



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

**AUDIT COMMITTEE**

Approved minutes of a meeting  
Held on Tuesday 19 November 2024  
Held via TEAMS

<b>Present:</b>	Mike Croker	Corporation Member & Chair
	Phil Eames	Corporation Member
	Sally Flett	Co-Opted Member
	Yusuf Ibrahim	Corporation Member
	Dave Merrett	Corporation Member
	Carl Waterer	Corporation Member
<b>In attendance:</b>	Rich Aitken	Director of Operational Finance
	Nathan Coughlin	Bishop Fleming – Financial Statements Auditors
	Kevin Hamblin	Principal & CEO
	Jude Saunderson	Deputy CEO & Chief Financial Officer
	Louise Tweedie	RSM – Internal Audit Service
	Sharon Glover	Clerk

The Chair opened the meeting by welcoming Carl to his first meeting. Welcomes were also extended to the auditors, Nathan and Louise.

When asked, there were no requests to un-star agenda items.

1. **Auditor Concerns (item 3)**

In the absence of college management RSM and Bishop Fleming were asked if they had any issues they wished to raise. RSM had nothing to raise and Bishop Fleming advised that good discussions had taken place with the Deputy CEO/CFO in relation to the disposal of SGCSL.

2. **Apologies for Absence (item 1)**

There were no apologies received.

3. **Declarations of Interest (item 2)**

There were no declarations of interests raised.

4. **Other Items of Urgent Business**

There were no items of urgent business.

*At this point the Principal/CEO, Deputy CEO/CFO and Director of Operational Finance joined the meeting.*

5. **Minutes of Previous Meeting**

The minutes of the meeting held 23 September 2024 were approved as a correct record, ready for signing by the Chair.

6. **Matters Arising From Those Minutes**

- a) Corporation approval of the Freedom of Information Policy and Data Privacy & Protection Policy was noted.
- b) Audit Committee action log – Members noted that all actions had been completed.

7. **Risk Management Report**

Members received the quarterly risk tracker and the Deputy CEO/CFO reported on new risks added. Also included within the report was a section on horizon scanning and areas that the committee should be aware of.

Following scrutiny, the committee questioned whether there was a risk relating to the new Principal's appointment process, especially the delays caused by Treasury in relation to remuneration approval, and the current Principal/CEO's exit. Members were informed that there is a risk on the register relating to staffing changes and the impact of resignations but there were no specific risks relating to a new Principal appointment. Members also raised the risk and impacts of other staff leaving, especially at a senior level, and the mitigation of these types of risks needed to be included. The Deputy CEO/CFO agreed to review further.

Members also requested an update on the replacement for the Director of Operational Finance. Members were informed that the job had been offered and accepted by a very strong candidate. Although they are on three months' notice period, assurance was provided that plans are in place to provide interim cover as the Director of Operational Finance leaves following the December Corporation meeting.

Members drew attention to the longstanding estates risks and the Deputy CEO/CFO suggested that these are reviewed once the Estates business case has been presented to the Corporation.

**The report was noted.**

**Action: Deputy CEO/CFO.**

8. **Internal Audit**

The following reports were presented:

- a) Internal Audit Service's 2023/24 Annual report – RSM confirmed that this was the same report presented at the September meeting and that

80% of their client base receive the same Amber/Green opinion as the college.

- b) Progress report – Members were informed of RSM’s intent to merge with its US partner firm. Both entities are owned by partners and there needs to be a 50% majority to proceed. The merger is currently in due diligence phase and RSM will keep the committee updated. RSM also referenced changes to the Internal Audit Code of Practice, which will lead to more detailed benchmarking information. Changes will be included in the first assignments and as part of the 2025/26 audit plan there will also be changes to the Internal Audit Charter.

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

**To recommend Corporation approval of the Internal Audit Service’s 2023/2024 Annual report.**

9. **Financial Statements Audit**

- a) Financial Statements Auditors’ Management Letter – Bishop Fleming reported the following:
- That post year end the subsidiary company was sold so they would also be reporting into the new owners and report on the consolidated accounts only to the Corporation.
  - The expectation is for a clean opinion on the Financial Statements and Regularity audit. The process has run smoothly this year, especially as the college had to deal with the disposal of SGSCSL, which is a credit to the Finance team as they were faced with competing demands.
  - Confirmation was received that the fieldwork is essentially completed but there are minor changes needed on the narrative in the end of year accounts. Confirmation is awaited from the WECA funding audit but no claw back is expected.
  - The disposal of SGSCSL was complex and will be reflected in the 2024/25 accounts. Advance work has been completed and discussions held with college staff leading up to 31<sup>st</sup> July in relation to regularity and the construction of the deal. The college had borne in mind ESFA requirements and obtaining the best deal for the college.
  - Investment property valuation has been reviewed and they are content with the approach used and that the statement is materially correct.
  - There is also comfort with the pension valuation assumptions used, which were consistent year on year and accounted for correctly.
  - There was nothing to bring to members’ attention with SGSCSL, there has been a small net adjustment relating to the water leak.
  - As a loan was repaid early this caused a breach in covenants but there has been good communication with the Bank and it was not classified as a breach, but the auditors will continue to monitor this situation.

- There were no audit actions arising this year and two carried forward from the previous year. The auditors were comfortable with the management responses and these will be followed up next year.

Members discussed the large value of gross debtors on the system and were informed that although the balance had been built up this was not reflective of the situation due to a system technicality which is being reviewed with the IT department. Confirmation was received that the net amount was correct. Members requested, and received, clarity in relation to the understanding behind the reclassification of the investment property.

Members discussed related party transactions in relation to amounts paid to the spouse's company of a college employee, which had not been disclosed this year. Members were assured that regular communication is held with the ESFA and Bishop Fleming confirmed that it doesn't need to be classed as a Related Party Transaction but for full transparency the College had included in last year's end of year accounts. Members also discussed the separate employment contracts that college staff have with SGSAT and that no amounts are disclosed. Bishop Fleming confirmed that as these are separate individual arrangements then technically there is no need to disclose amounts. The Deputy CEO/CFO confirmed that the disclosure replicated the same in the SGSAT end of year accounts so it was agreed to retain as is.

**It was resolved:**

**To recommend Corporation approval of Bishop Fleming's Management Letter**

- b) SGS Annual Report and consolidated Financial Statements 2023/24  
Confidential Item.
- c) Going Concern review – Confirmation was received that the college is in a stronger cash position following the disposal of SGSCSL, with cash ringfenced for estates decisions. Members were informed that ESFA had picked up low cash days in the 2-year financial plan and have requested the management accounts on a quarterly basis, despite the post year end disposal receipt.
- d) Reconciliation of the Financial Statements to the July Management Accounts was noted. The Director of Operational Finance referenced the report, which provided a reconciliation between the draft period 12, 31<sup>st</sup> July 2024 Management Accounts and draft 2023/24 Financial Statements.
- e) Teachers' Pension Audit Letter – Members were informed that this was not available for the meeting. When asked, the Deputy CEO/CFO confirmed that there were no concerns or risks to the college and it is at

final partner sign off. Confirmation had been received, that day, from Bishop Fleming confirming there are no issues.

- f) Letter of Representation – Bishop Fleming confirmed that this was their standard Letter of Representation. When asked, college staff confirmed that they were satisfied with the letter.

**It was resolved:**

**To recommend Bishop Fleming's Letter of Representation to Corporation for approval.**

- g) Remuneration Committee Annual Report – The report was presented for noting.

10. **Audit Committee Annual Report to the Corporation and the CEO & Executive Principal**

The Chair advised that the annual report summarises the work of the Committee during the year and is intended to provide assurance to the Corporation. Reference was made to the recommendations in the report and following review of the annual report, the Committee agreed with the conclusion and were content to recommend its approval to Corporation.

**It was resolved:**

**To recommend Corporation approval of the Audit Committee Annual Report to the Corporation and the CEO & Executive Principal.**

11. **Financial Regulations**

The Director of Operational Finance presented revisions to the Financial Regulations. Attention was drawn to amendments proposed to approval of payment limits and bank mandate, which would provide more flexibility, together with the removal of references to the Group and amended job titles where applicable. Confirmation was received from the Group CEO/CFO and Director of Operational Finance that adequate controls in relation to cash remained in place.

Delegated authority was also sought for the Deputy CEO/CFO to make further role title changes when a new CEO/Principal is appointed.

**It was resolved:**

- a) **To recommend Corporation approval of revisions to the Financial Regulations.**
- b) **To recommend that Corporation delegates authority to the Deputy CEO/CFO to make further role title changes, when a new CEO/Principal is appointed.**

12. **Audit Action Plan**

- a) Audit Action Plan – Members were informed that three actions from last year are overdue as a result of the timing of the departure of the Vice Principal Further Education. These actions have now been taken

on by the Deputy Principal. The end of December 2024 was considered to be a more realistic deadline for implementation. Confirmation was also received that the overdue link between student records to the finance system is in its final stages of testing and due to go live January 2025.

- b) Apprenticeship improvement programme – Members were informed that the action plan included actions from various audits and is used for internal monitoring purposes and will be used by RSM as part of their progress follow up report next year. On that basis, the Deputy CEO/CFO proposed that it is no longer necessary for this action plan to be presented to the Audit Committee.
- c) Estates and Procurement action plan – Members were reminded that the action plan had arisen from an internal investigation. Good progress is being made and the Deputy CEO/CFO proposed that it is no longer necessary for this action plan to be presented to the Audit Committee.

*At this point Matt Davis, Head of Management Information, joined the meeting.*

- d) WECA/ESFA audit action plan – Members received a post WECA/ESFA audit action plan and were informed of a WECA audit that had taken place in the last few months. This audit had gone smoothly with a pleasing outcome. The official feedback is awaited and no major issues were raised. The focus is now on proactively anticipating actions prior to audits and an audit readiness plan was shared with the committee. Members asked whether the data scrutiny meetings were now more embedded. Confirmation was received that termly meetings take place to review issues and trends and discuss resolutions and training needs. The Chair proposed that there is no longer the need for this action plan to be presented to Audit Committee as a more pro-active approach is now being taken.

**The reports were noted.**

*At this point Matt Davis, Head of Management Information, left the meeting.*

### 13. College returns and Assurance processes

Members received a report outlining the key returns required during the year and assurance processes in place.

**The report was noted.**

### 14. 2023/24 Bad debt write off

During 2023/24 debts written off totalled £160k; of which £92k was previously provided, resulting in a net charge to the I & E of £68k. It was confirmed that this was below the Treasury/DfE approval levels.

**The report was noted.**

15. **Audit Committee Training & Development needs analysis**

The Clerk invited the committee's thoughts on whether there are any skills gaps or further training and development needs. It was reported that Mike Croker would be stepping down as a Corporation member and that from 1 March 2025 Yusuf Ibrahim would be taking over as Chair of the Audit Committee. Mike advised that he was hoping to continue on the committee as a co-opted member, subject to Corporation approval, and a handover meeting with Yusuf had been arranged. It was acknowledged that the committee receives regular nugget training from RSM and that this will continue. As a new Corporation member, Carl has received induction training and information about the committee and was encouraged to continue to liaise with the Clerk for further training needs.

*At this point Nathan Coughlin (Bishop Fleming) and Louise Tweedie (RSM) were thanked and invited to leave the meeting.*

16. **Appointment of Financial Statements Auditor**

Confidential Item.

17. **Any Other Business**

There was no other business raised.

18. **Key messages for Corporation**

Approvals and recommendations for presentation to Corporation.

19. **Date of Next Meeting**

Thursday 3 April 2025, 3pm, via Teams.

As this was his last meeting as Chair of the Audit Committee, Yusuf extended the committee's thanks to Mike for the smooth chairing of this committee. Mike mentioned that he was keen to continue as a Co-Opted member of the Audit Committee, should the Corporation agree to this. Mike extended his thanks to Kevin, Jude, Rich and the finance team for all their hard work. Kevin commented that Mike had been an impressive Chair who was the ultimate professional and had provided supportive challenge to the Executive Team.

The meeting commenced at 3.02pm

Rich Aitken, Kevin Hamblin and Jude Saunderson joined at 3.05pm (after item 4)

Nathan Coughlin and Louise Tweedie left the meeting at 4.43pm (after item 15)  
The meeting closed at 4.54pm  
The meeting was quorate.