

**MINUTES OF THE AUDIT COMMITTEE MEETING**  
**HELD ON WEDNESDAY 21 SEPTEMBER 2011**

**PRESENT:**

D Mead [Chair]      M Thomas      C Jones

**IN ATTENDANCE:**

RG Fowler                      K Holley                      K Booker  
R Larcher [Clerk]              D Bennett [AC11/12: 005]      C Heffey [AC11/12:006]  
R Evans [AC11/12: 005]      H Cargill [RSM Tenon – Internal Auditors]  
I Clarke [PwC – External Auditors]

**PART I – NON CONFIDENTIAL ITEMS**

<b><u>AC11/12: 001</u></b>	<b><u>APOLOGIES</u></b>	<b><u>ACTION &amp; TIMESCALE</u></b>
	<p><u>Noted [i]:</u> Apologies were received from: S Harries   P Vine   J Hehir</p>	
<b><u>AC11/12: 002</u></b>	<b><u>DECLARATIONS OF INTEREST</u></b>	
	<p><u>Noted [i]:</u> There were no declarations of interest of Members and Officers present at the meeting</p>	
<b><u>AC11/12: 003</u></b>	<b><u>MINUTES [PART I] AND MATTERS ARISING</u></b>	
	<p><u>Noted [i]:</u> The contents of the minutes of the meeting of the Audit Committee [Part I] held on 25.05.11.</p> <p><u>Noted [iii]:</u> AC10/11: 036 – Members had requested that the Risk Management and Control Register for the School of Pre-vocational Studies be revised in light of comments made at the meeting held on 25.05.11 and brought back to the Committee. The final version of the Register was circulated to the Members and the relevant changes had been made. No further revisions are required.</p>	

**Resolved [i]: That the minutes of the meeting of the Audit  
Committee [Part I] held on 25.05.11 be approved.**

**CLERK  
21.09.11**

Noted [i]: Vice Principal: Finance & Information Systems advised Committee that new software to track internal audit recommendations and actions had been obtained and a report will be brought to the next Committee meeting.

**VP:FIS  
07.12.11**

**RISK MANAGEMENT & CONTROL REGISTER**

COMMERCIAL/ENTERPRISE

Noted [i]: The attendance of R Evans, Commercial Manager, who presented this Register

Noted [ii]: The following points were noted:

- Discrepancies were found in the calculation of the risks which had arisen as a result of the document being prepared before 31.03.2011 and not returned to since submission.
- Required additional processes/controls shown had target dates that were in the past and had not been moved up into controls.
- An updated Risk & Control Register needs to be brought back to the Audit Committee at the December meeting.

**Com Mgr  
30.11.11**

LEARNER SERVICES

Noted [iii]: The attendance of D Bennett, Learner Services Manager, who presented this Register

Noted [iv]: The following points were noted:

- Discrepancies were found in the calculation of the risks which had arisen as a result of the document being prepared before 31.03.2011 and not returned to since submission.

Noted [v]: The Committee expressed concern regarding the apparent lack of understanding of the purpose of the Registers.

Noted [vi]: The VP: FIS explained that all managers are told to keep high risks 'live' but many tend to just update when coming to the Audit Committee or Finance Directorate. The best managers use the Registers at their team meetings.

**Resolved [i]: That the Risk Management & Control Register for Commercial/Enterprise is approved.**

**AUDIT CTTE  
21.09.11**

**Resolved [ii]: That the Risk Management & Control Register for Learner Services to be revised in light of the comments made above and brought back to the Audit Committee at its meeting on 07.12.11.**

**LRN SERV  
MGR  
30.11.11**

**AC11/12: 006**

**ANNUAL CRIMES DATABASE REPORT**

**ACTION &  
TIMESCALE**

Noted [i]: The attendance of C Heffey, Facilities & Estates Manager, who presented this item.

Noted [ii]: The following points were noted:

- There were fewer incidents than the previous year.
- The report raised no major concerns.
- The comment from the Chair that it was a good report.

**Resolved [i]: That the Annual Crimes Database Report is approved.**

**AUDIT CTTE  
21.09.11**

**AC11/12: 007**

**EXTERNAL AUDIT PLAN 211-2012**

Noted [i]: I Clarke, from PwC external auditors, was in attendance at the meeting and presented this report.

Noted [ii]: The main purpose was to discuss PwC's audit strategy and allow Members to raise any questions or concerns.

Noted [iii]: The main points highlighted included:

- Audit work has already started in LSI.
- The audit fee for LSI was significantly higher than other areas as it is a company and is the first year for auditing.
- Returns are required by the Welsh Government (WG) for Teachers Pensions Agency TR17A.
- The overall percentage for materiality of errors will be set at 2% of income.
- Responsibility of the governing body is:
  - to evaluate management's identification of risk;
  - investigate any suspected/alleged fraud;
  - report any significant fraud to WG.
- IFRS reporting is not expected to be implemented for another couple of years.

Noted [iv]: The discussion on the College's Anti-Fraud Policy and the reporting of the need to take action under The Bribery Act 2010.

**Resolved [i]: That the External Audit Plan 2011-2012 is approved.**

**AUDIT CTTE  
21.09.11**

**AC11/12: 008**

**FORMAL CHANGE OF AUDITORS FOR LSI**

Noted [i]: The Clerk to the Corporation advised the Committee that PwC had been formally engaged as auditors for LSI.

Noted [ii]: That as reported in the previous agenda item, audit work had already commenced.

Noted [i]: The attendance of H Cargill, from RSM Tenon internal auditors.

Noted [ii]: The following reports were presented.

**GOVERNANCE: REVIEW OF NETBOOKS**

- In July 2011 an internal audit was carried out on the use and security of Governors' netbooks.
- The audit included speaking to a sample of Governors for their feedback.
- The overall rating was GREEN and two low recommendations were made.
- The use of SmartWater security marking was noted as a Good Practice.
- The suggestions made in the report for possible changes/improvements were endorsed by the Committee.

**RISK MANAGEMENT**

- This area was well documented and there was a strong process in place.
- Auditors will extend this to Schools as part of the next internal audit.
- The overall rating was GREEN with only low recommendations being made.

**ESTATES & FACILITIES: MAINTENANCE**

- The overall rating was the lower range of AMBER.
- Low and medium recommendations were made and these have been acted upon.

**INTERNAL AUDIT ANNUAL REPORT**

- All three areas; Governance, Risk Management and Control achieved a GREEN rating, the highest rating.
- Out of twelve reviews, eight had a GREEN rating, three an AMBER/GREEN and one an AMBER/RED.
- Follow up reviews concluded that good progress had been made on recommendations.
- The congratulations of the Committee on the excellent report.

**STRATEGY FOR INTERNAL AUDIT 2009/10 – 2011/12**

- As previously requested by the Audit Committee an audit of the College Theatre will be carried out. It will replace the Health & Safety general audit but will include health and safety aspects of the Theatre.
- Vice Principal: Finance & Information Systems has requested that additional days be included in the plan to allow for the enlarged size of the College and its operation.

**AC11/12: 009****INTERNAL AUDIT REPORT [Cont'd]****ACTION & TIMESCALE**

- All relevant staff have now completed project management training. As financial aspects of project management are a part of Financial Controls review an increase in the number of recommendations is anticipated.

<b><u>Resolved [i]:</u> That the Internal Audit Report – Governance: Review of Netbooks is approved.</b>	<b>AUDIT CTTE 21.09.11</b>
<b><u>Resolved [ii]:</u> That the Internal Audit Report – Risk Management is approved.</b>	<b>AUDIT CTTE 21.09.11</b>
<b><u>Resolved [iii]:</u> That the Internal Audit Report – Estates &amp; Facilities: Maintenance is approved.</b>	<b>AUDIT CTTE 21.09.11</b>
<b><u>Resolved [iv]:</u> That the Internal Audit Annual Report is approved.</b>	<b>AUDIT CTTE 21.09.11</b>
<b><u>Resolved [v]:</u> That the Strategy for Internal Audit 2009/2010 – 2011/2012 is approved.</b>	<b>AUDIT CTTE 21.09.11</b>

**AC11/13: 010****BRIBERY ACT 2010**

Noted [i]: This item was presented by R Larcher, Clerk to the Corporation.

Noted [ii]: The report informed the Committee of the actions which would be required under the Bribery Act 2010.

Noted [iii]: A copy of the AoC and Eversheds briefings should be made available on the Governance Sharepoint.

Noted [iv]: An initial risk assessment should be carried out, in particular considering the top liabilities.

**CLERK  
07.10.11**

<b><u>Resolved [i]:</u> That the Executive/SMT undertake an initial assessment on the level, nature and extent of risks of bribery to Neath Port Talbot College. The report to be brought to the Audit Committee at its meetings on 14.12.11.</b>	<b>EXEC/SMT 07.12.11</b>
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**AC11/12: 011****CSIW NURSERY INSPECTION REPORTS**

Noted [i]: This item was presented by K Booker, Vice Principal Operations.

Noted [ii]: Care and Social Services Inspectorate Wales carried out their annual inspection of the three campus nurseries; Neath, Afan and Pontardawe during the Spring and Summer Terms 2011.

Noted [iii]: No changes or actions were required.

Noted [iv]: That over 40 learners passed through the nurseries on modern apprenticeships through Pathways.

Noted [v]: The congratulations of the Committee on three very positive reports for the second year running and their request that a letter be sent to the Nursery Manager. Also that a press release should be made and a news article put on the College web site.

<b><u>Resolved [i]:</u> That the Clerk to the Corporation should write to the Nursery Manger on behalf of the Audit Committee with their congratulations on excellent reports.</b>	<b>CLERK 02.10.11</b>
<b><u>Resolved [ii]:</u> That the Clerk to the Corporation contact Marketing regarding possible press release and/or news item on the College web site.</b>	<b>CLERK 02.10.11</b>

**SIGNED BY COMMITTEE CHAIRPERSON**

**Signature:**.....

**Date:**.....