that consideration had been given to using a solicitor to pursue the debts but that in most cases this would not be cost effective because of the low level of fees being pursued.

It was agreed that consideration be given to incorporating this into the “Fees Policy” and the Interim Director of Finance reiterated that the Fees Policy is being applied in a more rigorous manner this year, particularly during the enrolment of new students. It was agreed that paragraph 16.5 on page 25 of the Financial Regulations would be amended.

CB

The Committee CONSIDERED and recommended for APPROVAL to Corporation, subject to the amendment of paragraph 1.65 regarding late payment and the withholding of certificates.

16/08 AUDIT ISSUES LOG

CB

The Interim Director of Finance reminded Members that recommendations from previous internal and external Audit Reports are collated and monitored at each Audit Committee meeting. She stated that a number of issues had been addressed since the last Audit visit. She indicated that there were no substantive items on the Log that remained outstanding.

Members drew attention to some areas of the Log that required updating, particularly in relation to completion dates and new target dates, for example on pages 4, 13 and 14. The Interim Director of Finance agreed to check the report and amend dates where relevant.

The Committee CONSIDERED the report.

The Acting Principal joined the meeting at this point.

17/08 CAPITAL PROJECT RISK MANAGEMENT PLAN

The Acting Principal explained the process for generating the plan, through considering general College risks and specific Capital Project Risks. She highlighted the highest risks lay with escalating costs of the Project, impact on inspection and failure to recruit the projected 6th Form students. She informed Members that the Risk Management Plan would be reviewed on a regular basis and amended as some risks decreased and other new risks emerged.

The Chair recognised that the new 6th Form and recruitment to it was both a political and a financial risk. He asked for clarification and reassurance on the risk associated with escalating project costs. The Acting Principal stated that no contract would be signed with contractors until all costs were clearly identified and the LSC approval, with associated funding was provided.

A question was raised regarding the decision to have two distinct Risk Registers. The Acting Principal stated that Capital Project Risks had been separated out for ease of consideration by the LSC. It was agreed that the Capital Project Risk Register would be considered by the Audit Committee on a termly basis and would then go to the full Corporation.

Clerk

Members were advised that the recruitment of 500 students to the new 6th Form was a high risk as it is clear that High School Heads are actively promoting their 6th Forms.

It was noted that the parameters have now moved and the current lack of 6th Form provision and experience at the College will be capitalised on by competitor institutions. The Acting Principal agreed the need for the College to be proactive in raising awareness of the new College 6th Form.

The Committee RECOMMENDED the Capital Project Risk Management Plan for APPROVAL by Corporation.

18/08 RISK MANAGEMENT PLAN AND REGISTER REPORT

The Acting Principal took Members through the report and reminded them that the Risk Register and associated Action Plan is reviewed by the Senior Management Team and monitored by the Risk Management Group.

She stated that the most significant risk relates to LSC Funding given that a number of recent changes will have a negative impact on the College's budget. It is currently estimated that the College will receive £1m less income for the forthcoming academic year. She also reiterated that the Capital Project and its development within the current political climate remains a high risk.

The Interim Director of Finance drew Members attention to the new Risk Register format proposed by the Internal Auditors. The view of the Committee Members was that the current format was not as clear as it might be and consideration should be given to amending it. The Committee agreed that the Risk Register format would be reviewed by the new Director of Finance. Members were also reminded of the importance of the need to focus on managing risk and not just analysing and scoring it.

CB/SL

The Committee RECOMMENDED the Risk Management Plan and Register for APPROVAL by Corporation.

19/08 ZURICH INSURANCE COMPANY RISK MANAGEMENT REPORT

Discussion took place regarding the recommendation by the insurance company for the installation of sprinklers in the new building. The Acting Principal stated that the Project Design Team were considering this recommendation. The Chair stated that he felt the College may be exposed if it had sought advice and then chose to ignore it, particularly in relation to sprinklers which were supported in the report by reference to wide open spaces that would facilitate the progression of a fire.

The Committee CONSIDERED the report.

20/08 RISK MANAGEMENT POLICY

The Interim Director of Finance took Members through the Policy and stated that it had not changed since the last time it had been considered. It was noted that the key features of the Policy were being implemented. The Interim Director of Finance agreed to re-date the Policy.

CB

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

21/08 INTERNAL AUDIT VISIT NO.2 (MAY 2007)

The MacIntyre Hudson representative took Members through the report. He informed Members that a number of recommendations had been made relating to the control environment governing the systems reviewed. From the 31 Control objectives reviewed, 23 (74%) were considered to be fully met, 8 (26%) partly met. He stated that although a number of recommendations had been made processes were in place but they needed refining. He drew Members attention to the benchmarking information on page 10 of the report, Key Operation Indicators and stated that this format was in use for the first time and would be of greater benefit to the College in future years.

The reference to the College not having an equal opportunity champion was challenged. The Interim Director of Finance agreed to provide relevant evidence for this and stated that there was a later version of the report. She agreed to recirculate the document.

CB

CB

ACTION

Reference to the new building opening date as September 2009 would also be amended in the recirculated document. The Interim Director of Finance also agreed to ensure consistency between the references to the frequency of meetings in the relevant risk documents.

CB

Members were also advised of the need to focus on the new Key Performance Indicators (KPI's) contained within the new Framework for Excellence.

The Committee APPROVED the Internal Audit Report

The Internal Auditor Representative left the meeting at this point.

22/08 EXTERNAL AUDIT PLANNING MEMORANDUM

The Chairman welcomed Matt Pillinger to his first meeting of the Audit Committee as the Tenon representative.

It was noted that the External Auditors are due to carry out the Audit of the College's Financial Statements for the year to 31 July 2008 and the Regularity Audit on behalf of the LSC during the week commencing 22 September 2008.

Members considered some of the detail of the report including materiality issues, consolidation of IWIGTS and FRS 17. The Tenon representative agreed to liaise with the Interim Director of Finance to revise item 10 on page 9 relating to FRS 17.

CB/MP

The implications of the proposed demolition of the LRC and Art Block and its impact on the College's financial situation were considered.

The Committee CONSIDERED and APPROVED the External Audit Planning Memorandum for the year ended 31 July 2008.

23/08 AUDIT TENDER PROGRESS REPORT

The Interim Director of Finance informed Members that 4 tenders had been received from: Bentley Jenison, MacIntyre Hudson, Price Waterhouse Cooper and Hampshire Audit Services. Selection criteria sheets were considered by Members and it was agreed that presentations should be received from all four companies. The date of the presentation meeting was agreed as 7 July 2008 at 2.30 pm. The Clerk would notify the Audit companies.

Clerk

The Committee NOTED the Internal Audit Tender Progress Report.

24/08 SELF ASSESSMENT REPORT QUESTIONNAIRE (SARQ)

The SARQ was considered by Members and a question was raised regarding why the College would not grade itself as a Grade I. The Interim Director of Finance stated that the main obstacle to achieving that was that the College had not maintained Category A financial status on a consistent basis.

The Committee CONSIDERED the report.

25/08 ANY OTHER BUSINESS

The Chairman thanked Carol Bliss for her significant contribution to the College and the Audit Committee in particular as this was her last meeting.

The Clerk distributed copies of the CIPFA handbook for "Audit Committees in Further and Higher Education".

26/08 DATE OF NEXT MEETING

7 October 2008 @ 4.00 pm in room A7.

Date: _____ Chairman _____

MISSION STATEMENT

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