



Gloucestershire College

PUBLIC MINUTES OF THE AUDIT COMMITTEE
14 JUNE 2022
Via MS Teams

Present:

Ms K Blackbird (External Board Member)
Mr A Dover (External Board Member) (Chair)
Mr M Fabian (External Board Member)
Mr P Lachecki (External Board Member)
Ms E Narey (External Board Member)
Ms H Ridler (External Board Member)

In Attendance:

Mr A Bates - Chief Financial Officer
Mr M Burgess - Principal
Mr S Harvey - External Board Member - up to and including item 24/23
Mr D Alma - Health and Safety Manager - up to and including item 23/23
Ms L Tweedie - RSM – up to and including item 38/23
Mr S Lawrence - Hazlewoods – up to and including item 25/23
Ms A Child - Hazlewoods – up to and including item 25/23
Ms J Cosson - Governance Professional/Clerk to the Board

Apologies:

Mr J Billingham - Director of IT and Estates
Mr K Agnew - IT Systems and Security Manager

Attendance: 100%

17/23 Opportunity for Private Business (including with Auditors)

Members were given the opportunity to meet with the Auditors in the absence of the Executive. Members and Auditors confirmed that there were no matters of concern that they wished to raise in the absence of the Executive.

18/23 Apologies

Apologies were received as above.

19/23 Declarations of Interest

None, other than those standing declarations currently recorded on the Register of Interests.

20/23 Confidentiality of Items

As marked (C), due to their commercially sensitive nature, for a period of two years.

21/23 Minutes of the meeting of 9 March 2023

The minutes of the meeting were approved as a true record and signed by the Chair.

22/23 Matters Arising from the Minutes and Actions Matrix (C)

Members reviewed the actions matrix and noted the status update of each item.

23/23 Health and Safety Report (C)

MB answered questions on the Health and Safety Report in the absence of JB.

DA attended to provide Members with an opportunity to meet him.

RESOLVED: The Committee noted the reports and the current assessment of the College's Health and Safety arrangements.

24/23 Cyber Security Update (C)

MB answered questions on the Cyber Security Update in the absence of JB.

RESOLVED: Members noted the Cyber Security Update.

SH left the meeting.

25/23 Draft External Audit Plan and Letters of Engagement (C)

SL presented the External Audit Plan for the year ended 31 July 2023 and Engagement Letters. These were largely as per previous years.

SL highlighted the main areas of consideration for this year. He went through the audit timetable and drew attention to the Board and Audit Committee responsibilities and to the Auditors' responsibilities. He noted that the Post 16 ACOP and College Accounts Direction have both been updated. There is nothing to suggest anything other than the usual audit significant risks will need to be covered. Additional testing required in line with the Managing Public Money requirements (as a result of ONS reclassification) have been reflected in the fee quote. Hazlewoods will carry out the same testing of the ILR as they did last year according to the new ACOP. He requested that RSM share the outcome of their Key Financial Controls and Funding Compliance audits in time for the External Audit. SL asserted his independence.

RESOLVED: The Draft External Audit Plan for the year ended 31 July 2023 and Engagement Letters were approved under the delegated powers of the Committee. They will be presented to the next Board meeting for notification. The External Audit Fees were agreed.

TD signed the Engagement Letters on behalf of the College and the subsidiary companies.

ACTION: JC to present to July Board for notification

SL and AC left the meeting.

26/23 Internal Audit (C)

LT presented the following final Internal Audit Reports together with the report showing progress against the Internal Audit Schedule for the year.

- **Human Resources Controls: Staff Recruitment and Retention**
- **Examination Processes**

ACTION: JC to send Examinations Report to C&Q for notification.

- **Risk Management Arrangements**

Progress Report

LT reported that:

- 3 reports have been finalised
- 1 report has been issued in draft and is with the College
- 1 report is in the fieldwork stage
- 2 reports have been concluded

LT took Members through the RSM briefing at the end of the report highlighting the changes to the Post 16 ACOP and explaining that common issues found in funding audits are built in to RSM's testing.

RESOLVED: Members noted the Internal Audit Progress Report.

ACTION: JC to share RSM briefings with other Board Members.

Draft Internal Audit Plan for 2023/24

LT presented the draft Internal Audit Strategy 2023-2026 (including the 2023/24 Internal Audit Plan). She explained the process behind the formulation of the plan and the areas proposed for next year: 3 risk-based assurances; 2 core assurance reviews and a follow-up review.

A Member asked how RSM benchmarks against best practice. LT cited RSM's large client base and access to national data.

It was noted that, although the Committee approves the internal audit plan under delegated authority from the Board, it is the Board's plan and all Board Members are invited to offer suggestions for/amendments to the plan. This will be made clear at the Board meeting in July.

RESOLVED: The Draft Internal Audit Plan for 2023/24 was approved under the delegated powers of the Committee for presentation to the next Board meeting for notification.

The Internal Audit Fees were agreed.

ACTION: JC to present to July Board for notification

27/23 Annual External Audit of Subcontracting Controls/Certificate (C)

MB explained that this is an annual detailed compliance audit required by the ESFA.

The ESFA guidance states that all lead providers with sub-contracting meeting a defined level of provision (£100,000 in 2022/23) must obtain a report from an external auditor that provides assurance on the systems and controls in place during 2022/23 for managing sub-contracted delivery. The report is not issued to the ESFA but a certificate is issued by the auditor to the ESFA.

The College had commissioned ICCA to complete the audit.

The report was rated Green across all areas with no recommendations.

ACTION: JC to add to next C&Q agenda for information.

28/23 Review of Audit Recommendations Register (C)

Members reviewed the Audit Recommendations Register (ARR) and received an update from AB as to the current status of each item.

The recommendations from the internal audit reports presented at the meeting will be added for the next meeting. Members discussed the timing of recommendations appearing on the ARR and suggested this might be too long. MB assured Members that if the recommendations are significant they will be raised immediately with the Chair of Audit and added to the ARR for the next meeting.

RESOLVED: Members noted the status of and were satisfied with the Audit Recommendations Register.

29/23 Risk Management Update (C)

AB presented the Risk Management Report and Review of the Strategic Risk Register.

The changes to the Risk Register were noted.

Members discussed the Register in the context of the recommendations made in the internal audit report above.

RESOLVED: Members noted the Risk Management Update and review of the Risk Register.

30/23 Management Update on Reportable Events (C)

MB provided an update on reportable events. He advised that, following the reclassification of colleges by the ONS as being part of the central government sector, additional controls apply when making special severance payments and compensation payments.

DfE approval is required for payments where any of the following scenarios arise individually or collectively:

- the proposed SSP is £50,000 or more
- the proposed SSP is equivalent to 3 months' salary or more
- an exit package which includes a SSP is at, or above, £100,000
- the employee earns over £150,000.

Contractual payments such as notice pay are not included.

As a matter of best practice, the College will report any severance payments to the Audit Committee.

RESOLVED: The Update on Reportable Events was noted.

31/23 Value for Money Annual Report (C)

The Audit Committee Terms of Reference include a duty to comment on the arrangements for securing value for money.

AB presented the annual report on the College's arrangements for securing Value for Money, including a review of the major activities undertaken in 2022-23.

The Board also receives an annual report on significant expenditure.

The College has identified key objectives for achieving Value for Money. The framework for seeking Value for Money and a review of the major activities undertaken in the year were set out in the report.

RESOLVED: Members noted and were satisfied with the Value for Money Annual Report.

32/23 Action from October 2022 meeting: Lessons Learned from Smart Assessor (Apprenticeship Tracking) Implementation (C)

KM provided an overview of the lessons learned from the implementation and rollout of Smart Assessor, the new apprenticeship tracking software at GC.

RESOLVED: The Lessons Learned from Smart Assessor (Apprenticeship Tracking) Implementation Paper was noted.

33/23 For information: Managing Public Money Return and amendments to Financial Regulations (C)

Members were provided with sight of the MPM Return as recommended by the ESFA and the proposed amendments to the College's Financial Regulations to be approved by the Board in July.



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The timing of the ONS announcement regarding the reclassification of FE colleges on 29 November 2022 created the need for additional regularity assurance in relation to ESFA's financial statements for the period 29 November 2022 to 31 March 2023. This is due to ESFA's financial year ending on 31 March and colleges' financial year ending on 31 July.

Therefore, colleges/college groups had been asked to submit an extra College MPM Return (31 March 2023), covering this four-month period, providing the additional regularity data and information ESFA needs. In forming their regularity conclusion in relation to the college/college group's financial statements for the year-ending 31 July 2023, the college/college group's reporting accountant may consider the contents of this return.

The return did not need to be approved by the Board before it was submitted to ESFA. However, it was suggested that colleges share the return with governors, audit committee and auditors for their information.

JC reported that the College had submitted the return by the April deadline and was subsequently selected as part of a sample of returns for the ESFA to perform some validation. The focus is to ensure that colleges are complying with the terms and conditions relating to MPM requirements or are seeking retrospective approval, where necessary. The College was required to submit evidence to support the data and information included in its MPM return, and to produce evidence to demonstrate that changes have been made or are being considered to relevant policies and procedures, by 16 May.

The proposed changes to the College's Financial Regulations were attached for information prior to being presented to the Board for approval in July.

The Financial Controller has confirmed that there has been no further feedback from the ESFA since the validation evidence was provided.

RESOLVED: The Committee noted the MPM Return and proposed changes to the College's Financial Regulations.

34/23 Governance and Regulatory Developments

JC presented a paper which included details of the following matters and the actions to be taken in relation to each of them. The items with particular relevance to the Committee were highlighted.

1. Funding/Financial Sustainability/Audit/Risk
2. Estate
3. Legislation
4. Accountability Agreements
5. Cyber
6. Governance
7. Governor Training and Development

RESOLVED: The Regulatory Developments paper was noted

35/23 Committee Matters

Members considered the Committee Self-Assessment against the Terms of Reference of the Committee. They noted that the Committee was compliant and had achieved its core purpose this academic year with the exception that the Board Assurance Framework had not been reviewed during the year. It was noted that the Board Assurance Framework would be reviewed as one of the internal audit recommendations.

Members reviewed the revised Terms of Reference and Agenda Cycle and noted that these would be presented to the next Board meeting for approval. It was noted that the Committee's responsibility for Managing Public Money had been included.

Members discussed the reappointment of the Chair and Vice-Chair.

RESOLVED: The Self-Assessment was noted and the findings confirmed.

The Revised Terms of Reference were approved for recommendation to the Board.

It was recommended that TD be reappointed as Chair and LN as Vice-Chair of the Committee for 2023-24, for approval by the Board at their July meeting.

36/23 Key Items for GC Board (C)

The Key Items for Board report were discussed, noting any risks to be added/highlighted on the Risk Register.

37/23 Any Other Business

It was noted that this was HR's last Audit Committee meeting. On behalf of the College and the Board, TD thanked HR for contribution and insights to the Committee and for her advice and support.

Review of Register of Gifts and Hospitality

The Chair carried out the annual review of the Register of Gifts and Hospitality and signed the Register to indicate that he was satisfied that it was order.

38/23 Date and Time of Next Meeting

Wednesday 4 October 2023 5pm, location tbc.

LT left the meeting.

39/23 Members Only - Review of Performance of Internal Auditors and Approval of Reappointment and Fees for 2023/24, in the absence of the Auditors (C)

Confidential Members Only Minute.