



SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE
FURTHER EDUCATION CORPORATION

AUDIT COMMITTEE

Approved minutes of a meeting
Held on Thursday 20 November 2025
At WISE Campus, New Road, Stoke Gifford, Bristol

Present:	Yusuf Ibrahim	Corporation Member & Chair
	Mike Croker	Co-Opted Member
	Phil Eames	Co-Opted Member
	Martyn Smith	Corporation Member
	Carl Waterer	Corporation Member
In attendance:	Nathan Coughlin	Bishop Fleming – Financial Statements Auditors
	Matt Grannan	Director of Finance
	Rob Lawson	External Board Reviewer
	Jude Saunderson	Deputy CEO & Chief Financial Officer
	Louise Tweedie	RSM – Internal Audit Service
	Sharon Glover	Clerk

The Chair opened the meeting by welcoming Rob Lawson, who would be observing the meeting as part of the External Board Review process. Also welcomed were Aaron Hope (Director of IT) and James Dix (IT Services Infrastructure Manager) who joined for agenda item 8.

When asked, there were no requests to un-star item 13.

1. **Apologies for Absence**

Apologies were received from David Withey.

2. **Declarations of Interest**

There were no declarations of interest received.

3. **Auditor Concerns**

The Chair 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 raised.

5. **Minutes of Previous Meeting**

The minutes of the meeting held 16 September 2025 were approved as a correct record and signed 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) Action log – 16 September 2025, minute 10b: The Deputy CEO & CFO reported that minor changes are required to the fraud policy and staff training is being considered. However, this is one of many training topics for staff and will be ongoing. The Clerk reported that all other actions had been completed.

7. **Financial Statements Audit**

- a) Financial Statements Auditors' Management Letter – Bishop Fleming presented their Management Letter and reported that further audit work is required on the disposal of SGS Commercial Services Limited as the profit on disposal in the consolidated accounts had been incorrectly accounted for. There is also a need to correct the accounts for adjustments to the accounting treatment for the disposal of SGSCSL. Members raised that Bishop Fleming had undertaken audit work on SGSCSL last year at the time of the transaction so were surprised that there were some moving disclosures in the annual report. Confirmation was received that audit work had been undertaken but the notes in the accounts had not been drafted as expected and the numbers needed to be added. Although there has been an underlying improvement in pension numbers, which is reflective across the sector, the accounts had recognised a surplus in the pension scheme, which it shouldn't, and therefore needs to be adjusted to a nil valuation.

It was reported that final testing has been completed, which has addressed the significant risk areas and Bishop Fleming are anticipating providing clean audit and regulatory opinions.

Bishop Fleming presented three housekeeping issues that had been raised, two of which had been from prior years, albeit there had been year on year improvements.

Considering the issues highlighted at Weston College, members asked whether additional procedures were applied in light of SGS appointing a new CEO & Principal. Bishop Fleming confirmed that SGS had been very proactive in this respect, and early discussions had been held between them and the Clerk. It was confirmed that the college had followed due process, which was good from a regularity viewpoint.

Attention was drawn to the revised FE HE SORP published on 3 November 2025, which will require adoption for the 2026/27 financial year. This will require the need for colleges to understand and prepare for the impact of these changes. The Deputy CEO & CFO provided an indication of areas that may be affected by these changes. Bishop Fleming will be providing webinars in the New Year and will be working with their clients to support the implementation. Further guidance is anticipated from the DfE and AoC. When asked what actions the college has taken, confirmation was received that there still remains many unknowns and further guidance is awaited. Assurance was provided that the college will work closely with Bishop Fleming in this respect. In addition, the college Finance Directors meet termly, and it is anticipated that dialogue will also take place in this forum.

It was resolved:

To recommend Corporation approval of the Financial Statements Auditors Management Letter.

- b) SGS Annual Report and consolidated Financial Statements 2024/25 – The Director of Finance reported that the audit had gone well but the draft accounts presented required further revisions, predominantly to the presentation style. The Clerk also raised revisions to reflect recent changes in Corporation membership. The Deputy CEO & CFO provided assurance that the financial adjustments discussed in 7a won't have an impact on the college's financial health.

Members raised the need for clarity in the disclosure for the remuneration of the former CEO & Executive Principal as the numbers did not correlate to those in the Remuneration Committee Annual Report. Members were informed that this was due to National Insurance costs, but the Director of Finance agreed to investigate further and add an explanatory note in the accounts. Members also raised the need for the main risk factors affecting the college to be reviewed and cross referenced with the Risk Management Annual Report to ensure that the significant risks have been included. Members also asked that the narrative relating to A Levels is reviewed as care needs to be taken of the framing of success and language used.

It was resolved:

To recommend Corporation approval of the SGS Annual Report and consolidated Financial Statements 2024/25, subject to changes raised and there being no additional material changes apart from those raised at the meeting, with final oversight by the Chair of the Audit Committee.

Action: Director of Finance.

- c) SGS College Ltd dormant Financial Statements 2024/25 – The end of year accounts were noted. The Deputy CEO & CFO confirmed that the accounts had now been approved by the Directors of the Company.

- d) Going Concern review – It was reported that there were no areas to flag, and the financial health of the college was in a good place.
- e) Reconciliation of the Financial Statements to the July Management Accounts – Members noted the reconciliation report.
- f) Teachers' Pension Audit Letter – The letter was presented for noting. Bishop Fleming raised the need for work to be undertaken at an earlier stage. The Deputy CEO & CFO confirmed that an earlier review will take place next year.
- g) Letter of Representation – Bishop Fleming presented their Letter of Representation which seeks Corporation assurance of the accuracy of the Annual Report and Financial Statements. Members referred to Appendix A and noted that testing needed to be completed. Bishop Fleming confirmed that there is nothing immaterial to include at this stage and testing will be completed this week. Therefore, they would be content for Appendix A to be removed from the Letter of Representation.

It was resolved:

To recommend Corporation approval of the Letter of Representation, subject to the removal of Appendix A.

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

At this point, Nathan Couglin (Bishop Fleming) left the meeting.

8. **Risk Management Report**

The Deputy CEO & CFO presented the quarterly risk report and reported that three actions had now been completed. Members were informed that deep dives of the risk register by the Committee are being introduced, the first one being on IT. The Chair suggested that, going forward, the risks relating to the deep dive topic are appended to the risk management report.

The Director of IT reported that, following last year's audit by RSM, progress had been made with the recommendations and systems put in place on the back of this report. The Director of IT then talked through the IT risks on the register and how they are being mitigated. When asked whether staff can update their own laptops, it was confirmed that admin access is not permissible to staff in order to maintain IT safety. The Deputy CEO & CFO suggested that further thought needs to be given to scenario training to improve staff awareness of the rationale for these types of decisions. The need to increase staff training, especially on cyber risks was also raised by the Director of IT. Members questioned the timetable for the training and were advised that staff have compulsory training that needs to be completed within certain timeframes and that the training demands on staff need to be considered as well as the embedding and delivery of training. Members raised

that cyber is the single biggest risk and should be embedded as mandatory staff training.

Members discussed AI and were informed that the college doesn't have a strategy in this respect and that further thought needs to be given to this area alongside further staff training. It was recognised that there is more engagement needed with JISC and further work needed as part of curriculum and staff development strategies.

Members asked how the college is positioned on cyber compared to other colleges. The Director of IT provided assurance that IT is in a good position with JISC reporting that SGS have gold standard IT and other colleges have approached SGS to help them. However, in respect of AI, the college is lagging behind, and there is a need for further investment and embedding of AI in the curriculum and staff upskilling and training. It was reported that an IT road map is being developed. The Director of IT advised that the college uses Microsoft Copilot and there may be opportunities to get a discounted rate as the uptake on Copilot is not as high as Microsoft expected. The Committee raised the need for the development of a strategy around AI so that there is guidance and a consistent and staged approach to ensure that a healthy AI culture is created.

Members recognised that there are many positive things taking place and, when asked, the Deputy CEO & CFO advised that she was in charge of leading on this risk. It was reported that Data and Digital structures are being given consideration to ensure these areas are more joined up, as previously disparate. Members also raised that the colour coding on the risk register didn't look accurate and was in need of review. The Chair raised the need for the college to consider its AI strategy and training together with timeframes. It was also helpful that the nugget training aligned with the deep dive topic.

The report was noted.

At this point, Aaron Hope (Director of IT) and James Dix (IT Services Infrastructure Manager) were invited to leave the meeting.

9. **Internal Audit**

- a) Internal Audit Service's 2024/25 Annual report – RSM reported that the report was the same version as the draft presented at the last meeting.

It was resolved:

To recommend the Internal Audit Service's 2024/25 Annual report to Corporation for approval.

- b) Progress report – RSM reported that planning sheets for future audits have been shared with college staff. Attention was drawn to the client briefings. Members questioned whether the new audit standards introduced in January 2026 will affect RSM opinions and suggested that the next nugget training covers the impacts of this new standard. It was

also suggested that an invitation to this training is extended to Corporation Members and the Executive Team.

The report was noted.

Action: RSM

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

The Chair invited feedback on the report, and nothing was raised.

It was resolved:

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

11. **2024/25 Bad debt write off**

The Director of Finance reported the desire to write off the aged bad debt rather than making provision for this. It was hoped this would happen as part of the 2024/25 accounts, but Bishop Fleming was not supportive of this. Members questioned whether there was satisfaction with the credit controls in place and were advised that since debt control had been brought in-house the bad debt was in a good position.

Members raised that, from the report, it was difficult to understand the scale of bad debt as a percentage of the overall learner base. The Deputy CEO & CFO advised that the Executive Team has requested this analysis as they are responsible for approving the write offs. Although it's not possible to clear all the debt in the 2024/25 accounts there is the desire to clear the aged debt, and the analysis will be presented to the Committee next year.

It was reported that during 2024/25 specific debts written off totalled £50k of which £47k was previously provided, resulting in a net charge to the I&E of £3k. Having scrutinised the report, members asked for an explanation of what materials the debt source referred to. It was explained that some learners tend to source their own materials now, however there are some materials, where needed, that are charged.

The report was noted.

12. **Audit Action Plan**

Members received an update on the audit action plan and confirmation was received that the three overdue actions had now hit their target dates. Members were informed of a slight delay on the implementation of the Remuneration policy and were informed of the reasons behind this. It was reported that work is being undertaken to review the HR policies to make them more user friendly.

The report was noted.

13. **College returns and Assurance processes**

Members received a report and schedule outlining the key returns required to be submitted in order that the Committee ensures proper assurance over the management and quality of data.

The report was noted.

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

Members were invited to consider whether there are any gaps in existing skillset and any further training and development needs. The Chair advised that nugget training is provided before the start of each Audit Committee meeting and that three of the Audit Committee members will be attending the AoC Finance Masterclass. Training on the new audit standards had been raised earlier in the meeting. The Chair advised that the nugget training on cyber security training had been helpful, and this should be an area of ongoing review. The Deputy CEO & CFO advised that a termly report on cyber threats is being produced for the Executive and suggested that outcomes are shared with the Chair of the Audit Committee. Members also raised the need to check that the college is not overdoing controls. It was reported that an AI strategy is to be developed, and its development can be reported back to the Committee. One member advised that his IT Director provides staff feedback on the number of cyber threats that have been avoided to evidence controls in place. Members advised that cyber and AI are two different categories of risk, and the risk of lost opportunities also poses a big risk for the college. The Chair raised that threat and opportunity training would be useful.

15. **Any Other Business**

Members noted that this was the second meeting that the CEO & Principal had not attended. Members were informed of his intent to not attend these meetings unless of need and has delegated attendance to the Deputy CEO & CFO. Members were informed that all Audit Committee papers are now presented to the Executive Team prior to despatch to the Committee and therefore a balance needs to be struck between the input from the CEO & Principal and at what point. RSM advised that there is currently a trend of Principal's attending less Audit Committee meetings, but they do typically attend the meeting where the end of year accounts is presented. The Chair agreed to speak with the CEO & Principal. The Committee also suggested that the CEO & Principal's views are brought to the Corporation's attention.

16. **Key messages for Corporation**

The following key messages for Corporation were agreed:

- Presentation of required approvals.
- Deep dive undertaken from the risk register relating to IT.
- SGS College Limited dormant accounts presented.

- Bad debt.
- College returns and assurance report
- Remuneration Committee annual report

17. **Date of Next Meeting**

Tuesday 31 March 2026, 3pm, via Teams.

The Chair thanked Rob Lawson for attending the meeting. Rob advised that the college, at which he is Chair, is a forerunner for the introduction of AI and can provide college contacts should SGS wish to find out more. The Deputy CEO & CFO agreed to contact Rob outside of the meeting.

The meeting commenced at 3.00pm
The meeting closed at 4.59pm
The meeting was quorate.