



SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE
FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Approved minutes of a meeting
Held on Thursday 13 June 2024
Via Microsoft Teams

Present:	Mike Croker	Corporation Member & Chair
	Phil Eames	Corporation Member
	Sally Flett	Co-Opted Member
	Yusuf Ibrahim	Corporation Member
	Dave Merrett	Corporation Member
	Irene Molodtsov	Corporation Member
In attendance:	Rich Aitken	Director of Operational Finance
	James Huxtable	Bishop Fleming – Financial Statements Auditors
	Kevin Hamblin	CEO & Executive Principal
	Jude Saunderson	Chief Financial Officer
	Louise Tweedie	RSM – Internal Audit Service
	Sharon Glover	Clerk

1. **Apologies for Absence**

Apologies were received from Nathan Coughlin from Bishop Fleming and James Huxtable was welcomed to the meeting in his place.

2. **Declarations of Interest**

There were no declarations of interests raised.

3. **Auditor Concerns**

It was reported that RSM and Bishop Fleming had no issues to raise in the absence of College management.

4. **Other Items of Urgent Business**

There were no items of urgent business.

5. **Minutes of Previous Meeting**

The minutes of the meeting held 28 March 2024 were approved as a correct record, ready for signing by the Chair.

6. **Matters Arising From Those Minutes**

- a) Corporation approval of the Financial Regulations were noted.
- b) Audit Committee action log – Updates against actions were provided and the following was reported:
- 13 Nov 23, minute 12 - The Director of Operational Finance reported that he had investigated the Access to Work bad debt and there was incomplete administration relating to students for DWP. Following the appointment of a new administrator there was now satisfaction going forward.
 - 28 Mar 24, minute 7
 - The Chief Financial Officer reported that a new MIS manager has been appointed and has been reviewing the adult action plan and, so far, there has been a positive impact.
 - The Director of Operational Finance reviewed the depth of questioning and assurance relating to the apprenticeship annual fraud risk assessment and was satisfied with the local controls in place.
 - Members were informed that the Vice Principal Corporate & Community will be invited to the September Audit Committee meeting. The Chief Financial Officer advised that it may be preferable for the new MIS manager to attend instead and confirmation will be received nearer the time.
 - 28 Mar 24, minute 8 – The Chair advised that these actions can be closed due to their completion.

The Chair requested an oral update on the estates and procurement action plan. Confirmation was received that most actions have been completed with some remaining work in progress. There has been slow progress on the Estates team structure and safeguarding spot checks on contractors have been deferred to September/October due to limited HR resource. However, these were not considered to be high risk as robust processes are in place. A further update will be provided at the November Audit Committee meeting.

Action: Chief Financial Officer.

7. Financial Statements Audit Plan 2023/24

Bishop Fleming presented their audit plan and reported that the scope was similar to the prior year. Members were informed that SGSCSL remained in scope as the sale had not yet been completed and the disposal impacts the risk assessment due to its complexity and will require the external auditors to review the legal agreements and disclosures compliance. Members questioned whether there were any regularity considerations and were informed that there would be Managing Public Money considerations and SGS's engagement with the regulators would be reviewed as part of the audit process. A significant risk being the valuation of property and the agreed sale price. Attention was also drawn to the topics featured in the FE accounting and audit updates.

When asked, confirmation was received that the timetable had been agreed with the Chief Financial Officer and Director of Operational Finance. The Chair observed that last year there were delays in receipt of the final management letter and encouraged Bishop Fleming and College staff to work together to ease pressures on deadlines for the publication of the Audit papers to the Committee. Members were informed of the intent to commence the audit a week earlier, which would help.

Bishop Fleming presented their fee proposal, which was in line with inflation together with their obligations for identification of related parties and would work closely with College management in this respect. However, it was noted that the College has robust internal processes to identify this.

The Financial Statements Audit Plan 2023/2024 was endorsed by the Audit Committee.

8. **Risk Management Report**

The Chief Financial Officer presented the report and referenced the inclusion of horizon scanning of risks, which needed further development. When asked, members requested the inclusion of short-term horizon scanning risks, together with an explanation under each risk. The Chief Financial Officer reported that the College is working with the Local Authority to try and shape the devolution of Gloucestershire.

New risks added to the risk tracker were presented, in particular the departure of the College Principal, which was being managed internally with the CEO & Executive Principal already having meetings with his direct reports. The CEO & Executive Principal raised concerns about bandwidth and ensuring that there is expertise in the right areas and taking into consideration learning curves. The revised Executive Team structure presented to Corporation has been communicated and the Executive Team are discussing where savings can be made and the structures needed beneath them. Although the Principal is handing over in good time before the end of the current academic year the College could be light on staff from September and the risk register will be revised accordingly. Members questioned whether there is talent that needs to be secured to ensure no further instability and were informed that this is being discussed by the Executive Team. Members were informed that the risk relates to bandwidth and whether individuals can cope with the additional workloads, especially at Executive level.

Members were informed of a new risk relating to DiSE income and issues with SportsAid payments, but confirmation was received that payment has been made so this risk has disappeared.

Although the risk of the disposal of SGSCSL not going to plan was below the tolerance level on the full risk register, members sought assurance of this transaction. The Chief Financial Officer advised that key staff are working directly with CVG in relation to due diligence and there had been concern that CVG are not focused on a 31st July 2024 completion date. Following an approach made by the CEO & Executive Principal assurances had been received that the sale will be progressed by the end of July and there is quiet

optimism that this will be achieved. Although a lot of work is still to be done, there may be some things that have not been resolved which need to be factored into the agreement. When asked, confirmation was received that nothing had so far arisen as part of the due diligence process and CVG have been very thorough. When asked, confirmation was received that there would be no claw back of grant funding.

The Chief Financial Officer raised that, following issue of the risk register to the Committee, a further water leak had been found at Berkeley campus which had increased the risk on the risk register. The thoughts of Dave Merrett (Chair of SGSCSL) were invited and he advised that it was business as usual and hoping that all progresses well.

Members noted the swift departure of the Vice Principal FE and when asked, assurance was provided that this was not relating to the departure of the College Principal and that it was an agreed departure, resulting in the Deputy Principal picking up the portfolio.

The report was noted.

At this point, the Chair welcomed Gavin Murray (Deputy Principal) to the meeting.

9. **Internal Audit**

The following reports were presented:

- a) Curriculum Plan Implementation Framework – RSM advised that this audit received a partial assurance, resulting in 6 medium and 1 low priority actions. Due to the departure of the Vice Principal FE, his Assistant Principal's now report directly into the Deputy Principal. The Deputy Principal expressed confidence in a curriculum plan that works for next year and just needed to ensure that all activities are planned and timetabled for next year. Enrichment and careers are delivered by corporate staff with hours taken from a different system. There was also confidence that all actions are being progressed. Members questioned to what extent there is overlap with this audit and the FE Commissioner's findings. RSM advised that the focus of their audit was on the delivery of efficiency and outcomes but couldn't see how it translated into timetables. RSM advised that there had been similar issues raised within each report.

The report was noted.

- b) Data Protection Compliance Framework – RSM reported that this is the first report in their client base that had not received any actions and was a testament to SGS. The Deputy Principal advised that the College has established clear lines of accountability and governance structure with only 0.2 FTE working on this. The Chair congratulated the Vice Principal and those working on data protection.

The report was noted.

- c) IT – Cyber Security controls - Members were informed that this report is to be carried forward to the next meeting. RSM reported that meetings had been held with College management to discuss report outcomes and offered to circulate the final report ahead of the next meeting. When asked, RSM confirmed that discussions may impinge on the overall opinion, depending upon evidence provided, but in a positive not negative way.

One member of the Audit Committee shared that they had just attended a JISC cyber security workshop that looked at the number of cyber-attacks, risks and College's resilience to attacks. This training came highly recommended. The Chief Financial Officer advised that JISC presented to the AoC Financial Directors and provided assurance that the Head of IT Services works closely with JISC.

- d) Progress report 2023/24, including updates against the Internal Audit Protocol – Members were informed that the Cyber Security controls report and follow up report will be presented at the next meeting. Based on information to date assurance was sought, and provided, that there will be a positive assurance opinion in the annual report.

The report was noted.

- e) Internal audit needs assessment, strategic plan and annual plan 2024/25 and Internal Audit protocol – RSM presented the plan and explained how it had been developed. Assurance was sought, and received, that the Chief Financial Officer and Director of Operational Finance were content with the plan.

Members referenced plans to audit 14-16 provision and raised that there are pockets of this cohort scattered across the College in addition to SGS Create and will these be picked up as part of the audit. Confirmation was received that they would.

Members asked whether RSM would be undertaking work on risks and management structures and the Committee were informed that some elements will be relevant with the HR audit but this wouldn't be at a strategic level. Members suggested that there could be some scrutiny at a strategic level if the Executive wanted. The CEO & Executive Principal raised the unknowns being faced next year and any changes in Accounting Officer would trigger closer monitoring of the structure. It was suggested to leave this open at the moment and revisit later in the year.

Members raised that AI is a hot topic and whether there are risks around this that this should be given future consideration. RSM advised that there are two elements for consideration, these being the threats built into cyber/IT audits and plagiarism risks and opportunities. It was suggested that this topic is kept on the radar for when AI is more embedded in Colleges.

Members asked for the number of days to be included in the audit plan and questioned whether opinions will be provided for compliance review audits. Assurance was provided that there would be sufficient audits completed to allow an overall opinion to be formed. Members also suggested that audit dates are included and shared with the Chief Financial Office and Director of Operational Finance.

It was resolved:

To recommend the Internal audit needs assessment, strategic plan and annual plan 2024/25 and Internal Audit protocol to Corporation for approval, subject to changes raised.

Action: RSM

At this point, Gavin Murray (Deputy Principal) was invited to leave the meeting.

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

The Chair felt that the College had complied with the returns and when asked, confirmation was received that there had been no material feedback from the funding bodies.

The report was noted.

11. **Financial Regulations**

In light of the publication of the College's Financial Handbook, due to be implemented from 1 August 2024, the Chief Financial Officer presented revisions to the Financial Regulations and reported that 5 policies would need to be reviewed next year. Members were informed of the need to revisit the Financial Regulations following the departure of the College Principal to revise titles. The Chair suggested that Corporation delegate authority to the Committee to approve these changes, provided that no material changes are proposed.

The Director of Operational Finance confirmed that, in light of the impending departure of the College Principal payment approval limits had been reviewed and there is sufficient coverage and no immediate risks posed.

The Chair raised that he has some minor typographical errors that he would feed back to the Chief Financial Officer, off line.

The Chair raised the need to ensure that there are mechanisms in place for the Audit Committee to receive assurances in relation to the sub-contracting provision to 3rd parties when there are no internal audits to provide this assurance. Members were informed that an annual report is presented to the Corporation on sub-contracted provision and the Committee asked that this report is expanded to provide assurance of quality assessments and monitoring arrangements.

Members also asked that the Chief Financial Officer check Managing Public Money requirements to ensure everything that needs to be is captured in the Financial Regulations.

It was resolved:

To recommend Corporation approval of the Financial Regulations, subject to points raised at the meeting.

Action: Chief Financial Officer.

12. **Audit Action Plan**

The Chief Financial Officer apologised for the late addition of the audit action plan, which due to a PDF error had omitted the 2023/24 data from the summary. It was reported that there was nothing overdue that needed to be brought to the attention of the Committee.

The report was noted.

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

Members received a report covering the changes in the latest version of the Post-16 Audit Code of Practice.

The report was noted.

14. **Audit Committee Self-Assessment 2023/24**

Members received collated responses to the Audit Committee self-assessment questionnaire and the views of the auditors and College management were invited.

RSM advised that the remit of the Audit Committee is largely mandated by the Post-16 Audit Code of Practice and was similar to that experienced across the sector.

The report was noted.

At this point Louise Tweedie (RSM) and James Huxtable (Bishop Fleming) were invited to leave the meeting.

15. **Appointment of Auditors (Internal Audit Service)**

Confidential Item.

16. **Any Other Business**

There was no other business raised.

17. **Key messages for Corporation**

The Chair proposed the following key messages for Corporation:

- Summary of risk management discussions, particularly the staff morale risk following the announced departure of the College Principal.
- Reference to the Internal Audit reports, including critical opinion on the curriculum implementation plan.
- Positive outcome of the data protection audit.
- Financial Regulations for Corporation approval.
- Re-appointment of RSM.

18. **Date of Next Meeting**

Monday 23 September 2024, 3pm, via Teams.

The meeting commenced at 3.00pm

Yusuf Ibrahim joined the meeting at 3.05pm (during item 6)

Louise Tweedie and James Huxtable left the meeting at 4.29pm (after item 14)

The meeting closed at 4.37pm

The meeting was quorate.