



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

**AUDIT COMMITTEE**

Approved minutes of a meeting  
Held on Tuesday 21 September 2021  
Conducted via Microsoft Teams

<b>Present:</b>	Mike Croker	Corporation Member & Chair
	Phil Eames	Corporation Member
	Sally Flett	Co-Opted Member
	Dave Merrett	Corporation Member
	Ben Short	Corporation Member

<b>In attendance:</b>	Rich Aitken	Head of Finance
	Karen Gentles	RSM (Internal Audit Service)
	Manisha Gora	RSM (Internal Audit Service)
	Kevin Hamblin	CEO & Executive Principal
	Jude Saunderson	Chief Financial Officer
	Sharon Glover	Clerk

The Chair welcomed Manisha Gora, from RSM, who would be observing the meeting.

1. **Apologies for Absence**

Apologies were received from Tony Felthouse and Louise Tweedie.

2. **Declarations of Interest**

There were no declarations of interest raised.

3. **Auditor Concerns**

The Clerk reported that RSM and KPMG 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.

5. **Minutes of Previous Meeting**

The minutes of the meeting held 21 June 2021 were approved as a correct record, ready for signing by the Chair of the meeting.

6. **Matters Arising From Those Minutes**

- a) Corporation approval of the following was noted:
- (i) The Internal Audit needs assessment, strategic plan and 2021/22 annual plan.
  - (ii) Risk Management and Assurance Policy.
  - (iii) Financial Regulations.
  - (iv) Audit Committee Terms of Reference.
  - (v) RSM's re-appointment for 2021/22.
- b) Members asked if there was any update on the additional fees that KPMG would be charging, due to additional funding income audit work required. The Chief Financial Officer reported that, despite chasing, this information should be imminent, however, the external audit is due to commence next week. KPMG is of the opinion that the additional audit work would not be too onerous and possibly sample based. Concerns have been raised with KPMG in relation to the audit timing as the MIS Team are busy with ILR returns. The Committee endorsed the Chief Financial Officer's concerns.

Actions on the Audit Committee action log were monitored and the following updates provided:

- The Chief Financial Officer confirmed that the OfS audit had now been closed and they are satisfied with the proposals presented. OfS will return in a year's time to follow up on the audit. The Chief Financial Officer questioned whether it would still be appropriate for RSM to also audit this area in January 2022. Following discussion, it was agreed to retain the RSM audit at this stage but if there is no risk of an adverse report then there should be further review at the November Audit Committee meeting.

**Action: Audit Committee.**

- The Chief Financial Officer confirmed that both staff working within the Procurement Team had completed the Anti-Fraud Awareness training.
- Having reviewed the Fraud Response Plan, the Head of Finance concurred that there was a lack of clarity and revisions are to be proposed. The Clerk confirmed that this will be an agenda item for the next Audit Committee meeting.

**Action: Head of Finance.**

7. **KPMG Letter of Engagement**

When asked about changes to the Letter of Engagement, the Chief Financial Officer confirmed that there were no changes to bring to the attention of the Committee. Members raised that the letter referenced that fees would be agreed before any field work commences and that based on earlier

conversations KPMG are in breach of their Letter of Engagement. The Chief Financial Officer was asked to refer back to Tony Felthouse in relation to additional fees payable.

**It was resolved:**

**To recommend Corporation approval of KPMG's Letter of Engagement.**

**Action: Chief Financial Officer.**

8. **Internal Audit**

RSM presented the following reports:

- a) Student Debtor Processes – A positive outcome for the final report for 2020/21 was reported. The audit received “substantial assurance”, with 1 medium and 1 low action arising. Members noted that the audit had not covered the system enhancements implemented in June and questioned whether RSM had any awareness of how the changes were operating generally. RSM reported that the control framework had seemed reasonable going forward. The Head of Finance confirmed that there was more system automation and the College is beginning to evidence benefits of online payments and the positive impact on reducing debt provision. When asked, confirmation was received that sufficient provision for student debt had been included in the 2020/21 accounts. The College was congratulated on the good outcome of this audit.

**The report was noted.**

- b) Draft 2020/21 Annual Report – RSM reported a positive opinion, attracting their second level of assurance; Amber/Green. Positive progress had been made leading to a positive outcome for the year. The Chair reflected on the concerns raised last autumn and that the follow up work had achieved a satisfactory outcome.

**The report was noted.**

- c) Progress report, including updates against the Internal Audit Protocol – RSM reported that the first audit will commence next week, relating to commercial activities, with the inclusion of SGS Commercial Services Limited and Sports contract facilities. It was confirmed that there were no client briefings since the last meeting.

Members asked whether RSM would be returning to onsite audits and were informed not as yet as they remain fully remote. When asked if this was the same for the external auditors the Head of Finance confirmed that it was. However, this worked well last year especially now that the Finance Team work across sites and are partly home based.

**The report was noted.**

RSM and College staff were thanked for the positive outcomes in RSM's annual report.

9. **Risk Management Annual Report**

The Chief Financial Officer presented the report, that included the key risks from last year, in support of the Internal Audit annual report. Members raised that, although the emphasis of the report is retrospective, it would be beneficial to refer to more recent changes made in risk reporting. The Chief Financial Officer also noted an error in relation to risk 10 as the risk score should have been "Major" and not "Severe" as quoted.

**The report was noted.**

**Action: Chief Financial Officer.**

10. **Education and Skills Funding Agency Regularity & Propriety Questionnaire**

The Chief Financial Officer reported that both the Regularity & Propriety and Covid-19 Regularity Self-Assessment questionnaires are required by the external auditors and inform their regularity audit.

Members asked whether there were changes from last year's questionnaires. The Chief Financial Officer confirmed that some questions had been expanded, with the addition of cyber security breaches questions. However, the questionnaires have not substantially changed.

Members asked whether the College held an evidence file to support the responses in the questionnaire. Members were informed that there was no file as such but KPMG do request information and undertake testing on responses.

Members asked the frequency of renewal for DBS checks. Although not renewed regularly there is more frequent renewal for certain groups and DBS checks are undertaken at the time of employment with the College.

Members discussed the reference in the questionnaire to internal audit of sub-contracting requirements and whether a separate report needs to be commissioned. Members were informed that when the College provided AASE provision a separate report was commissioned. When changed to DISE, it was funded by the 16-18 funding stream, and the auditing of this provision was not relevant. However, this year DISE provision falls into scope and therefore for 2021/22 this will be subject to separate auditing requirements. The Chief Financial Officer agreed to clarify the timing of this requirement as the College will need to tender for this audit.

Members referred to the agreement of a Property strategy and were informed that this has now been updated to refer to an Estates strategy, which will be presented at the October Corporation meeting.

Members questioned whether a post project evaluation will be completed on the new Brunel building at WISE Campus. This is a spectacular building and having attending the opening event the Chair had been very impressed. The Clerk confirmed that post project reviews form part of the Strategic Property Group's Terms of Reference and they tend to take place after the first 12 months of the opening of the build to allow time for any issues to be addressed.

When asked, the Clerk confirmed that the questionnaires will be presented to Corporation, alongside the minutes, as the CEO & Executive Principal and Chair of the Corporation will be asked to sign off the questionnaires.

**The report was noted.**

**Action: Chief Financial Officer.**

11. **Waivers/Breaches of Financial Regulations**

The Chief Financial Officer presented the report and confirmed that there is nothing of concern to raise. Members were informed of an instance where a Purchase Order was placed/authorised after a commitment to spend had been made with the supplier. Assurance was provided that there has been a focus on improving processes and training as there was no formalised process in place.

Members sought assurance that the CEO & Executive Principal and Chief Financial Officer were satisfied with the waiver reported for Chris Carter Design. Members were assured that this company is used for marketing and in previous tenders had been better value for money. Due to the need for prompt signage to be in place for September the decision was made around the quick turnaround needed and the company's availability. Confirmation was received that the Procurement Manager was also involved in decision making.

**The report was noted.**

12. **Audit Action Plan**

The Chief Financial Officer presented the report and confirmed that actions from 2019/20 have been cleared. Confirmation was received that the actions from the Student Debtor Processes report presented at the meeting had also been included.

Seven actions remain outstanding and of the ones overdue confirmation was received that some will be completed by the end of the month. There has been an improvement in the proportion of those actions completed on time, which is pleasing as staff continue to work remotely.

**The report was noted.**

13. **Any Other Business**

The Chair raised that, in light of revisions to the Committee's Terms of Reference, any data/GDPR breaches are to be reported to the Committee. There is confusion over the scope of the Committee's involvement as the Vice Principal currently reports on GDPR/FOI direct to the Corporation. This report is due to be presented at the November Corporation meeting and the Chair will be clarifying with Corporation the extent of involvement they require of the Audit Committee.

The Chair also requested that, for completeness, the Chief Financial Officer cross references the College returns and Assurance report against the funding sources slides presented as part of the earlier Nugget training.

As part of the Audit Committee's self-assessment, feedback suggested that it should be raised with the Committee the level of satisfaction with the scope of the work/coverage provided by the Audit Committee and whether there are other areas for review. Members were asked to give this consideration for discussion at a future meeting.

**Action: Audit Committee members.  
Chief Financial Officer.**

14. **Key messages for Corporation**

The Chair proposed the following key messages for Corporation:

- The Committee's satisfaction with the internal audit report and the positive opinion in the end of year annual report.
- To highlight the Regularity & Propriety questionnaires to the Corporation.

15. **Date of Next Meeting**

Monday 15 November 2021, 3pm, venue to be confirmed.

The meeting commenced at 3.00pm  
Sally Flett joined the meeting at 3.13pm (at the start of item 7)  
The meeting closed at 3.55pm  
The meeting was quorate.