

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

**AUDIT COMMITTEE**

Approved minutes of a meeting  
Held on Tuesday 31 March 2026  
Via Microsoft Teams

<b>Present:</b>	Yusuf Ibrahim	Corporation Member & Chair
	Mike Croker	Co-Opted Member
	Phil Eames	Co-Opted Member
	Martyn Smith	Corporation Member
	Carl Waterer	Corporation Member
<b>In attendance:</b>	Matt Grannan	Director of Finance
	Jude Saunderson	Deputy CEO & Chief Financial Officer
	Louise Tweedie	RSM – Internal Audit Service
	Sharon Glover	Clerk

*At this point, Liam Evans (Vice Principal, Employer & Adult Engagement), Gavin Murray (Deputy Principal, C&Q) joined the meeting.*

1. **Apologies for Absence**

Apologies were received from Nathan Coughlin (Bishop Fleming).

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**

The following items of items of urgent business were raised:-

- a) Revisions to the Framework and Guidance for External Auditors had been circulated outside of the meeting.
- b) The Corporation has approved the establishment of a Finance and Resources Committee, which will result in minor amendments to the Audit Committee's Terms of Reference and arrangements for the November meeting. Further details will be provided in due course. In response to a query from the Chair, the Clerk confirmed

that the new Committee may include co-opted members; however, such members would not be permitted to serve concurrently on the Audit Committee.

- c) The Committee noted that the CEO & Principal (David Withey) will attend only the November Audit Committee meeting at which the Annual Report and Financial Statements are presented. The Deputy CEO & CFO and Director of Finance will continue to attend all Audit Committee meetings.
- d) The Deputy CEO & CFO advised that the DfE has confirmed the sector will retain a 31 July year end, rather than moving to 31 March as previously anticipated. The DfE will, however, introduce formal returns at the end of March, which may be subject to sample-based audit. This is likely to increase regulatory reporting requirements and may require additional finance team resources. Further updates will be provided as clarity emerges.

## 5. **Minutes of Previous Meeting**

The minutes of the meeting held 20 November 2025 were approved as a correct record, ready for signing by the Chair.

## 6. **Matters Arising From Those Minutes**

- a) To note Corporation approval of the:
  - i) 2024/25 Annual Report of the Audit Committee, including the annual risk management report;
  - ii) Internal Audit Service Annual Report;
  - iii) Financial Statement Auditor's Management Letter;
  - iv) Final version of the SGS College Annual Report and consolidated Financial Statements 24/25. Members were informed that, following Corporation approval of the Annual Report and Financial Statements, the DfE raised a query relating to the sale of Berkely campus which resulted in changes in the financials section. These were fully explained by the Deputy CEO & CFO;
  - v) Letter of Representation to Bishop Fleming.

*During item b) Natalie Norton-Ashley (Director of MIS) joined the meeting.*

- b) **Action log** – Minute item 10b: Members were advised that minor amendments to the Financial Regulations are required and that related policy updates are in progress. Fraud training has commenced within the Finance Department and will be extended to budget holders and the MIS team. The Fraud Risk Assessment process has been updated, and mitigation testing is planned. Members noted that the fraud risk rating on the risk register has increased and queried whether this remains appropriate given the strengthening of controls. The Deputy CEO & CFO confirmed that the risk is expected to reduce following completion

of the training, although the overall impact remains elevated due to changes in legislation.

Minute 7b was confirmed as completed.

Minute 9b: RSM advised that the new audit standards will be the topic for the next nugget training as this would prove timely as their charter is due to be updated.

## 7. **Risk Management Report, including Spotlighting Risk**

The Chair noted that this was the second deep-dive review of the risk register and proposed that the effectiveness of this approach be evaluated at the next meeting.

Quarterly risk report - The Deputy CEO & CFO reported that the quarterly risk report had been updated on Convene to correct an error in the aggregation of risk areas. Members were advised that changes in fraud legislation had resulted in the fraud risk moving above tolerance, with no other changes to the remaining risks. Members were informed that a DfE condition report for Filton Campus had been returned, which will inform funding allocations. As most of the space has been classified as Category D, additional DfE funding is anticipated. Confidence was expressed that a reasonable level of funding would be secured to support investment in the college estate.

In relation to GDPR, members were advised that the risk reflects the use of AI and the rollout of Copilot, alongside planned staff training. It is expected that this risk will reduce by year end. Members queried the absence of staff recruitment and retention from the risk tracker given future funding pressures. Assurance was provided that this risk remains on the register but is below the tolerance threshold, with budget provision made and further financial modelling underway to assess longer-term financial sustainability.

Spotlight on risk – Adult funding and delivery – The Vice Principal, Employer & Adult Engagement outlined the variety of the college’s adult provision and current funding forecasts. While forecasts have been prudent, a funding gap remains, and work is underway with curriculum areas to mitigate this position.

Members were informed that adult funding and delivery is a complex but well-controlled area. A dedicated tracker is used to monitor WECA and DfE allocations and enrolments, reflecting the differing requirements across the two regions in which the college operates.

The importance of maximising adult income was highlighted, given anticipated threats on future provision arising from the Lifelong Learning Entitlement and reduced employer investment in training nationally. Despite these challenges, SGS continues to perform comparatively well.

In response to questions on the budgetary impact, it was reported that the WECA allocation is expected to be exceeded, while the DfE allocation presents

challenges at Stroud Campus, where a modest shortfall is forecast. Although this represents a financial risk, potential delivery savings may offset the impact. Members were also advised that there is a risk that future adult funding may reduce should Gloucestershire become a devolved authority. While devolution was intended to provide greater flexibility, this has not been realised under current WECA arrangements, which have introduced additional restrictions.

**The report was noted.**

## 8. **Internal Audit**

The following reports were considered:

- a) Benchmarking Report 2024/25 – RSM presented a benchmarking report of internal audit findings 2024/25 across their client base. Members were informed that SGS compares favourably with similar college types. Members asked, and received, the sample size. It was noted that high priority management actions related to financial management and funding and questioned how many of these colleges were experiencing financial difficulty. RSM advised that controls are different to outcomes with most colleges aware that they were heading towards challenging financial sustainability.

**The report was noted.**

*At this point Steve Hall (Head of Employer Engagement) was welcomed to the meeting.*

- b) Employability and Careers Strategy – RSM summarised the audit scope which resulted in a reasonable assurance opinion with 3 medium and 1 low priority actions.

The Vice Principal, Employer & Adult Engagement confirmed that the college is liaising with a partner college to see how they approach management action 4 relating to Gatsby testing to strengthen evidence of impact. The Chair suggested exploring automated solutions to mitigate risk.

In relation to management action 2, assurance was provided that all health and safety checks are completed prior to the commencement of placements; however, the audited form contained an administrative omission, as it was undated.

Members discussed the findings of the industry placement testing and discussed challenges arising from limited capacity and outdated internal monitoring systems that don't support new requirements. Alternative, more user-friendly systems, capable of employer access, are being explored. When asked about timeframes, it was confirmed that funding for a new system is included in the budget but has not yet been approved as a data strategy is being developed.

**The report was noted.**

*At this point Steve Hall (Head of Employer Engagement) was invited to leave the meeting and Pez Perrin (Director of Wellbeing Services and DSL) was welcomed to the meeting.*

- c) Safeguarding and Protect – RSM outlined the scope of the audit, which included Martyn’s Law. The audit concluded with a substantial assurance opinion with only one low-priority action. Considering the importance of safeguarding, members queried whether the level of assurance was sufficiently robust given the limited sample size. RSM clarified that internal auditors are not safeguarding practitioners and that an alternative audit approach was therefore required, confirming that detailed case reviews had been undertaken.

The Committee commended the College on the audit outcome and thanked RSM for their work.

**The report was noted.**

*At this point, Liam Evans (Vice Principal, Employer & Adult Engagement), Gavin Murray (Deputy Principal, C&Q), Natalie Norton-Ashley (Director of MIS) and Pez Perrin (Director of Wellbeing Services and DSL) were invited to leave the meeting.*

- d) Progress report, including any client briefings – RSM confirmed that 3 more reports are in the process of completion and will be reported at the next meeting.

Members noted RSM’s client briefings on the Quality Assurance and Improvement Programme, which will be discussed in greater detail at the next meeting. Updates relating to the Employment Rights Act and whistleblowing were also highlighted. The Clerk confirmed that the relevant statutory employment changes and revisions to the Whistleblowing Policy were approved at the 26 March 2026 Corporation meeting. Members also received RSM’s Higher Education client briefing, which included emerging research on student use of artificial intelligence.

**The report was noted.**

9. **Audit Action Plan**

The Deputy CEO and CFO reported that good progress had been made, with seven older actions completed. One action remains overdue; however, following review by the Director of Finance, it was agreed that further work should be paused as the action will be superseded by the procurement of a new finance system.

Members were advised that new actions arising from the Internal Audit reports and the Financial Statements Auditor's Management Letter have been added to the action plan. Assurance was provided that write-offs are progressing, although at a slower pace due to resource constraints.

**The report was noted.**

*At this point Louise Tweedie (RSM) was thanked and invited to leave the meeting.*

10. **Appointment of Financial Statements Auditors and establish Performance Indicators**

Confidential Item.

11. **Any Other Business**

There was no other business raised.

12. **Key messages for Corporation**

The following key messages for Corporation were agreed:

- Internal Audit reports presented provide strong assurance.
- Key actions on the action plan were noted.
- Consideration of the re-appointment of Bishop Fleming and the need for re-tendering of the Financial Statement Auditors in 2026/27.
- Nugget training was delivered by RSM on the role and work of the FE Commissioner. This emphasised the Audit Committee's responsibility to raise concerns with the Corporation, where appropriate. It was proposed that this training be highlighted to the Corporation, alongside the importance of curriculum frameworks and contribution, which the College is developing.

13. **Date of Next Meeting**

Thursday 11 June 2026, 3pm, via Teams.

The meeting commenced at 3.07pm  
Louise Tweedie (RSM) left the meeting at 4.30pm (after item 9)  
The meeting closed at 4.43pm  
The meeting was quorate.