

Minutes of the Meeting of the Audit Committee
28th June 2010

Present: Mr D Collins (in the chair)
Mr P Cooper
Mr I Tompkins
Mr B Davies – (in attendance)
Mr P H Martin – (in attendance)
Ms L Hine – Internal Audit (Price Waterhouse Coopers)
Ms K Gwilliam – External Audit (Deloitte)

Internal Audit Reports

The Committee considered the internal audit reports on risk management, payroll and personnel, fixed assets, marketing, capital works procurement and the PAGS follow up recommendations. Members noted the following comments

(i) Risk Management

The review identified that the risk management controls continue to operate very effectively with two low risk recommendations raised as part of the findings from the audit process. The Committee noted that as a result of the findings highlighted from the review, high assurance is given on the adequacy and operating effectiveness of procedures in place for the risk management arrangements reviewed as part of the audit.

(ii) Payroll and Personnel

Overall the College's Payroll and Personnel System controls continue to operate effectively with a number of specific strengths identified and two minimal low risk recommendations to be addressed. Members were informed that as a result of the findings highlighted from the review high assurance is given on the adequacy and operating effectiveness of procedures in place for the payroll and personnel arrangements reviewed as part of the audit.

(iii) Fixed Assets

Members noted the findings arising from the audit of fixed assets which identified four recommendations including some outstanding recommendations from a prior year report. The Committee were informed that moderate assurance is given which essentially meant that there were some weaknesses in the design and/or operation of controls; however the likely impact of these weaknesses on the achievement of the key system, function or process objectives is not expected to be significant. Members noted the management responses and actions identified in order to address the recommendations raised in the report.

(iv) Marketing

The Committee considered the audit report on the College's marketing function which in the main is to promote the services of the College, encourage learner take up and enhance the reputation of the College. It was noted that given the procedures and

reporting mechanisms in place the internal auditor had concluded that the marketing function has reasonable arrangements in place to ensure that the College is appropriately promoted to increase enrolments and enhance reputation. The findings arising from the audit identified one medium risk and three low risk recommendations with moderate assurance given on the adequacy and operating effectiveness of procedures in place for the marketing arrangements reviewed as part of the audit.

(v) Capital Works Procurement

Lynn Hine, External Auditor (Price Waterhouse Coopers) informed members that the overall objective of the audit was to provide assurance on the College's capital works procurement, with specific reference to the procurement associated with the building of 'B' Block. It was noted that following a review of the procedures and processes in place it was concluded that high assurance is given to the adequacy and operating effectiveness of procedures in place for the capital works procurement arrangements reviewed as part of the audit. No recommendations were raised for consideration.

PAGS Report Follow Up

Members noted that in 2009/2010 the College had received a PAGS report from DCELLS which had identified that not all the recommendations raised in a previous internal audit had been addressed resulting in limited assurance given to the systems and controls over Catering Services. The Committee were informed that the four recommendations relating to Catering Services that remained outstanding at the time of the 2008/2009 review have been fully implemented and that the only core finance system (purchasing and payments) given limited assurance in 2008/2009 was to be reviewed as part of the 2009/2010 Internal Audit Plan.

WAG Audit Related Letter (ARL/FE/32) on Procurement Savings

The Committee considered the WAG Audit Related Letter (ARL/FE/32) on Procurement Savings. Members noted that the College's percentage saving for 2008/2009 was 3.76% which was above the target level of 3%.

Review of the cost of administering the education system in Wales (Phase 1) – Statement by the Welsh Assembly Government relating to the review

Lynn Hine, Internal Audit (Price Waterhouse Coopers) provided an overview of the Phase 1 report prepared by PWC for WAG on the review of the cost of administering the education system in Wales. In addition the statement by the Welsh Assembly Government relating to the review was considered. It was noted that any actions arising from the review were likely to be addressed in a second phase review which had yet to be commissioned.

Any Other Business

PAGS Review

The Principal informed the Committee that the Head of Governance and Assurance at DCELLS had recently notified the Colleges in Wales that with effect from 2010/2011 the

Provider Audit Governance Service will cease to carry out direct reviews of FE Institutions as a matter of routine. It was noted that this decision was taken as a result of the outcomes of the work carried out in 2009/2010 where PAGS did not pick up any significant issues which had not already been identified by the institutions' own governance and audit processes.