

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
WEDNESDAY 13 JUNE 2018 AT 4.00 PM
IN ROOM L8 AT THE ISLE OF WIGHT COLLEGE

Present:

Dr Nick Sinnamon	Chair
Mr Graham Cooper	Vice Chair
Mr Steve Corbett	
Mrs Chris Palmer	Co-opted

In Attendance:

Mrs Debbie Lavin	Principal
Mr Peter Thompson	Assistant Principal
Mr Brian Bowker	Clerk to the Corporation

In Attendance (External):

Ms Karen Shaw	Southern Internal Audit Partnership
Mr Michael Prosser	RSM UK Audit LLP

Apologies:

Mrs Sheila Paul, Ms Tracy Bull (not required for the meeting)

ACTION

13/18 DECLARATIONS OF INTEREST

There were no declarations of interest.

14/18 APPROVAL OF THE NON CONFIDENTIAL AND CONFIDENTIAL MINUTES OF THE MEETING OF 7 MARCH 2018

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

15/18 MATTERS ARISING FROM THE MEETING OF 7 MARCH 2018

There were no matters arising.

16/18 REVIEW OF WHISTLEBLOWING POLICY (PUBLIC INTEREST DISCLOSURE)

The Assistant Principal (Finance & Resources) reminded Members that the College Public Interest Disclosure policy was updated in 2016 and that it follows ACAS guidance and is in line with legislative requirements. He informed Members that during the 2017/18 academic year, there were no concerns raised under this policy.

The Chair stated that he was reassured by the report and asked the Assistant Principal to address some minor typographical errors in the policy.

PT

The Committee NOTED the report.

17/18 RISK REGISTER

The Assistant Principal took Members through his report and informed them that a significant review of the register was completed in May 2018, when a number of new risks were included. He stated that some scoring had been adjusted and where this is the case, the rationale for the adjustment is noted in the narrative box below each risk. He added that other risks were considered and may feature in a future update of the register and that, following advice received in a previous internal audit, some editing of

the “existing” and “additional” controls has been undertaken to ensure that the document focuses on controls and mitigations.

A question was asked regarding the risks marked blue in the register (flagged for removal) and whether these risks are tracked to ensure the risks are mitigated prior to removal. Members were assured that in internal College risk meetings, the blue flagged risks are the focus of initial attention.

A Member asked that, given the low risk threshold of the College, are risks addressed and mitigated promptly, given that some risks have been logged in the register for a significant period of time. The Assistant Principal responded that high scoring risks (20/25) are given a particular focus and are closely monitored by senior managers. The Principal added that risks will often remain in the register but the Committee can be reassured that everything that can be done to mitigate such risks is implemented, even though the risk may remain on the register. A Member added that there were no surprises in the risk register and the high risk items are the focus of regular Governor attention in Corporation meetings but, for example, funding will remain as a high risk.

The Chair asked the Assistant Principal to provide further background on the four new risks identified in the report. Members received a detailed update that addressed all the key issues, identifying bursary funding as a particular concern.

A question was asked regarding the outstanding matter of the College’s Business Continuity Plan and what action is being taken to address this. The Assistant Principal stated that all individual section plans are in place across the College but they have not been collated into one document. The Chair reminded Members that there will be a particular focus on business continuity at the next Audit Committee meeting.

The Chair thanked the Assistant Principal and his team for producing a comprehensive document that provided reassurance for Members that risk management remains a priority for the College and is being effectively addressed.

The Committee CONSIDERED the report.

18/18 INTERNAL AUDIT REPORT 2017/18

The internal audit representative took Members through the reports generated by their final two visits to the College. She informed Members that of the six areas that were audited, three received substantial assurance and three received adequate assurance. Of particular note was the substantial assurance given to the audit of the General Data Protection Regulation procedures, where a significant amount of work has been undertaken to generate new policies and procedures in an extremely complex area of activity.

A number of questions were asked regarding specific matters raised in the reports, including transport of cash, filling of the College cash machine, HR absence monitoring and payroll. The Assistant Principal and internal audit representative provided comprehensive responses.

Members were informed that the Assistant Principal (Finance & Resources) is the College Data Protection Officer and Members thanked him for his excellent work to

date. The Chair asked if the AoC have provided a template for GDPR policies and procedures and was informed that they have but at a late stage in the development of College policies.

The Committee CONSIDERED the reports.

19/18 INTERNAL AUDIT PLAN 2018/21

The Assistant Principal took Members through the draft plan and provided a rationale for the ten priorities identified for the internal audit team to review during their three visits in the 2018/19 academic year.

Following discussion, the internal audit representative was asked to produce the final document.

The Committee RECOMMENDED the draft internal audit plan 2018/21 to Corporation for approval.

20/18 ACCOUNTING POLICIES

The Assistant Principal reminded Members that the accounting policies are reviewed and approved by Corporation every year at the time the financial statements are approved. He drew attention to the one major change this year, relating to the extension of asset life for IT assets (from five to seven years). He reminded them that this has been discussed at Corporation.

A Member asked if the College has received a response from Lloyds Bank and the Principal said that it had not. She was asked to write a letter to Lloyds Bank asking for a response by a specific date.

DL

The Committee RECOMMENDED the Accounting policies to Corporation for approval.

21/18 EXTERNAL AUDIT PLANNING MEMORANDUM

The Assistant Principal informed Members that the College is required to have an external audit carried out and that the attached plan covers the 2017/18 audit that will take place in August and October 2018. The external audit representative then took Members through the four keys risks identified for audit (income recognition/pension scheme liabilities/going concern/management override of controls). He added that the audit approach, scope and timetable will be very similar to last year.

A Member asked if the audit plan reflects SMT priorities and the Principal informed the Committee that it did. The external audit representative then took Members through appendices A-E and explained their function. Of particular interest was the RSM review of over 100 risk registers designed to assist colleges in their risk management. Members noted that a copy of the review is available to all colleges.

A brief discussion took place regarding the appointment of staff or mature students as members of the Audit Committee. The external audit representative said that although the Post-16 Audit Code of Practice said that staff *should* not serve as governors on the Audit Committee, it should be read as a firm recommendation.

The Committee RECOMMENDED the external audit planning memorandum to

Corporation for approval.

22/18 FINANCIAL REGULATIONS/PROCEDURES

The Assistant Principal said that whilst minor amendments have been made to the regulations, for example, relating to travel expenses, there are no significant adjustments being recommended and testing of the regulations by internal and external audit suggests high rates of compliance. He added that although the regulations are formally reviewed on an annual basis, they are updated during the academic year in response to emerging issues.

A question was asked regarding banking arrangements (BACS and cheque payments) and the Assistant Principal provided a satisfactory response. He was then asked to update the document by removing reference to the Head of Personnel.

PT

The Committee RECOMMENDED the financial regulations/procedures to Corporation for approval.

23/18 AUDIT ISSUES LOG

The Assistant Principal reminded Members that the audit issues log is not a mandatory requirement of audit but is provided to the Committee to ensure recommended management points are actioned in a prompt and effective manner. A new Member to the Committee commended the log and stated that she found it extremely useful and very clear.

The Committee CONSIDERED the report.

24/18 REVIEW OF PERFORMANCE OF THE INTERNAL AUDIT SERVICE IAS (*Confidential minute*)

25/18 POST 16 AUDIT CODE OF PRACTICE

The Committee NOTED the report.

26/18 AUDIT COMMITTEE TERMS OF REFERENCE

The Committee RECOMMENDED the Audit Committee terms of reference to Corporation for approval.

27/18 EVALUATION OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE DURING 2017/18

A brief discussion took place regarding the 75% attendance rate for the Audit Committee (target 80%) and it was recognised that specific circumstances leading to this attendance level have now been addressed. The Clerk was asked to amend 9(b) to reflect the delay in addressing the development of the Business Continuity Plan.

Clerk

The Committee CONSIDERED the report.

28/18 GDPR DATA BREACHES

The Assistant Principal informed Members that following the introduction of the General Data Protection Regulation in May 2018, the College now maintains a log which records, and details the circumstances, risk level and actions arising from all identified

data breaches. He added that this report would be a standing item on all future agendas.

Members then considered the seven GDPR breaches and were reassured by the College response to this challenging area of compliance.

The Committee CONSIDERED the report.

29/18 DISCUSSION WITH AUDITORS WITHOUT MANAGEMENT PRESENT

Not required.

30/18 ANY OTHER BUSINESS

There were no items of any other business.

31/18 DATE OF NEXT MEETING

Wednesday 3 October 2018, 4.00pm – 5.30pm, Room TBC.

Date: _____ Chair: _____

MISSION STATEMENT
Putting Students First
Working for Employers
Supporting our Community