

**Minutes of the Meeting of the Audit Committee**  
**9<sup>th</sup> December 2010**

**Present:** Mrs M Lippard (in the Chair)  
Mr I Tompkins  
Mr I Howse – External Audit (Deloitte)  
Mr B Davies – (in attendance)  
Mr P H Martin – (in attendance)

**Apologies:** Mr P Cooper  
Mr D Collins

**Annual Financial Statement for period 1 August 2009 to 31 July 2010**

The Committee considered in detail the contents of the Annual Financial Statement for 2009/2010 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 31<sup>st</sup> July 2010 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 the 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.

### **Management Letter 2009/2010 of External Audit (Deloitte)**

Members were informed by Deloitte that they had reviewed conditions relating to various grants received by the College and that they were satisfied. Deloitte also stated that the College had received unqualified audit opinions.

The Committee were informed of the changes resulting from the calculation of the liability of Retail Price Index (RPI) to Consumer Price Index (CPI) relating to pension funds.

Deloitte said that writing down of Doubtful debts had been made in the annual accounts.

### **Report and Financial Services of the College Subsidiary Company – Ystrad Mynach Property Services**

The Committee received the Report and Financial Services of the College Subsidiary Company, Ystrad Mynach Property Services and noted its contents. The Audit Committee recommended that this Report be accepted by the full Governing Body.

### **Audit Committee Annual Report 2009/2010**

The Committee considered the annual report of its activities and deliberations which covered the period 1<sup>st</sup> August 2009 to 31<sup>st</sup> July 2010. Following general discussion members endorsed the report as a correct record of the work undertaken by the Committee during the year. Members requested that it be presented to the next meeting of the Governing Body.

### **Internal and External Audits**

The Deputy Principal (Finance and Planning) indicated that the College was satisfied with the performance of Internal and External Audits which he felt added value to the whole process of auditing. The Committee received the Report on Performance Indicators for Internal Audit and the College response.

## **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.

## **Briefing on Audit Matters prepared by Deloitte**

The Committee received a Briefing on audit matters to assist those charged with governance to understand the major aspects of their audit approach.

## **External Audit - Engagement Letter for the 2010/2011 Audit of Accounts**

The Committee considered and agreed the External Audit Engagement Letter for 2010/2011 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.

## **Risk Register**

The Deputy Principal (Finance and Planning) presented the updated Risk Register 2010-2011 highlighting new risks as:

1.4 Failure by Caerphilly CBC and local schools to engage effectively in the Transformation Agenda;

9.9 Additional financial pressure as a result of the Comprehensive Spending Review;

and

10.5 Failure to respond to implications of the CQFW.

## **Annual Procurement Savings**

Members received ARL/FE/33 in respect of Procurement Savings. It was noted that the savings resulted from £30,000 from total savings of £85,333.84 (excluding WFEPC) and £313,613.95 for WFEPC savings. A total of £398,947.49 was reported as total savings.

The Committee noted the Updated procurement Strategy and also noted that savings identified will be subject to a PAGS Audit. Performance in this area indicated that the College had been the 6<sup>th</sup> largest spender and 2<sup>nd</sup> highest saver in the Welsh FE Sector.

## **Internal Audit recommendations**

The Deputy Principal (Finance and Planning) provided a report - 2010/11 Progress of Outstanding Findings and Recommendations. It was noted this report had been

updated with the action that had been undertaken and that the only outstanding matter was related to Enrolment and fee income procedure notes which would be completed by the end of December 2010.

### **Certificate of Losses**

The Deputy Principal (Finance and Planning) provided a report – 2009/10 Certificate of Losses, indicating that the College had not sustained any reportable losses at the College which should be notified to the Welsh Assembly Government

### **FE Conditions of Funding 2010/11**

The Committee received 2010/11 FE Conditions of Funding letter from the Welsh Assembly Government setting out this year's funding allocation for RFM, Pathways to Apprenticeships, Ufl provision and Funding Adult Skills.