



**SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE**  
**FURTHER EDUCATION CORPORATION**

**AUDIT COMMITTEE**

Approved minutes of a meeting  
Held on Thursday 15 June 2023  
Via Microsoft Teams

<b>Present:</b>	Mike Croker	Corporation Member & Chair
	Phil Eames	Corporation Member
	Dave Merrett	Corporation Member
<b>In attendance:</b>	Rich Aitken	Head of Finance
	Nathan Coughlin	Bishop Fleming – Financial Statements Auditors
	Karen Gentles	RSM – Internal Audit Service
	Kevin Hamblin	CEO & Executive Principal
	Jude Saunderson	Chief Financial Officer
	Sharon Glover	Clerk

1. **Apologies for Absence**

Apologies were received from Sally Flett and Irene Molodtsov. Louise Tweedie was unable to attend.

2. **Declarations of Interest**

There were no declarations of interest raised.

3. **Auditor Concerns**

The Chair reported that RSM and Bishop Fleming had been invited to raise any concerns ahead of the meeting and had nothing to raise.

4. **Other Items of Urgent Business**

There were no other items of urgent business but the Chair advised that there would be one item of AoB.

5. **Minutes of Previous Meeting**

The minutes of the meeting held 30 March 2023 were approved as a correct record, ready for signing by the Chair.

6. **Matters Arising From Those Minutes**

- a) Corporation approval of the following was noted:
- i) Counter-Fraud Strategy.
  - ii) Financial Policies.
  - iii) The re-appointment of RSM as Internal Auditors and the re-appointment of Bishop Fleming as Financial Statement Auditors for SGS College and SGS Commercial Services Limited.
- b) Audit Committee action log – the log was reviewed and the following updates provided:
- Confirmation was received that the annual conversation is linked to the new pay scales for teaching staff. Teaching staff have to submit an application for progression.
  - Head of Finance investigated whether expense claim comparisons can be monitored and reported that this related to staff purchasing items and claiming back via expenses. Due to changes in processes this has reduced the need for expense claims. At the request of the Audit Committee the Head of Finance agreed that annual checks will be undertaken due to the low volume involved.
  - Confirmation was received that the remaining actions have been completed.

7. **ESFA Funding Audit update and ESFA Investigation**

Confidential Item.

8. **Financial Statements Audit Plan 2022/23**

Bishop Fleming presented their audit plan and changes to their audit approach due to accounting standards and the impact of ONS reclassification, in particular, the approval from the ESFA to letters of support for subsidiary companies and the new banking arrangements. Members were informed that there are small changes by the actuaries to pension assumptions and reference was made to the usual consideration of going concern. When asked, confirmation was received that there were no new Office for Student requirements and that there would be some additional work required of College management, but that this should not be significant.

Following nugget training, Bishop Fleming were asked their view on the requirement to share ESFA's bite size training material with the Corporation following the ONS reclassification. Members were informed that these changes had been summarised in section 3 of their audit plan and a pragmatic approach needed to be taken.

The Financial Statements Audit Plan 2022/2023 was endorsed by the Audit Committee.

9. **Risk Management Report**

The Chief Financial Officer reported that the key risks were the same as last reported. However, new risks had been added to the full risk register but had not exceeded the tolerance levels.

Reference was made to risk 18 relating to the risk of poor-quality teaching and learning and it was noted that although actions were being taken to address the issues there was no change to the current risk level. The Chief Financial Officer had challenged this as it was borderline whether the risk should be reduced but the Principal had asked for it to be retained. Members also asked if the challenge to recruit staff is also a risk to report against teaching and learning. Members were informed that following a deep dive in High Needs, due to the churn of staff, an action plan is in place and stability is returning to the area. Vocational vacancies are higher than would be liked but this is an improving area. Members raised that staffing for High Needs has been regularly reported to Corporation and questioned where this is reflected on the risk register. The Chief Financial Officer reported that risks of staffing of this area is not as significant as it had been but agreed to investigate further. It was noted that delays in completing actions to mitigate risks as raised in the previous meeting remain.

Dave Merrett, as Chair of SGSCSL, was invited to raise any concerns or comments on the SGSCSL risk report. Members were informed of the next SGSCSL Board meeting next week and there was nothing further to raise. Members were informed that strategic options for the Berkeley site are being explored and will be presented to Corporation at their July meeting.

**The report was noted.**

10. **Internal Audit**

- a) Departmental review arrangements – Creative, Stroud Art – This audit received substantial assurance with only one medium action received. Members questioned the reasons for the delay in the finalisation of the report and were informed that extra evidence had been provided and that the delays had been caused by RSM. Members raised that records on completion of mandatory training were not positive and confirmation was received by the Chief Financial Officer that robust processes are now in place. In addition, there are many part-time staff in this Department which has an impact on training completion rates. The Audit Committee asked that an update on completion rates is circulated to the Audit Committee.

**The report was noted.**

**Action: Chief Financial Officer.**

- b) Learner Number Systems: Post 1 May 2017 Apprenticeships – RSM apologised for the delay in receipt of this report as it is currently going through RSM's quality processes. Members were informed that once available the report will be circulated to Audit Committee members and presented at the next meeting. The Chair raised that the outcome of

this audit could assist the College with the ESFA funding audit and its delay was disappointing.

- c) Progress report 2022/23, including updates against the Internal Audit Protocol – Members were informed that the curriculum plan implementation framework review has been carried forward to next year's plan due to changes in the College's curriculum planning approach. Members raised the disappointing timeliness of report issue and had been assured at tender that improvements from RSM will be made. RSM confirmed that these had been exceptions to the rule and would not reoccur next year. The Chief Financial Officer also added that internal changes have been made and it should be smoother next year.

**The report was noted.**

- d) Internal audit needs assessment, strategic plan and annual plan 2023/24 & Internal Audit protocol – RSM presented the plan in accordance with the fee agreed by the Corporation. The Chair reported that, having raised with RSM, confirmation had been received that the number of assignments would be sufficient to provide an annual opinion. RSM were also asked to update the plan with the following:
- to add the number of days per assignment;
  - to clarify that the Departmental/Campus review in 2023/24 will be covered by the curriculum plan implementation framework;
  - to clarify that the GDPR Governance Framework should state Summer 2024 and not 2023;
  - to clarify on page 12 that the plan is approved by the Corporation on the recommendation of the Audit Committee.

**It was resolved:**

**To recommend the Internal audit needs assessment, strategic plan and annual plan 2023/24 to Corporation for approval, subject to changes raised.**

**Action: RSM.**

## 11. Financial Regulations

Members received updates to the Financial Regulations. which were mainly to incorporate requirements from ESFA's bite size documents on the ONS reclassification of Colleges into the public sector and managing public money requirements.

Members questioned why there had been the inclusion of reference to reserves and it was explained that this was as a result of the review of the DfE Governance Handbook and at the request of the Chair and Clerk to the Corporation. When asked, the Chief Financial Officer confirmed her satisfaction with the financial thresholds for authorising purchases.

**It was resolved:**

**To recommend Corporation approval of the Financial Regulations.**

12. **Fraud Risk Assessment action plan**

The Head of Finance reported that this had been a follow up item from the last meeting and provides a central register of all actions and concerns. Members noted that many of the actions were considered as low risk and suggested this may need review. The Head of Finance advised that these related to local assessments of controls rather than central controls and served as additional checks. Members raised that in some areas the risk assessments were never returned and the actions had been closed. This was not considered to be an appropriate response and the Head of Finance was asked to re-open the actions and follow them up.

**The report was noted.**

**Action: Head of Finance.**

13. **College returns and Assurance processes update**

The Chair reminded the Committee that this report had been requested in order that assurance can be gained in relation to funding returns. The Chief Financial Officer confirmed that deadlines for filing end of year accounts have been extended with ESFA and Companies House and this is not classed as non-compliance.

**The report was noted.**

14. **Audit Action Plan**

The Chief Financial Officer reported that the outstanding actions are largely complete but remain as red as not fully completed. Further explanations were provided against the funding and high needs actions. The Chair emphasised the importance of implementing the recommendations on a timely basis and that RSM will be following up on these actions as part of their follow up audit.

**The report was noted.**

15. **Post-16 Audit Code of Practice**

Members received a report covering the publication of the latest version of the Post-16 Audit Code of Practice, which had mainly been updated to reflect the developments of the ONS announcement that FE Colleges were reclassified to the central government sector.

**The report was noted.**

16. **Managing Public Money requirements**

The Chief Financial Officer reported that, following the ONS reclassification of Colleges and their subsidiaries into the public sector, ESFA required assurance that the new requirements have been complied with for the period 29 November 2022 to 31 March 2023. Apart from the letter of support from SGS College to SGSCSL there have been no instances where DfE approval

was required. Having spoken to Bishop Fleming there is no impact for last's years end of year audit but ESFA approval will be required if a letter of support is needed for this year's end of year accounts. The Chief Financial Officer confirmed that an application for approval of the letter of support has been submitted but if ESFA are not content to approve there is uncertainty of the impact on the College and will be discussed with Bishop Fleming.

Members were informed that the renewed loan facility between SGS College and SGSCSL will require ESFA approval, following approval from SGS College and SGSCSL. Discussions are to be held with Bishop Fleming to understand the impact on the end of year accounts should ESFA approval not be granted.

**The report was noted.**

17. **Audit Committee Terms of Reference**

Minor revisions to the Committee's Terms of Reference were considered. The Chair suggested that the option to appoint co-opted members should be increased from 1 to 2 members to provide additional flexibility, given the resignation of Sophie Green. This change was agreed but the Committee suggested that the current vacancy is filled by a Corporation member in the first instance. If not, the Search Committee is to be engaged in the search for an additional co-opted member.

**It was resolved:**

- a) **To recommend Corporation approval of revisions to the Audit Committee Terms of Reference.**
- b) **To invite Corporation to appoint a replacement for Sophie Green, in the first instance.**

18. **Audit Committee Self-Assessment 2022/23**

Members received collated responses to the Audit Committee self-assessment questionnaire and the views of the auditors and College management were invited. Positive feedback was received in relation to the Committee's level of challenge and support, chairing, approachability of the Chair and Vice-Chair, the balance of time spent on agenda items and the skills and breadth of the committee members to understand the challenges facing the College.

**The report was noted.**

19. **Any Other Business**

There was one item of other business raised. The Head of Finance presented revisions to the Fraud Action Plan and apologised that it should have been presented at the last meeting. An explanation for the revisions was provided and during discussion it transpired that the version of the plan on Convene was not the latest version. It was agreed that the changes raised at the meeting should be included and the plan circulated outside of the meeting for further review by the Audit Committee and final oversight by the Chair.

**It was resolved:**

**To recommend Corporation of revisions to the Fraud Action Plan, subject to final oversight by the Audit Committee and agreement with the Chair of the Audit Committee.**

**Action: Head of Finance, Audit Committee, Chair of the Audit Committee.**

20. **Key messages for Corporation**

The Chair proposed the following key messages for Corporation:

- The recommendations for Corporation approval of the 2023/24 Internal Audit Plan, Financial Regulations, Fraud Response Plan and Audit Committee Terms of Reference.
- CEO & Executive Principal to email ESFA to complain about the delays experienced in signing off their funding audit, copied to CE ESFA, with submission of a formal complaint thereafter, if needed.

21. **Date of Next Meeting**

Tuesday 19 September 2023, 3pm, Microsoft Teams.

The meeting commenced at 3.03pm

Kevin Hamblin joined the meeting at 3.10pm (after item 6)

Dave Merrett joined the meeting at 3.11pm (at the start of item 7)

The meeting closed at 5.10pm

The meeting was quorate.