



SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE
FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Approved minutes of a meeting
Held on Thursday 12 June 2025
Held via TEAMS

Present:	Yusuf Ibrahim	Corporation Member & Chair
	Mike Croker	Co-Opted Member
	Phil Eames	Corporation Member
	Martyn Smith	Corporation Member
	Carl Waterer	Corporation Member
In attendance:	Matt Grannan	Director of Finance
	James Huxtable	Bishop Fleming – Financial Statements Auditors
	Jude Saunderson	Deputy CEO & Chief Financial Officer
	Louise Tweedie	RSM – Internal Audit Service
	David Withey	CEO & Principal
	Sharon Glover	Clerk

The Chair opened the meeting by welcoming those present and informed that James Huxtable would be attending the meeting in place of Nathan Coughlin. When asked, there were no requests to un-star agenda item 15.

1. **Apologies for Absence**

Apologies were received from Nathan Coughlin and Dave Merrett.

2. **Declarations of Interest**

There were no declarations of interest received.

3. **Auditor Concerns**

The Clerk 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 3 April 2025 were approved as a correct record, ready for signing by the Chair.

6. **Matters Arising From Those Minutes**

- a) Corporation approval of the following was noted:
 - i) Financial Policies.
 - ii) Counter-Fraud Strategy and Fraud Response Plan.
- b) Action log – Minute 7 - The Deputy CEO & CFO provided assurance that staff had received Run, Hide and Tell training as part of induction and this had been written into staff and student related procedures. The college is well placed for the introduction of Martyn's law at which point there will be a further review of policies and procedures.

Confirmation was received that all other actions had been completed.

7. **Financial Statements Audit Plan 2024/25**

Bishop Fleming presented the key points of the Audit Plan and drew attention to the risk relating to the disposal of SGS Commercial Services Limited. This was a significant transaction that they need to check was properly accounted for. Reference was also made to sector accounting and audit updates. The plan also included an audit timetable and fee proposal. Confirmation was received that Bishop Fleming remain independent and that suitable safeguards are in place. Members were informed that SGS College Limited is a dormant company and no audit is required.

Members noted that the sector update referred to the importance of colleges performing a self-assessment against the College's Financial Handbook and questioned whether this had been completed. The Clerk confirmed that she had informally reviewed the Handbook and that an updated version is due imminently. Bishop Fleming offered to clarify expectations outside of the meeting. The CEO & Principal asked where the self-assessment requirement had come from as he had led on the production of this Handbook and no such requirement had been included. Bishop Fleming advised that self-assessment would be a way of demonstrating that the college is complying with the Handbook and they can review management responses that requirements are being met. This was considered to be a sensible control but should not impact negatively on the timetable.

Members referenced the issues that had been highlighted at Weston College in relation to undisclosed payments to the CEO. In the unlikely event this issue would occur at SGS members questioned whether Bishop Fleming would be applying additional audit processes to look at this area of activity. Members were informed that it is the responsibility of college management to include disclosures and the reconciliation of pay roll should highlight any discrepancies. The Deputy CEO & CFO provided assurance that the Corporation approves all Senior Post Holder remuneration and for large payments either herself or the Director of Finance are signatories. Corporation members are unable to make payments on the college systems. The CEO & Principal suggested that members read the report into Weston College and that he will be reflecting on the college's process controls and culture.

Following scrutiny and discussion the Financial Statements Audit Plan 2024/2025 was endorsed by the Audit Committee.

Action: Bishop Fleming and the Clerk.

8. **Bishop Fleming Letter of Engagement**

Bishop Fleming presented two updated Letters of Engagement, one for the External Audit and the other for the Teachers' Pension Audit, which were reflective of the new framework and guidance. Confirmation was received that these were standard documents across Bishop Fleming and were due for re-issue.

It was resolved:

To recommend the Letters of Engagement to Corporation for approval.

9. **Risk Management Report**

The Deputy CEO & CFO reported that, at this stage, there is little known about the spending review, but no surprises are expected. Confirmation was received that risks are reducing and questions were invited.

Members referenced the SMR development by Rolls Royce and whether there is a risk that the college fails to capitalise on the development at Berkeley. The CEO & Principal confirmed that this is a risk, heightened by the non-existence of the Western Gateway, and WECA is now taking more of a lead. The college is well placed to mitigate this risk with the John Huggett Engineering Hall still retained at Berkeley site and ongoing conversations being held with CVG, the owners of the Berkeley site. However, there is a need to consider collaboration with other providers to meet the demands, but the development of SMRs will be gradual. The Deputy CEO & CFO agreed to include missed opportunity risks on the risk register.

Members questioned how the risk register process will feed into and directly link into strategy development. Members were informed of SWOT analysis being undertaken and the risk register will be reflected against this analysis. The Clerk also advised of discussions with the Chair about risk appetite and how this will be built into the next strategic event in November 2025.

The report was noted.

Action: Deputy CEO & CFO.

The Chair advised that he would be altering the order of the agenda, in advance of college staff attending the meeting.

10. **College returns and Assurance processes update (Agenda item 12)**

The Deputy CEO & CFO reported that this is the second update in the year prior to the key organisation returns and there were no concerns to raise. When

asked, confirmation was received that the same process applies following the dissolution of ESFA and DfE taking over ESFA responsibilities.

The report was noted.

11. **Fraud risk assessment action plan (Agenda item 13)**

The Director of Finance advised that this had been a useful exercise to understand the wider context, working closely with the senior leadership team. Assurance was provided that this was a positive process which had been done well and there were no actions outstanding. The Director of Finance will be looking to build on the process with more audience engagement and for refinement and embedding of the assessment process.

Members raised that the information provided suggested that there is no risk of fraud and invited views on this. The Director of Finance advised that fraud is a continual risk which is why he wants to move risk assessments away from an annual process so that it is more continuous. The current controls in place are sound and changes will build on this. When asked for her view, the Deputy CEO & CFO advised that fraud is a risk, but the high priority controls are good and robust, which is articulated by the documentation. However, she concurred with the views of the Director of Finance that changes to the process are needed.

The CEO & Principal concurred that the process is a good exercise but lacks top-down analysis on micro risks with some areas needing more detailed interrogation. Currently, the college has a tight control environment in place and the CEO & Principal will be looking at more delegation which may impact on the risk appetite.

Members invited the auditors feedback on the types of assessment seen in other colleges. RSM advised that a top-down approach is taken in other colleges and the SGS approach has gone beyond the traditional risk assessment scope and the documentation prompts more valuable considerations. The Director of Finance advised that behind the summarised report presented to Audit Committee sits more detailed risk assessments. There was comfort with the current position with some areas needing more development and the plan for further testing throughout the year rather than just being an annual exercise.

The Chair summarised that the current approach is good, but the intent is to move to a cyclical process, led from the top down in order to strengthen the process.

The report was noted

At this point the Executive Director of People & Organisational Culture joined the meeting.

12. **Whistleblowing policy and oral update on the register (Agenda item 10)**

Members were informed that minimum changes are being presented to the policy and assurance was provided that the DfE guidance has been reviewed. Members were informed that since the Executive Director of People and Organisational Culture had been in post there had only been one whistleblowing instance. Members questioned whether this was attributable to satisfied staff or a lack of awareness of the policy. Members were informed that the college aims to address early concerns and there are good processes in place. There was confidence that there is sufficient awareness of the policy, with its availability on the staff intranet and college website.

It was resolved:

To recommend Corporation approval of the Whistleblowing policy and procedure.

At this point Sarah Bailey, Head of People Information & Payroll, joined the meeting.

13. **Internal Audit (Agenda item 11)**

The following reports were presented:

- a) Human Resources and Payroll Arrangements – RSM presented the scope of this audit which resulted in a Reasonable Assurance opinion, with 2 medium and 5 low priorities. Members asked about the scope of the testing in relation to payroll amendments and RSM agreed to check this out. Members sought clarification in relation to action 6 as it was not clear whether any action needed to be taken. RSM provided further background information and explained that employee generated amendments is an area of risk and the use of emails is not always secure. The Executive Director of People & Organisational Culture explained that there are certain changes that would require completion of a PAR form and others where an email would be acceptable.

At this point Kelly Gillett and Sarah Bailey were thanked and invited to leave the meeting. Nicola Grant, Money Management Service Manager, joined the meeting.

- b) Bursaries Compliance Framework – RSM presented the scope of this advisory audit which resulted in 1 medium and 3 low actions. This audit was focused on the use of funds for the purpose intended and the medium action related to the need to obtain receipts from learners. Members questioned if the bursary was an amazon voucher would a receipt be needed. RSM explained that the college would need evidence of the purchase. The Money Management Service Manager clarified that they do retain receipts, but the challenge is where learners keep a track of purchases on their phones. The department then needs to keep a track of what they have seen on a spreadsheet, which is very time consuming. The CEO & Principal raised the need to repay the funding if receipts are not evidenced and there is an increasing focus on bursaries and free school meals. The CEO & Principal suggested taking this offline for further conversations with

management. The Money Management Service Manager confirmed that changes will be in place for next year on the back of this audit. Members questioned whether this should be included in the risk register and were advised that due to the small amounts involved it doesn't meet the risk threshold. However, further consideration is needed in relation to burdens versus risk mitigation.

At this point Nicola Grant was thanked and invited to leave the meeting.

- c) Follow Up Report – RSM reported that good progress had been made in implementing audit actions. The current year's actions will be added and an update report carried forward to next year.
- d) Progress Report – Members received a progress report against the internal audit plan 2024/25. It was reported that there were no negative assurance reports, which was positive.

RSM also referenced their client briefing of emerging issues. Particular attention was drawn to the emerging risk radar, which acts as a helpful checklist against the college's risk register. Also raised was the failure to prevent fraud and the need for the implementation of fraud prevention procedures prior to 1 September 2025.

- e) Internal audit needs assessment, strategic plan and annual plan 2025/26 & Internal Audit protocol – RSM advised that the SGS risk register was used as an input to identify audit areas for inclusion in the audit plan. Members questioned whether all the audit topics are in the risk register. The Deputy CEO & CFO confirmed that some are cyclical audit topics that require testing, whilst others would be on the risk register. Members sought assurance that the number of assignments in the plan would provide sufficient breadth to provide a full scope opinion. Assurance was provided that it would be sufficient and that the plan had been through a check and challenge process within RSM. Members asked that the number of audit days allocated is also included in the audit plan.

The reports were noted and it was resolved:

To recommend Corporation approval of the Internal audit needs assessment, strategic plan and annual plan 2025/26, subject to changes discussed.

Action: RSM.

14. **Audit Action Plan**

The Deputy CEO & CFO reported that new audit actions had been added to the audit action plan. Two actions have been completed on time since the last report and five actions are overdue. Assurance was provided that the health and safety actions are being progressed under the newly appointed Estates Director and although a small slippage assurance was provided that there was no risk to the organisation.

The report was noted.

15. **DfE Framework and Guide (successor to the Post-16 ACOP)**

Members received a report informing of the withdrawal of the Post 16 ACOP and its replacement of the DfE Framework and Guide.

The report was noted.

16. **Audit Committee Self-Assessment 2024/2025**

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

James Huxtable reported that it was difficult to comment due to his lack of attendance at Audit Committee meetings but having reviewed the committee's minutes there were no concerns about the committee's coverage.

Having only attended the last two meetings the CEO & Principal advised that there had been good conversations and constructive challenge and this should be maintained.

In relation to question 31, the Clerk invited feedback on how the committee is looking for wider Corporation engagement in consideration of the annual report and financial statements. Members discussed how the presentation of the end of year accounts can be used to promote how well the college has done. It was appreciated that financial information can be difficult to comprehend, and this feedback could also apply to other organisations. The college has a good track record with its financial statements so this may impact on the lack of engagement. The need for balance between how governors are engaged versus their duty to engage was raised. The CEO & Principal and Deputy CEO & CFO were asked to give this further consideration for presentation of the end of year accounts at the December Corporation meeting.

Input from Bishop Fleming was invited. James Huxtable was in agreement with the committee in that there is no significant discussion unless there are areas of concern that need debating. Bishop Fleming had not seen any other innovative ways of presenting the end of year accounts in other colleges.

- b) Audit Committee Terms of Reference – The Clerk presented minor revisions to the committee's terms of reference.

It was resolved:

To recommend Corporation approval of the Audit Committee terms of reference.

At this point the Chair extended his thanks to James Huxtable and Louise Tweedie and invited them to leave the meeting.

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

Confidential Item.

18. **Any Other Business**

One of the committee members offered to speak offline with the Deputy CEO & CFO as the company he works for had recently introduced a new finance system and he could share how potential providers were considered. The Deputy CEO & CFO welcomed the offer of a conversation and advised that as part of the tender process the college would talk with other FE colleges about the systems they have in place and then tender via a framework.

19. **Key messages for Corporation**

The following were the key messages for the Corporation:

- Various documents being recommended for Corporation approval.
- Weston College discussion.
- Fraud risk-assessment questions.
- Internal Audit Reports – Bursary report.
- DfE's Framework and Guidance, successor to the Post-16 ACOP.
- Wider Corporation engagement when considering end of year financial statements.
- Re-appointment of Internal Audit Service.

20. **Date of Next Meeting**

Tuesday 16 September 2025, 3pm, via Teams

The meeting commenced at 3.02pm

The meeting closed at 5.00pm

The meeting was quorate.