

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
 TUESDAY 7 OCTOBER 2008 AT 4.30 PM
 IN ROOM A7 AT THE ISLE OF WIGHT COLLEGE**

Present:	Mr John Pulsford	Chairman
	Dr Nick England	
	Mr Peter Shaw	
	Mr Bob Streets	
	Ms Lynne Christopher	Acting Principal
In attendance:	Mr Brian Bowker	Clerk to the Corporation
	Mr Stephen Lamdin	Director of Finance
	Mr David Morris	Internal Auditors (MacIntyre Hudson)
Apologies:	Mrs Debbie Lavin	Maternity Leave

ACTION

01/08 APOLOGIES

No apologies received.

02/08 DECLARATION OF INTERESTS

A declaration of interest was made by Mr Bob Streets who is employed by the Local Authority.

03/08 MINUTES OF THE MEETING HELD ON 24 JUNE 2008

Members received the Minutes of the meeting held on 24 June 2008.

Resolved that the Minutes of the meeting held on 24 June 2008 be APPROVED and signed.

04/08 MATTERS ARISING

It was noted that Mr Bob Streets is trying to arrange the Audit Committee Members training. It was also noted that the College cannot withhold certificates from students who have not paid their fees.

BS

05/08 INTERNAL AUDIT PLANNING

Members were reminded that the College is required to have an internal audit carried out twice a year and they considered the proposed areas to be covered by the Internal Auditors, MacIntyre Hudson. Mr David Morris informed Members that the presentation and format of the report headings had been amended to match the LSC headings and link directly with the College Risk Register.

Dr Nick England joined the meeting at this point.

Members considered the list of audit areas including; Corporate Governance and Risk Management; Key Financial Controls; Commercial Activities; Planning and Funding; Partnerships; Regulatory Compliance; Use of Resources and other areas.

Members were informed that the proposed number of hours allocated to the audit were the same as for the 2007/2008 academic year. Costs had increased by 5% in line with RPIx and the Letter of Engagement. Two visits will be undertaken and there will be one change to the Internal Audit Staff team.

The Chair stated that the Auditors may be requested to cover procurement as a replacement for one of the other proposed areas.

The MacIntyre Hudson representative was asked if he considered that any key risks were missing from the College Risk Register. He responded that he believed all the key risks to the College were identified. He was also asked about the extent of his company's liaison with the External Auditors and indicated that Tenon (External Auditors) had visited MacIntyre Hudson to discuss the plan.

The Committee APPROVED the Internal Audit Plan for 2008/2009.

06/08 INTERNAL AUDIT ANNUAL REPORT

The MacIntyre Hudson representative took Members through the report which was presented in its usual format. The high number of audit recommendations was noted as was the auditor's view that all "follow up" items had been addressed. The MacIntyre Hudson representative stated that the significant section of the report was the "Opinion" which states that the College has adequate and effective management, control and governance processes which should enable the College to manage the achievement of its objectives. The Director of Finance stated that the highest number of recommendations related to Bank and Cash and asked if there were any significant items of concern and whether the core controls were considered to be effective. The Internal Audit response was positive.

The Committee APPROVED the Internal Audit Annual Report for 2007/08.

07/08 INTERNAL AUDIT PERFORMANCE INDICATORS

The Performance Indicators agreed by the Audit Committee in June 2003 were considered with regard to their continued relevance. It was agreed that they were still relevant but the Director of Finance was asked to review and extend them and bring forward proposals to the June 2009 Audit Committee Meeting.

SL

The Audit Reports were considered to be clear and well presented and planning was considered to be good. The relationship with the External Auditors was discussed and a request was made to the MacIntyre Hudson representative to establish more formal liaison with regard to planning. The Clerk was also asked to contact Tenon to ask for their view on the current liaison and request a joint planning meeting. The MacIntyre Hudson representative agreed that liaison meetings would be formalised for 2009/10.

DM

Clerk

DM

The Committee APPROVED the Director of Finance's assessment of the performance of the Internal Auditors during 2007-08.

RE-APPOINTMENT OF INTERNAL AUDITORS FOR THE 2008-2009 ACADEMIC YEAR
(Confidential Minute)

08/08 PROCUREMENT PROCEDURES REPORT

(Confidential Minute)

A comprehensive report was presented by the Director of Finance and considered by the Committee and all recommendations were approved.

09/08 RISK MANAGEMENT PLAN AND REGISTER REPORT

Members were reminded that the College has a well established Risk Management Register which is reviewed regularly by the Senior Management Team and is reviewed at every Audit Committee Meeting. There are currently two registers; one for the College General Activities and one for the Capital Project.

The Director of Finance stated that he would like to see an entry regarding a Disaster Recovery Plan and would also prefer a revised format, incorporating a "traffic light" system to highlight levels of risk. There was also a need to standardise consistency between the College Risk Register and Internal College Department Risk Registers. The Director of Finance was asked to address the disaster recovery and revised format for the February 2009 Audit Committee Meeting.

SL

The Acting Principal identified the following as key risks; LSC Funding and its complexity; diversifying other income streams; the local political climate and the current economic climate. She stated that Members had received the full Capital Project Risk Register and informed them that it is regularly reviewed and revised by the Design Team and the College Capital Project Committee.

The Chair asked for clarification regarding the College's exposure to significant increases in Capital Project costs and was informed that once the AID stage is completed the LSC will not increase their level of funding beyond their agreed 95%.

Further discussion took place regarding the College Risk Register content and format and the Director of Finance agreed to review it and bring forward proposals to the February Audit Committee.

SL

The Committee CONSIDERED the report.

10/08 AUDIT ISSUES LOG

The Director of Finance informed Members that the College has a number of audits carried out: Statutory, Regularity, Internal and MIS (Student Numbers). To ensure that all audit changes are correctly logged and implemented and reviewed an Audit Log is maintained and updated continuously.

He informed Members that the Log had been updated and completed items had been removed and that there were no outstanding material issues. However, several items on Risk Management and Procedural Issues remain outstanding and it was agreed that the Director of Finance should review and revise the Audit Issues Log for the February 2009 Audit Committee meeting.

SL

The Committee CONSIDERED the report.

11/08 SELF ASSESSMENT CHECKLIST FOR REGULARITY AUDIT

The Director of Finance took Members through the Regularity Audit Checklist and informed them that this is an additional audit carried out by Tenon to ensure that the College's constitution and associated LRC rules have not been breached.

The Committee CONSIDERED the report.

12/08 LEARNER NUMBERS SYSTEMS REVIEW

The Director of Finance took Members through the report and informed them that the College is not required to have a Data Audit carried out but that the risk of a mis-statement makes an audit a good risk management strategy. During the year under review the auditors provided 5 recommendations (none significant) which have been implemented.

Members CONSIDERED the report.

13/08 ANY OTHER BUSINESS

There were no items of any other business.

14/08 DATE OF NEXT MEETING

It was agreed to move the date of the next meeting from Wednesday 5 November to Wednesday 19 November 2008 at 4.00 pm.

Date: _____ Chairman _____

MISSION STATEMENT

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