

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
THURSDAY 11 FEBRUARY 2016 AT 4.00 PM
IN ROOM PF06 AT THE ISLE OF WIGHT COLLEGE

Present:	Mrs Jessica Garbett	Chair
	Dr Nick Sinnamon	Vice Chair
	Prof Nigel Hastings	Governor
	Mr Mike Hosking	Governor
	Mrs Sheila Paul	Governor
	Mr Graham Cooper	Co-opted Governor
In Attendance:	Mrs Debbie Lavin	Principal
	Tracy Bull	College Accountant
	Brian Bowker	Clerk to the Corporation

Apologies: Mr Peter Thompson – Lead Officer
 Ms Iona Bond - Southern Internal Audit Services, Ms Karen Cairns – Baker Tilly Audit Limited – *Not required*

ACTION

44/15 DECLARATIONS OF INTEREST

A declaration of interest was made by Mr Graham Cooper as an employee of Barclays bank. It was also noted that his son was employed by UKSA.

45/15 APPROVAL ON THE NON-CONFIDENTIAL MINUTES OF THE MEETINGS OF 3 JUNE 2015 AND 11 NOVEMBER 2015

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

46/15 MATTERS ARISING FROM THE MEETINGS OF 3 JUNE 2015 AND 11 NOVEMBER 2015

It was noted that a “road map” for developing a board assurance framework would be provided by the Assistant Principal – Resources and Finance at the March 2016 meeting. The “going concern” matter and the status of the SAQ would both be considered at the March meeting.

PT

47/15 SKILLS FUNDING AGENCY FUNDING ASSURANCE REVIEW

The College Account informed Members that the purpose of the report was to provide the Committee with information regarding the recent subcontracting controls assurance audit and subsequent outcome. She stated that the SFA funding agreements for 2015/16 contained a new clause regarding an annual subcontracting assurance requirement. This requirement was a result of the increased national scrutiny of subcontracted provision by lead providers. Following a 3 day audit in November 2015 by Southern Internal Audit Partnership the overall audit opinion is that substantial assurance can be placed on the effectiveness of subcontracted provision. Substantial assurance is the highest level of assurance that can be awarded and no actions were

identified as a result of the audit process.

The Principal was asked if there was an additional cost to the College for this audit and she explained that there was no additional cost as the internal audit schedule has been rearranged to accommodate this review.

The Chair suggested that the external auditors should cover this review and should be asked to sign off in parallel to their main audit. TB

The Committee CONSIDERED the report.

48/15 EXTERNAL AUDIT OF SMIS LEARNER NUMBERS REPORT

The Principal reminded Members that this assurance review is undertaken annually by the College using Baker Tilly to conduct a mock audit. It is designed to ensure the College is adhering to EFA and SFA funding rules and prepares the College for any external audit. The Principal stated that the audit conclusion was 'amber status' and no high risks were identified. Taking account of the medium and low risks identified, the Committee can take reasonable assurance that the College is compliant with the EFA and SFA funding guidance for the sample of learners' considered as part of the review. The Chair asked what percentage of the College's total learners' were involved in the review and the Principal responded that it is about 5%.

The Chair also asked why so many issues had been identified and the Principal stated that it is an extremely detailed audit but there are no substantive issues and the findings would not affect core funding or lead to a qualified audit. She added that there are also no matters that would raise concerns with Ofsted. Members noted the complexity of this area of college activity and were not surprised at the number of issues and were reassured that no material compliance matters had emerged. Questions were then asked about whether appropriate action had been taken to address the issues raised and the Principal assured them that they had and that any actions are recorded in the Audit Issues Log which would be considered at the March 2016 meeting.

Members raised the matter of the complexity of the funding methodology and asked if the constantly changing nature of the methodology led to a high number of issues being identified. The Principal responded that this was not the case and the issues identified usually relate to individual students and changes to their specific learning programmes.

The Chair noted that the delay in receiving the report (produced in August 2015) was due to the rescheduling of this meeting. She also asked that the Principal convey the Committees thanks to Dave Edwards and his team for their work on this.

The Committee CONSIDERED the report.

Dave Edwards (SMIS manager) joined the meeting after this item had been considered but Members posed the question to him as to why so many issues had been raised. He stated that it was a very robust audit, carried out by a senior auditor with a national profile, and most of the "amber" related issues were down to interpretation of funding methodology rules. He added that some of the rules were open to differing interpretation and on occasion the College has sought adjudication

from the SFA where there has been a conflict of interpretation between the College and auditors.

49/15 BOARD ASSURANCE FRAMEWORK/RISK REGISTER

The Principal provided the rationale for the changed risk register format and reminded Members of the progress and action to date in developing a more comprehensive board assurance framework. Specific sections of the revised risk register were considered and the Chair stated she saw it as a work in progress and was pleased to see it back on the agenda as it provides reassurance that risks are being systematically evaluated and managed.

A question was asked regarding the potential risk impact of the Area Review outcomes and the Principal provided a detailed and confidential update.

It was noted that further consideration would be given to Board Assurance at the March meeting and Members were reassured that the risk register is reviewed by SMT and a risk management subgroup at least 3 or 4 times a year.

The Committee CONSIDERED the report.

**50/15 ANNUAL APPLICATION OF PROTOCOLS FOR STAFF REWARDS 2014/15
(STAFF AND STUDENT CONFIDENTIAL ITEM)**

Members considered that given the size of the organisation the payments to staff were very modest.

The Committee NOTED the report.

51/15 REGISTER OF INTEREST/DECLARATION OF ELIGIBILITY

The Clerk to the Corporation confirmed that the register of interest and the declaration of eligibility had been completed by all Governors during August and September 2015.

The Committee NOTED the report.

52/15 ANY OTHER BUSINESS

There were no items of business.

53/15 DATE OF NEXT MEETING

Wednesday 8 June 2016 at 4pm – 5.30pm. Room to be confirmed.

Date: _____ Chair: _____

**MISSION STATEMENT
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