



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

**AUDIT COMMITTEE**

Approved minutes of a meeting  
Held on Thursday 16 June 2022  
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

<b>In attendance:</b>	Kevin Hamblin	CEO & Executive Principal
	Jude Saunderson	Chief Financial Officer
	Karen Gentles	(RSM)
	Nathan Coughlin	(Bishop Fleming)
	Sharon Glover	Clerk

The Chair opened the meeting by welcoming Nathan Coughlin from Bishop Fleming, the newly appointed Financial Statements Auditors. Confirmation was received that although Bishop Fleming are also the appointed external auditors for SGS Academy Trust there is a separate team servicing SGSAT and therefore independence is maintained and any potential conflicts of interests avoided.

1. **Apologies for Absence**

Apologies were received from Louise Tweedie. Ben Short did not attend the meeting.

2. **Declarations of Interest**

There were no declarations of interest raised.

3. **Auditor Concerns**

The Clerk 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.

5. **Minutes of Previous Meeting**

The minutes of the meeting held 5 April 2022 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) Revisions to the Audit Committee Terms of Reference.
  - (ii) The appointment of Bishop Fleming as Financial Statements Auditors.
- b) Audit Committee action log – The action log was monitored and members were updated on the following:
- Minute 6b, there is one risk on the register relating to sustainability and biodiversity. Detailed risks are not yet available for addition to the College risk register.
  - Minute 9, it was uncertain whether whistleblowing had been included as part of the staff surveys. The Chair suggested that as the Chief Group Services Officer would be joining the meeting later she should be asked this question.

7. **Financial Statements Audit Plan 2021/2022**

Bishop Fleming presented their audit plan setting out their approach and key risks, which will be reviewed as Bishop Fleming become more familiar with the College and amended accordingly. Professional clearance has been completed with KPMG and meetings will take place to review their files. Liaison has also taken place with the internal auditors. There has been no significant change in accounting audit standards this year. In relation to pensions assumptions benchmarking will be carried out on actuarial assumptions. End of year auditing will also take place for SGS Commercial Services. Reference was also made to technical updates provided.

The Chief Financial Officer reported that planning meetings had been held and that Bishop Fleming had been very responsive and is content with communications to date.

Members asked whether the audit work will be a mixture of onsite and remote and it was confirmed that a hybrid approach will be undertaken. Members questioned why payroll had been included in the limitation of scope for PAYE/VAT and were informed trivial differences in deductions etc wouldn't be picked up.

The Financial Statements Audit Plan 2021/2022 was endorsed by the Audit Committee.

8. **Subcontracting Audit**

Pat Mcleod, Assistant Principal Projects, was welcomed to the meeting and members informed that the subcontracting audit had not been finalised in time for the meeting and would be presented at the next meeting.

Members were informed that next year the College is in scope for both the audit and subcontracting standard, hence the College deemed it prudent to engage auditors this year to ensure that the College is fully prepared.

There were 10 actions, 2 high and the remainder a mixture of medium and low actions. Detail was provided relating to the actions, one of which is being challenged by the Chief Financial Officer. Members asked that the final report is circulated ahead of the next meeting.

*At this point the Assistant Principal Projects left the meeting and the Chair informed that he would be bringing forward item 10 as College staff had joined the meeting for presentation of the internal audit reports.*

9. **Internal Audit (Agenda Item 10)**

The following reports were presented by RSM:

- a) Cyber Risk Management Arrangements - Tim Hanks, Group IT Director, was welcomed to the meeting. RSM reported that this was a positive audit which had received a reasonable assurance with 3 medium and 4 low actions. When asked if the Group IT Director was content with the audit outcome, he advised that constructive communications had been held and the outcomes were sensible. Members discussed the testing of the business continuity plan and, when asked, RSM advised that end-to-end testing would be ideal but the approach to be taken is reasonable.

In relation to the feedback on the asset register, members questioned how unknown devices can be disabled and the Group IT Director provided an explanation and confirmed that this will be a priority this year. Assurance was also provided that there are checks in place that equipment has been returned from leavers.

**The report was noted.**

*At this point the Group IT Director left the meeting and Hazel Budd, Director of Quality, Teaching, Learning and Exams, joined the meeting.*

- b) Quality Assurance Systems – Following review of key controls this audit received a substantial assurance with only 1 medium action. Confirmation was received that this action has now been completed.

**The report was noted.**

*At this point the Director of Quality, Teaching, Learning and Exams left the meeting and Moira Foster-Fitzgerald, Chief Group Services Officer, joined the meeting.*

- c) Governance and Risk Management Processes – This was another positive audit receiving substantial assurance with one low priority action. The Chief Financial Officer thanked her PA for leading on this audit and the Clerk recognised the work of the Chief Group Services Officer relating to the governance aspect of the audit. The Chief Group Services Officer explained that the hyperlinks in the Remuneration Annual Report had been working but the links had broken due to the publication of the financial statements. It was agreed that this should be discussed offline with RSM.

**The report was noted.**

- d) Safeguarding Framework: Harassment and Sexual Misconduct – This audit received a substantial assurance opinion with 2 low priority actions.

The Chief Group Services Officer mentioned that RSM had flagged the possible duplication with the creation of spreadsheets based on areas of concern taken from the MyConcern system and that the College should reconsider this practice. It was explained that the tracker was developed to proactively respond to any Ofsted requests and provide evidence for the Executive Team and her view is to maintain these spreadsheets. RSM clarified that this was just an observation in the report for further consideration.

The Chair raised an action from the last meeting relating to whistleblowing and whether staff feel comfortable raising issues of this nature and whether this is tested via the staff surveys. The Chief Group Services Officer advised that although there is no specific question in the survey the policy provides a number of different routes to raise concerns and allows anonymous disclosures. However, there are some questions in the survey that may allude that someone doesn't feel safe to raise a concern. The Chair offered to provide examples of questions used in NHS staff surveys. Members were informed that the College tends to use the same survey to enable the production of trend data.

**The report was noted.**

**Action: Chair of the Audit Committee.**

*At this point the Chief Group Services Officer left the meeting and the Rich Aitken, Head of Finance, was welcomed to the meeting.*

- e) Queens Road: Selected Processes – This audit received a reasonable assurance opinion with 2 medium and 4 low actions raised. Members were informed that the long-term future of delivery at Queens Road is under review. Members questioned whether the date for this review of 30 June 2022 was reasonable and it was suggested that this date remains but is subject to review via the audit action plan.

**The report was noted.**

- f) Follow Up – Good progress has been made, which is the highest level of assurance. Members asked whether there is consistency with the audit action plan and were informed that three actions were showing as completed on the action plan but, following testing, further actions were required and is subject to further review by the Chief Financial Officer.

**The report was noted.**

- g) Progress report 2021/22, including updates against the Internal Audit Protocol – Confirmation was received that all audit work has been completed and client briefings had also been appended. There was nothing significant to raise and College staff were thanked.

The Head of Finance referenced the progress of the Pro Solution link and advised that there had been delays as the link had been updated and gaps found in processes. This has now been resolved and following testing will be implemented this financial year. Currently student data transfer to Finance is via a supported link to improve data integrity.

**The report was noted.**

*At this point, Rich Aitken, Head of Finance left the meeting.*

- h) Internal Audit needs assessment, strategic plan and 2022/23 annual plan, including Internal Audit Protocol – Members considered the audit plan and when asked, the Chief Financial Officer, confirmed that she was satisfied with its content. Members were informed that the usual department review audit is not planned due to changes to departments and curriculum changes. Members noted that there are fewer assignments but they are more extensive. The Clerk raised that there is no mention in the plan relating to governance and risk management, especially as RSM have to include in their audit opinion. Confirmation was received that there are no discrete audits planned as RSM can obtain their opinion from other sources. Members were surprised at the high number of audit days allocated, e.g. for the Business planning processes audit and that these should be given further consideration by the Chief Financial Officer when agreeing the scope of the audits.

Members questioned whether the Business planning processes audit will take into consideration the viability/contribution of the curriculum and confirmation was received that it would not. The focus being on processes and the business case for new courses.

Members questioned whether apprenticeship provision was higher risk than adult and confirmation was received from RSM that it was due to changes to rules and this opinion was endorsed by Bishop Fleming.

**It was resolved:  
To recommend Corporation approval of the Internal Audit needs assessment, strategic plan and 2022/2023 annual plan.**

10. **Risk Management Agenda Item 9)**

The Chief Financial Officer reported that there had been no new risks where tolerance levels had been exceeded but two risks had increased in level due to the impact of the poor economic climate on the budget and the attitude of learners to return to campus. One risk had reduced in scope and four risks were above tolerance on the tracker.

In relation to SGSCSL risk register, outstanding fees had been recovered from We-Link and there has been an increase in service charges, of which the tenants have been made aware. Kevin Hamblin, Managing Director of SGSCSL raised the uncertainty of the economic situation on Berkeley campus and whether this will pose risks or opportunities.

Members raised that the risk covering poor quality teaching included recruitment of teachers and questioned whether this should be a separate risk. The Chief Financial Officer confirmed that they are separate risks but the two are linked. Members raised that staff recruitment and retention have been included in the full risk register but were surprised that they were within tolerance levels. The Chief Financial Officer agreed to check this out.

**The report was noted.**

**Action: Chief Financial Officer.**

11. **Audit Action Plan**

Members were informed that actions from the latest reports had been added to the action log. There are 5 outstanding points and the red action has been discussed with the Head of Finance, with yellow actions in progress and due at the end of the month.

**The report was noted.**

12. **College Returns and Assurance process**

Confirmation was received that all returns had been submitted on time. Members questioned whether the second return 2020/21 OfS R14 should be ESFA. The Chief Financial Officer agreed to check and report back.

**The report was noted.**

**Action: Chief Financial Officer.**

13. **Whistleblowing policy**

Members were informed that there were no significant updates to the Whistleblowing policy. When asked, Members were advised that there are a number of avenues where whistleblowing instances could be a consideration and the College is mindful of this when dealing with complaints. It is very difficult to explain what constitutes a whistleblowing instance versus a complaint and there are sufficient numbers of people involved making it unlikely that a whistleblowing concern could slip through without consideration. However, the CEO & Executive Principal agreed to review. It was suggested that there could be text in the policy if management take a view if the instance doesn't fall into what is listed in the policy. In any case, any significant complaint would be raised with the CEO & Executive Principal and the Chair of the Corporation.

**It was resolved:**

**To recommend Corporation approval of the Whistleblowing policy, subject to minor clarification.**

**Action: CEO & Executive Principal.**

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

The Clerk reported on changes to the Post-16 Audit Code of Practice and subsequent revisions to the Audit Committee's terms of reference. Following review of the changes table it was agreed that number 5 should be "Not Applicable" for SGS College as it was not a limited company.

**The report was noted and it was resolved:**

**To recommend Corporation approval of revisions to the Audit Committee Terms of Reference.**

15. **Audit Committee Self-Assessment 2021/22**

Members considered responses to the Audit Committee Self-Assessment 2021/22. The Chair questioned the Committee's role in relation to evidencing value for money and referenced the ESFA publication relating to the role of the Audit Committee. The views of the auditors were invited on how other Colleges evidence this. Members were informed that a couple of Colleges obtained value for money reports but the vast majority of them do not have a discrete piece of work on this but value for money is built into the work of the internal auditors. Members agreed that the College has regard to value for money and the College's financial regulations and budgetary discussions ensure value for money considerations. The Chief Financial Officer explained that the ESFA guidance refers to the VFM approach in the HE Code of Practice, which is considered too onerous for the majority of Colleges. Members were satisfied that no changes are required to current arrangements.

*At this point, Nathan Coughlin (Bishop Fleming) and Karen Gentles (RSM) were invited to leave the meeting.*

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

Confidential Item.

14. **Any Other Business**

There was no other business raised.

15. **Key messages for Corporation**

The following key messages for Corporation were proposed:

- Positive internal audit reports received and congratulations to staff.
- Endorsement of the Financial Services audit plan
- To note the position of the subcontracting audit.

16. **Date of Next Meeting**

Tuesday 20 September 2022, 3pm, via TEAMS. Dave Merrett offered his apologies for this meeting.

The meeting commenced at 3.05pm

Dave Merrett joined the meeting at 3.09pm (after item 3)

Phil Eames joined the meeting at 3.20pm (during item 7)

Sally Flett left the meeting at 4.30pm (during item 13)

Nathan Coughlin and Karen Gentles left the meeting at 4.46pm (after item 15)

The meeting closed at 4.58pm

The meeting was quorate.