

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
WEDNESDAY 10 OCTOBER 2018 AT 2.00 PM
IN ROOM PG11 AT THE ISLE OF WIGHT COLLEGE

Present:	Dr Nick Sinnamon	Chair
	Mr Graham Cooper	Vice Chair
	Mr Steve Corbett	
	Mrs Chris Palmer	Co-opted
	Mrs Sheila Paul	
In Attendance:	Mrs Debbie Lavin	Principal
	Mr Peter Thompson	Assistant Principal
	Mr Brian Bowker	Clerk to the Corporation
	Ms Tracy Bull	College Accountant – Not required
	Dr Nick England	Chair of Corporation
In Attendance (External):	Ms Iona Bond	Southern Internal Audit Partnership

The Chair welcomed Dr Nick England (Chair of Corporation) to the meeting as an observer.

ACTION

32/18 DECLARATIONS OF INTEREST

There were no declarations of interest.

33/18 APPROVAL OF THE NON CONFIDENTIAL AND CONFIDENTIAL MINUTES OF THE MEETING OF 13 JUNE 2018

The minutes were approved as a true record of the meeting.

34/18 MATTERS ARISING FROM THE MEETING OF 13 JUNE 2018

Members were provided with an update of a meeting with a Lloyds Bank representative earlier that day, where the main issue had been around bank covenants. It was noted that all other matters arising had been addressed.

Louise Gambling, HoD Registry and Quality joined the meeting at this point.

35/18 ESFA FUNDING ASSURANCE REVIEW REPORT MAY 2018

Members were reminded that the review is conducted annually by RSM Risk Assurance LLP and is completed using the ESFA's audit methodology and is designed to ascertain whether public funds have been used appropriately. It was noted that the audit feedback was very positive with the lead auditor commenting that he would consider the College to be in the top quartile of GFE colleges nationally.

The audit report identified three high priority, six medium and four low priority findings and the College has agreed a relevant action plan to address the findings.

A Member stated that the number of identified errors seems high for the relatively

small sample size and the HoD Registry and Quality responded in detail (*BB to check*). The Principal asked the HoD what the financial implications (clawback) would be in relation to the findings and was informed that they would be minimal. The Principal added that a key member of the department's staff had left earlier in the year and that she had requested a thorough audit of the registry team's work and for an assessment of team skills and had been reassured by the lead auditor.

The Chair identified a potential issue for future audits when audit firms will be unable to carry out consultancy in organisations where one of their other teams conducts audits.

A further question was asked regarding the mix of 16-18 and 16-19 students and an error was identified on page 4 of the report in section 1.3 and the HoD was asked to amend the inaccurate totals.

FW

The Committee CONSIDERED the report.

Louise Gambling left the meeting.

36/18 COLLEGE BOARD ASSURANCE FRAMEWORK: RISK MANAGEMENT ANNUAL REPORT

The Assistant Principal (Finance & Resources) reminded Members of the level of detail required regarding risk and risk management, when submitting bids for external projects. He stated that the risk register was subject to review by the internal audit team during 2016/17 and was given "substantial assurance" and that key issues identified within the risk register are considered when compiling the internal audit plan for the year.

The Assistant Principal informed Members that the priorities for development in 2018/19 are; revision of risks to consolidate scoring and agree hierarchy of risks; evaluate additional risks to be included in the register; incorporate additional appendices referencing local risk assessments; and further eroding levels of control to reflect effectiveness.

It was noted that the risk register had been considered in detail at the Committee's June meeting and was further considered at the July Corporation meeting.

The Committee CONSIDERED the report.

37/18 INTERNAL AUDIT SERVICE ANNUAL REPORT 2017/18

The Assistant Principal (Finance & Resources) introduced the report and stated that the internal audit report opinion for 2017/18 is that "the Isle of Wight College's framework of governance, risk management and control is 'adequate' and audit testing has demonstrated controls to be working in practice". He added that of the nine areas reviewed, six received substantial assurance, three were considered adequate and none were deemed inadequate. Where weaknesses had been identified or improvements recommended, actions have been prompt and the internal auditors have reported that "action plans have been implemented".

The internal audit representative reminded Members that "adequate" is the second highest audit opinion and that the College is at the top end of that rating. She then

explained the criteria relating to substantial, adequate, limited assurance and no assurance audit opinions in more detail.

A Member asked why an audit opinion of “adequate” was given when no key issues were identified. The audit representative responded that there were no substantial issues in the audited area but there were some issues and to achieve "substantial" there was a need for an error-free audit.

The audit representative was asked if her audit team are identifying issues in the sector around GDPR and also if common themes were identified in other colleges, would they alert the IoW College to that. The internal audit representative stated that they would notify their client colleges but there are fewer opportunities as many colleges are reducing their audit input.

The Chair noted the good working relationship, identified in the report, between the audit team and College staff. He thanked the Assistant Principal and all staff involved in the audit process for their hard work and an excellent outcome.

38/18 ANNUAL FRAUD REPORT

The Assistant Principal (Finance & Resources) stated that the College has detailed regulations to protect both itself and its employees from fraud and during 2017/18 there were no proven cases of fraud. However, he informed Members that the Finance Department had investigated incidents where fraud might have been suspected. As a result, the staff concerned met with representatives of the Finance Department with a view to preventing a reoccurrence of their failure to follow College financial regulations, particularly in relation to obtaining authorisation and approval for placing orders.

The Assistant Principal was asked if there is a formal log of potential fraud incidents and allegations and he stated that there was not but one could be introduced. The Principal stated that incidents identified during the 2017/18 academic year related to compliance issues and not fraud or attempted fraud.

PT

The Committee CONSIDERED the report.

39/18 STAFF REWARDS 2017/18 REPORT - (Staff & Student Confidential)

The Committee CONSIDERED the report.

40/18 REVIEW OF REGISTER OF INTERESTS/DECLARATION OF ELIGIBILITY

The Clerk to the Corporation informed Members that all Governors and relevant College budget holders had returned their register of interests and all Governors had completed and returned their declaration of eligibility. A Member asked if a list of all Governor interests could be compiled and circulated to Audit Committee Members. The Clerk was also asked to include a requirement for an annual update of the register of interests and declarations of eligibility to be added to the Audit Committee Terms of Reference.

Clerk

The Committee NOTED the report.

41/18 BUSINESS CONTINUITY PLAN

The Assistant Principal (Finance & Resources) stated that the Audit Committee is pivotal in ensuring that the College is properly engaging in the process of managing its risks. He added that Business Continuity is included in the three-year plan of reviews to be conducted by internal auditors. He said that during the October 2016 review, the internal auditors' view of Business Continuity planning was that, based on the audit evidence obtained, 'limited assurance' could be placed on the effectiveness of the framework of risk managements, control and governance.

The Assistant Principal stated that at the time of the review the plan had not been finalised and further work has been done to complete the overarching College Business Continuity Plan, using the Command and Control structure and including the local response plans completed for all functional areas. Specialist plans have been compiled for Facilities and Network Management, making a total of three plans. These will now be subject to review by the internal auditors during their programme of visits in 2018/19.

The Assistant Principal was asked what specific action had been taken regarding Network Management and Facilities/College site operations. He replied that a detailed review of procedures and documentation relating to site operations had been undertaken and a similar approach was adopted for the IT network to identify and document required action and procedures. In response to a question on storage of essential Business Continuity data, he provided a comprehensive response and confirmed that relevant information is stored offsite where relevant.

The Assistant Principal informed Members that the priority for the forthcoming academic year is to develop a "lock down" procedure that will be tested during 2018/19. This action was fully supported by Members, who agreed that a lock down plan and associated procedure should be a priority. It was suggested that a page should be incorporated in the current plan to state this, although the procedure was not available at this time.

PT

A number of practical suggestions were made by Governors, including a system for logging incidents accurately, producing laminated action lists to be contained in a central log and testing elements of the Business Continuity Plan on a regular basis.

PT

The Assistant Principal concluded by stating that developing a Business Continuity Plan was an extremely demanding process that involved a significant number of people across the College. However, he felt that regular scrutiny by the Audit Committee would ensure that the document was fully developed and updated.

The Committee RECOMMENDED the Business Continuity Plan to Corporation for approval.

42/18 GDPR DATA BREACHES

The Assistant Principal (Finance & Resources) reminded Members that there was now a requirement for a termly report to the Audit Committee to inform them of any data breaches. He stated that the most serious breach related to a staff recruitment issue. He provided Members with the detail and added that this was an unfortunate error but the breach was considered low level as it was contained and no information was disclosed that would prejudice any individual. As such, it was not escalated to the ICO.

No other breaches have been identified or recorded.

The Committee CONSIDERED the report.

43/18 ANY OTHER BUSINESS

The Chair thanked the Assistant Principal and his team for producing papers that are clear, summarise the key issues effectively and facilitate a clear understanding of key issues for Committee Members. He added that the production and timing of meeting papers distribution was very good.

44/18 DATE OF NEXT MEETING

Wednesday 28 November 2018, 4.00pm – 5.30pm, Room PG11.

Date: _____ Chair: _____

MISSION STATEMENT
Putting Students First
Working for Employers
Supporting our Community