



SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE
FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Approved minutes of a meeting
Held on Thursday 28 March 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
	Kevin Hamblin	CEO & Executive Principal
	Jude Saunderson	Chief Financial Officer
	Louise Tweedie	RSM – Internal Audit Service
	Noor Zafar	RSM – Internal Audit Service
	Sharon Glover	Clerk

The Chair opened the meeting by welcoming Noor from RSM who would be observing the meeting as part of her professional development.

1. **Apologies for Absence**

There were no apologies received.

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.

4. **Other Items of Urgent Business**

There were no items of urgent business.

5. **Minutes of Previous Meeting**

The minutes of the meeting held 13 November 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 were noted:
- (i) 2022/23 Annual Report of the Audit Committee, including the annual risk management report;
 - (ii) Internal Audit Service Annual Report;
 - (iii) Financial Statement Auditor's Management Letter;
 - (iv) Revised and approved version of the SGS College Annual Report and consolidated Financial Statements 2022/23;
 - (v) Letter of representation to Bishop Fleming;
 - (vi) Letter of Support to SGSCSL.
- b) Audit Committee action log – Updates against actions were provided, with one action carried forward.

7. **Update on funding audits and Investigation**

The Chief Financial Officer reported that all the funding audits and investigation have now been closed off and final reports and action plans were appended for completeness. Confirmation was received that a review of staffing in the Apprenticeship Department has been undertaken and, due to the complexities of this provision, staff have been directly recruited into the Apprenticeship Team i.e. MIS and Quality specialists. Ofsted has subsequently inspected the College and the changes made in this area are already having a significant impact.

Members referenced the adult action plan and asked whether the data scrutiny meetings work on a consistent basis. Members were informed that they are not currently as effective as they should be and changes are planned for the MIS area. Members asked that an update is provided at a future meeting.

Members discussed the presentation of trackers and whether they could be combined into one for ease of review. The Chief Financial Officer advised that this was the preferred format for College use and had no plans to provide future updates as captured in the Committee's audit action plan. Members asked that assurance is provided once action plans are closed off. It was suggested that the Vice Principal Corporate & Community is invited to a future meeting to provide the Committee with a progress update on actions.

Members were surprised that apprenticeships were classed as low risk of fraud and the Chief Financial Officer agreed to review. The Chair suggested returning to this later in the meeting.

The report was noted.

Action: Chief Financial Officer.

8. **Risk Management Report**

The Chair informed that he was keen for the Committee to further develop its focus on risk management, accepting that for the size of the organisation there was a robust approach in place. It was suggested that college managers are invited to Audit Committee meetings to present their key risks. Members also raised that it would be helpful to show more colour on the new risks to enable more context resulting in a richer conversation. Also suggested was a section in the report on horizon scanning to capture emerging risks and potential impacts. This would then prompt areas that require deep dives. It was also suggested that the risk register is separated out into risks, issues or opportunities. The Chief Financial Officer was asked to give this further consideration.

At this point, Sarah Stephens-Lewis, Assistant Principal for Apprenticeships and Employer Engagement joined the meeting.

The Chief Financial Officer referenced the covering report, which had included narrative relating to safeguarding risks. This was in response to a question raised by one of the members of the Audit Committee at a Corporation training event. Members were informed that there are two key safeguarding risks currently on the register.

The Chief Financial Officer then presented the quarterly risk report for SGS College. Reference was made to the risk relating to the withdrawal of licence to recruit international students. It was reported that the wording of this risk had been updated on the live risk register to reflect the risk of the licence not being re-instated.

Although two risks had increased their score, they were still considered to be low risks. Members were informed that the switchgear is old and if it becomes faulty the parts are no longer available. Although funding is available for its replacement, this is on hold as it is housed in the construction area. This continues to be high risk until it's replaced. There are no significant changes to the other risks and the risk register will be updated to reflect the recent Ofsted inspection.

Members raised that the disposal of SGSCSL doesn't appear on the College risk tracker. There will be a risk and impact should the sale not proceed as capital will not be realised to re-invest into Filton campus. The Chief Financial Officer agreed to add to the risk register. The Chief Financial Officer was also asked to review the risk relating to Adult ALS in light of the RSM audit report.

The Chief Financial Officer presented the quarterly risk report for SGSCSL. Members were informed that the colours on the arrows needed updating and that there won't be much movement due to the sale of the site. New risks were presented and the Committee informed that Immersa are unlikely to proceed with their offer and the CEO & Executive Principal is in talks with CVG.

Members were informed of a water leak, which the majority of the costs will be covered by insurance, but there are some costs to be picked up by SGSCSL.

The report was noted.

Action: Chief Financial Officer.

9. **Internal Audit**

RSM presented the following reports:

At this point Sarah Stephens-Lewis was welcomed to the meeting.

- a) Learner Number Systems – RSM reported that they had followed up prior years actions and provided a detailed progress update. Members sought, and received, clarification for management action 2 as the management response was confusing. Members also discussed ALS delivery and whether there had been any testing of its delivery. RSM clarified that the audit had focused on the recording process rather than testing.

The Chair then welcomed input from Sarah Stephens-Lewis, Assistant Principal for Apprenticeships and Employer Engagement, who updated the Committee on the apprenticeship follow up actions.

The report was noted.

At this point, Sarah Stephens-Lewis was thanked and invited to leave the meeting.

- b) Benchmarking Report 2022/23 – Members were informed that the profile of audit assurance levels for SGS had been favourable. Management actions and the annual opinion were in line with the averages across RSM client base. Also included within the report was a thematic overview of high actions in case of use.

The report was noted.

- c) Key Financial Controls – This report received “reasonable assurance” resulting in 3 medium and 1 low action being raised. RSM presented the actions and confirmed that overall the audit outcome was positive.

The report was noted.

- d) Progress report – Members received a progress update. RSM confirmed that they were on track with the audit plan. Also received were client briefings on various topics. Reference was made to the briefing relating to emerging risk radar, which would be useful for horizon scanning. Members were informed of changes to global internal audit standards from January 2025, which will require updates to RSM’s charter. The final briefing related to protecting students from harassment and sexual

misconduct. Members were informed that a sexual misconduct review had been undertaken at SGS resulting in low priority actions, mainly relating to updates to policies and procedures.

The report was noted.

10. **Confidential Item**

Confidential Item.

11. **Gifts & Hospitality Register; Fraud Register and Fraud Risk Assessment action plan; Declarations of Interests Register and Whistleblowing Oral Update**

The following was reported:

- Gifts and Hospitality Register - The Chief Financial Officer reported that there was nothing contentious on this register.
- Fraud Register and Fraud Risk Assessment action plan – The action plan pulls together the high risks, following faculty and department self-assessments. Confirmation was received that no new risks or concerns have been raised. Members were surprised with the low scores for local controls for apprenticeship provision, which seemed at odds with conversations held at the Audit Committee. Assurance was provided that the fraud risk assessment considers everything in a department and hadn't raised any particular concerns. Members discussed the issue about expense claims and were advised that the process in place is correct but there was a lack of following the process and checking requirements. Members raised that offsite working can raise opportunities for fraud so this risk remains high. Members were informed that the Director of Operational Finance has contacted the Director of People & Organisational Culture in HR in relation to a College wide review of expense claims. The Chief Financial Officer also reported that controls will be checked in relation to falsifying assessments and that risk assessments will be reviewed to understand how this area is being assessed. Dave Merrett reported, that from an employer point of view, external verification was not considered high risk and that claims for false expenses could occur anywhere in the organisation. Members also raised the need for a detailed review of the Estates Risk Assessment action plan.
- Declaration of Interests Register – Members noted that the date reported column in the register had not been completed in relation to interests declared by a member of staff and questioned whether their declaration of interests is up to date. Appended to the declaration of interest's register was a list of purchase orders from GBEC, and assurance was received that this receives oversight by the Chief Financial Officer. When asked, confirmation was received that the value of transactions with GBEC has significantly reduced.
- Whistleblowing – The Chief Financial Officer reported that there had been one instance that had been raised and discussed by the Audit Committee. The Whistleblowing policy does not require a log to be maintained or

reported to Audit Committee unless fraud is involved. Members suggested recording volumes for consideration at the point when the policy is presented to the Audit Committee for review.

12. **Financial Regulations**

The Director of Operational Finance reported the need for an earlier review of the Financial Regulations due to the departure of the Chief Group Services Officer and to reflect updates relating to Managing Public Money. The key updates were reported. Members were surprised to see an increase in approval limits in light of the internal investigation and the view of RSM was sought on the relaxation of these financial thresholds. RSM considered these sensible for SGS and in line with many of their colleges. The Committee also raised a query about the possible impact on cumulative spend and members were assured that wording in this respect had been tightened.

The Chief Financial Officer reported that there may be further updates required following the recent publication of the new College Financial Planning Handbook.

It was resolved:

To recommend the Financial Regulations to Corporation for approval.

13. **Audit Action Plan**

Members received the latest audit action plan and when asked there were no questions raised.

The report was noted.

At this point, Louise Tweedie and Noor Zafar were invited to leave the meeting.

14. **Appointment of Financial Statements Auditor**

Confidential Item.

15. **Any Other Business**

The Clerk reported that the revised Post-16 Audit Code of Practice had just been published and will be formally reported upon at the next meeting.

It was also reported that a new College's Financial Planning Handbook has been published and would be brought to the attention of the Committee, if relevant.

16. **Key messages for Corporation**

- Positive discussions relating to risk management reporting.
- Positive Internal Audit reports presented.

- Comprehensive updates received on external funding audits and external and internal investigations.
- Revised financial regulations recommended to Corporation for approval.

17. **Date of Next Meeting**

Thursday 13 June 2024, 3pm, via Teams

The meeting commenced at 3.07pm
Louise Tweedie and Noor Zafar left the meeting at 4.59pm (after item 13)
The meeting closed at 5.03pm
The meeting was quorate.