

Minutes of the Meeting of the Audit Committee
14th December 2009

Present: Mr D Collins (in the chair)
Mr P Cooper
Mr I Tompkins
Mr B Davies – (in attendance)
Mr P H Martin – (in attendance)
Mr I Howse – External Audit – (Deloitte)
Mr D Hall - External Audit - (Deloitte)
Mrs F Quance - Internal Audit (Price Waterhouse Coopers)

Annual Financial Statement for the Period 1st August 2008 to 31st July 2009

The Committee considered in detail the contents of the Annual Financial Statement for 2008/2009 which was presented by Mr P H Martin, Deputy Principal (Finance/Planning). In consideration of the Annual Financial Statement the Committee gave due consideration to the report of External Audit for those charged with governance. The External Auditor pointed out that the International Standards of Auditing (ISA 260) were applicable to the audit of the College's accounts and explained to the Committee the need for External Audit to report certain matters when giving an opinion on the financial statement.

Following lengthy discussions the Committee noted the external auditor's opinion that:

- a) the financial statements give a true and fair view of the state of affairs of the College as at 31st July 2009 and of the surplus of the College for the year then ended;
- b) the financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and the Accounts Direction issued by the Welsh Assembly Government;
- c) in all material respects income from the Welsh Assembly Government, grants and income for specific purposes and from other restricted funds administered by the College have been applied only for the purposes for which they were received; and
- d) in all material respects income has been applied in accordance with the Financial Memorandum with the Welsh Assembly Government.

The Committee endorsed the Annual Financial Statement and agreed to recommend its acceptance to the full Governing Body.

Institutional Charitable Status

Members considered, as part of the review of the Annual Financial Statement, whether the College had undertaken any activities which might not be appropriate for a charitable body and were satisfied from the response of the Principal and both internal and

external auditors that no such activities had been undertaken, accordingly they were of the opinion that the College continued to operate within its charitable status.

Going Concern

It was noted that the financial statements had been prepared adopting the “going concern” principle and that the basis of adoption was appropriate given the year’s financial performance and the projected financial results.

Responsibilities of Members Statement

The Committee considered the responsibilities of members statement prepared by the Deputy Principal (Finance/Planning) and were satisfied that responsibilities outlined in the statement had been discharged to an acceptable standard. Accordingly the Committee recommended to the Governing Body that the responsibilities of Members Statement may be signed.

Audit Committee Annual Report 2008/2009

The Committee considered the annual report of its activities and deliberations which covered the period 1st August 2008 to 31st July 2009. Following general discussion members endorsed the report as a correct record of the work undertaken by the Committee during the year. Members recommended that it be presented to the next meeting of the Governing Body.

Audit Committee Opinion on Work of the Internal and External Audit

Members in consideration of the work of the Internal and External Auditor were of the opinion that the requirements of the College audit processes had been met satisfactorily.

Funds for the Purpose Provided by the Welsh Assembly Government

Members discussed the views of the External Auditor on Welsh Assembly Government funds and following consideration, were satisfied that the income from the Welsh Assembly Government grants and income for specific purposes had been applied for the purposes for which they were received. In addition the Committee was satisfied that income had been applied in accordance with the financial memorandum from the Welsh Assembly Government.

External Audit - Briefing on Audit Matters

The Committee discussed the briefing on audit matters document prepared by the External Auditor (Deloitte). It was noted that the briefing is intended to assist those charged with governance to understand the major aspects of the external auditors audit approach, including an explanation of the key concepts behind the Deloitte audit methodology including audit objectives and materiality.

External Audit - Report and Management Letter 2008/2009

Members considered in detail the report and management letter 2008/2009 which highlighted the most significant matters relating to key audit risks, identified misstatements, disclosure deficiencies and audit status.

External Audit - Report on the 2009/2010 Audit

The Committee considered the External Audit report on the proposed audit scope for the year ended 31st July 2010. Following discussions members approved the approach to be taken by the External Auditor as part of the 2009/2010 audit.

External Audit - Engagement Letter for the 2009/2010 Audit of Accounts

The Committee considered and agreed the External Audit Engagement Letter for 2009/2010 Audit of Accounts which in essence sets out the responsibilities of External Audit and the need for audit compliance under the arrangements contained within the Audit Code of Practice.

Revised Procurement Strategy

Members considered in detail and following discussions approved the revised Procurement Strategy prepared by Paul Martin, Deputy Principal (Finance/Planning).

Annual Procurement Strategy 2008/2009

The Committee noted details of the annual report on the procurement savings made during the period 1st August 2008 to 31st July 2009.

Report of the Deputy Principal (Finance/Planning) on Previous Internal Audit Recommendations

Paul Martin, Deputy Principal (Finance/Planning) presented details of the revision to the financial procedures in line with a previous internal audit recommendation which identified the need to review the financial procedures. Members approved the changes to the financial procedures as set out in the report and requested that an action plan against previous auditor recommendations be presented to the Audit Committee as a regular agenda item.

Any Other Business

Report and Financial Statement of the College Subsidiary Company - Ystrad Mynach Property Services Ltd (2008/2009)

Paul Martin, Deputy Principal (Finance/Planning) presented the report and financial statement of the College Subsidiary Company (Ystrad Mynach Property Services Ltd) which were approved by the Committee.

