

**PUBLIC MINUTES OF THE  
AUDIT COMMITTEE  
29 NOVEMBER 2023**

**Audit Committee Members Present:**

Mr P Lachecki (External Board Member) (Chair)  
Mr M Fabian (External Board Member)

**In Attendance for Audit Committee:**

Mr A Bates, Chief Financial Officer  
Mr M Burgess, Principal  
Mr J Billingham, Director of IT and Estates - items 63/23 and 64/23  
Mr K Agnew, IT Systems and Security Manager - items 63/23 and 64/23  
Mr D Alma, Health and Safety Manager - items 63/23 and 64/23  
Ms L Tweedie, RSM – except items 63/23, 65/23, 66/23 and 80/23  
Mr S Lawrence, Hazlewoods - items 65/23 and 66/23 only  
Mr A Phipps, Hazlewoods - items 65/23 and 66/23 only  
Ms J Cosson, Governance Professional/Clerk to the Board

**Board Members Present for item 65:**

Mr W Abbott (External Board Member) (Board Chair) - up to and including item 81/23  
Mr M Burgess (Principal)  
Ms L Dance (External Board Member) - up to and including item 65/23  
Mr S Harvey (External Board Member) - up to and including item 65/23  
Ms M James (External Board Member) - up to and including item 65/23  
Dr H Moyes (External Board Member) - up to and including item 65/23 - via Teams

**Board Member Apologies for item 65:**

Ms J Buckland (Staff Governor)  
Mr P Carr (External Board Member)  
Ms L Hargreaves (Student Governor)  
Ms A Nutbrown (Staff Governor)  
Ms C Simpson (Student Governor)

**Apologies for Audit Committee meeting and item 65:**

Mr A Dover (External Board Member)

**Attendance: 66.7% Audit Committee; 57.1% Board (item 65)**

**57/23 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.

**58/23 Apologies**

Apologies were noted and received as above.

#### **59/23 Declarations of Interest**

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

#### **60/23 Confidentiality of Items**

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

#### **61/23 Minutes of the meeting of 4 October 2023**

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

#### **62/23 Matters Arising from the Minutes and Actions Matrix (C)**

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

#### **63/23 Health and Safety Update and Annual Report (C)**

JB and DA presented the Health and Safety Update to the end of October 2023 and the Annual Health and Safety Report.

DA confirmed that he had met with AD last week in AD's role as Health and Safety Link Governor.

The Board Chair asked DA what his assessment of the Health and Safety culture at the College is. DA replied that he believes Health and Safety is taken seriously. He works closely with curriculum areas, particularly the high risk areas such as Construction and Foundations Studies. DA visits these areas several times a week. He added that he has noticed staff are asking for Health and Safety advice more frequently than they used to and are getting students to do their own risk assessments.

Members found the report very positive.

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

#### **64/23 Cyber Security Update (C)**

KA presented the Cyber Security Update. SH attended for this item. He continues to meet with KA in his role as Cyber Link Governor.

Members reviewed the Cyber Security Risk Register and noted that AI had been added. They discussed staffing levels and out of hours cover. JB has discussed with SH.

LT was asked how the reporting of cyber security arrangements to the Committee compares to other colleges. She replied that the Committee gives it more priority and receives much more detail than she has seen in other colleges.

**RESOLVED: Members noted the Cyber Security Update.**

*JB, KA and DA left the meeting.*

**65/23 BOARD MEETING - ALL BOARD MEMBERS  
External Audit Findings Report and Letter of Representation (C)**

The Post-16 ACOP requires that the External Audit Report must be presented by the College's External Auditors to a meeting of the full Board of Governors. All Board Members had therefore been invited to this item to hear the External Auditors present their findings.

SL presented the Report to Trustees on behalf of the College's External Auditors, Hazlewoods.

SL highlighted the purpose of the report, the audit approach and materiality. He confirmed Hazlewoods' independence and asked if there was anything Members needed to make him aware of. He took Members through each of the management points set out in the report.

The report commented on the College's four subsidiary companies. There were no audit issues to report. Only material elements of the subsidiary company finances are included in the consolidated Financial Statements.

In summary, SL reported that the audit had gone well and there were no adverse findings. He congratulated all involved at the College on a clean report.

It was noted that there were a couple of errors in the report. Hazlewoods will issue a revised version for presentation to the Board.

SL thanked the GC Finance Team for their co-operation with the audit and was content to put the Financial Statements forward for recommendation by the Committee to and approval by the Board.

Members considered that it was as positive, clear report. The Committee conveyed thanks to the College Finance Team and the External Auditors for their work.



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Members reviewed the Letter of Representation, which was in standard form. The Report to Trustees and Letter of Representation will be provided for notification to the Board meeting in December.

**RESOLVED: Subject to the minor amendments required to the Report to Trustees, the Board noted, accepted and approved the Report and the Letter of Representation to be included in the papers for notification to the Board meeting on 15 December 2022.**

**ACTION: Hazlewoods to issue a revised version of the External Audit Findings Report for notification to the Board.**

#### **66/23 Recommendation of Draft Financial Statements (C)**

- GC
- **Subsidiary Companies**

AB presented the draft Financial Statements of the College and of the subsidiary companies for review by the Committee.

Members reviewed the Statement of Internal Control.

**RESOLVED: The Committee was satisfied that the draft Financial Statements were in line with the Management Accounts and had been externally verified.**

**The Committee approved the draft Financial Statements (including the Statement of Corporate Governance and Internal Control) for recommendation to the Board at the December Board meeting, subject to any minor revisions.**

*SL, AP, LD, SH, MJ and HM left the meeting.*

#### **67/23 Internal Audit Reports (C)**

LT presented the following final Internal Audit Report together with the report showing progress against the Internal Audit Schedule for the current year and the Annual Internal Audit Report for 2022/23.

##### **Final Report - Learner Number Systems**

This was a funding audit testing learner numbers in the same way that they would be tested if the ESFA were to carry out a funding audit. Areas tested were:

- Apprenticeships
- AEB
- Study Programmes

No assurance opinion was provided.

The College made the point that the report was needed earlier next year in order to give the College time to remedy any issues.

Members were pleased that the College continues to carry out this audit each year although there is no requirement to do so. They asked LT if there was any evidence of improper behaviour/fraud and were informed that there was not. LT advised that the Apprenticeship rules change every year which complicates matters. They found the summary of the likelihood of risk useful.

### **Progress Report**

LT provided an update on progress with the Internal Audit Plan for the current year. The first two audits have begun this week. The learner numbers audit will be carried out in February 2024.

LT presented an RSM briefing on topical sector matters.

### **RESOLVED: Members noted the Internal Audit Progress Report**

### **Annual Report**

LT explained the four potential annual audit opinions given by RSM in their annual internal audit reports and how those opinions are arrived at.

The Annual Internal Audit Report 2022/23 provided Reasonable Assurance and stated that the College *has an adequate and effective framework for risk management, governance and internal control.*

*However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.*

LT reported that 75% of RSM's FE college clients fall into the Reasonable Assurance category. A benchmarking report for 2021/22 will be available shortly. The report has been quality assured/reviewed by a second RSM partner.

Members asked if the RSM assurance table could be amended to be more explicit about the outcome of compliance audits. LT will send a revised version.

### **RESOLVED: Members noted the Internal Audit Reports.**

### **ACTION: LT to send a revised version of the Internal Audit Annual Report.**

Members considered the Regularity Self-Assessment Questionnaire. This had been completed by the Governance Professional/Clerk and Financial Controller with input from other members of staff and had been reviewed by the External Auditors.

JC pointed out the changes to the Questionnaires from last year's template.

Members considered it a useful document for new Members to demonstrate compliance and provide evidence of assurance.

**RESOLVED: The Committee approved the RSAQ for recommendation to the Board for approval and submission to the ESFA.**

### **69/23 Annual Accountability Report (C)**

The Committee considered the Annual Accountability Report for the financial year 2022/23 in the light of the Committee's responsibility to oversee the Corporation's policies on fraud, irregularity and whistleblowing under the Post 16 ACOP.

The report covered:

- Data Protection
- Whistleblowing
- Freedom of Information
- Anti-Bribery (Conflicts of Interest and Receipt of Gifts and Hospitality)
- Anti-Fraud and Corruption / Irregularity

No issues were identified.

**RESOLVED: The Committee noted the contents of the report, which were referred to in the Annual Audit Committee Report to the Board and in the Regularity Self-Assessment Questionnaire and which assisted the Committee in providing their assurance to the Board.**

### **70/23 Annual Procurement Report (including Exceptions) (C)**

AB presented the annual report on the previous year's procurement activity.

**RESOLVED: The Annual Procurement Report was noted and accepted.**

### **71/23 Annual Insurances Report (C)**

AB presented the annual report on the College/s insurances.

Members noted that, following ONS reclassification, colleges (and their subsidiaries) are now part of central government. They continue to be self-governing charities regulated by the Secretary of State for Education but are now subject to the framework for financial management set out in Managing Public Money (MPM).

Central government organisations should not generally take out commercial insurance because it is better value for money for the taxpayer to cover its own risks. However, there are some circumstances where commercial insurance is appropriate. HMT is exploring an alternative to commercial insurance for colleges with the Department's Risk Protection Arrangement scheme. For the moment, colleges can continue with their existing insurance arrangements, and can renew or take out new commercial insurance.

**RESOLVED: The Insurances Annual Report was noted and accepted.**

### **72/23 Annual Report of Audit Committee to Board (C)**

The Committee is required, under the Post 16 ACOP, to provide an Annual Report to the Board to summarise its activities during the year and provide the Board with its opinion on the adequacy and effectiveness of the College's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets.

JC invited Members to consider the draft Annual Report of the Audit Committee to the Board. It was noted that this needs to be sent to the ESFA by 31 December 2023.

The draft report took into account the assurances provided to the Committee and the Board in the reports of the College's auditors.

Based on the work of the Committee during the period and the findings of the Internal and External Auditors and other regulatory bodies, the draft report confirmed that the Audit Committee believed that the Board's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency of the institution and the safeguarding of its assets were adequate and effective.

Members considered the draft report and were content that it reflected the business of the Committee and the assurances provided to the Committee during the year. They considered it a good paper setting out, in detail, the work of the Committee and thanked JC for her work on it.

AD would sign the report on behalf of the Committee, subject to the Board's approval in December.

**RESOLVED: The Audit Committee Annual Report to the Board was approved for recommendation to the Board for approval and submission to the ESFA.**

**ACTION: JC to amend the draft report to take account of the revised assurance table from RSM before it is presented to the December Board meeting.**

### 73/23 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.

The College's Internal Audit service is required to provide an opinion on the adequacy and effectiveness of risk management and the College's system of internal control.

This was provided by RSM in its Annual Internal Audit Report 2022/23 presented earlier in the meeting, which stated that the College *has an adequate and effective framework for risk management, governance and internal control.*

The Annual Internal Audit Report opinion by RSM also states as follows:

*To inform our risk management opinion for 2022/23, we have taken into consideration the risk mitigation procedures undertaken within each of the risk-based assignment reviews undertaken as part of the 2022/23 Internal Audit Plan.*

*For example, the 'Learner Number Systems – Testing based on selected areas of the funding audit approach for 2022/23 for Apprenticeships; Study Programmes; and AEB Provision' assignment considered compliance with ESFA and WMCA Rules which is a higher risk area. We have also taken account of the Risk Management Processes review that was undertaken.*

*In addition, our risk management opinion was informed by our attendance at meetings of the Audit Committee throughout the year.*

RSM carried out a specific audit of Risk Management during the year, which stated:

*Taking account of the issues identified, the board can take reasonable assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and effective. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area.*

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

### 74/23 Review of Audit Recommendations Register

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

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



### **75/23 Management Update on Reportable Events (C)**

There had been no such events since the last meeting.

**RESOLVED: The Update on Reportable Events was noted.**

### **76/23 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.

1. Safeguarding and Mental Health and Wellbeing
2. Funding/Financial Sustainability/Audit/Risk
3. Curriculum
4. Ofsted
5. Legislation/Law
6. LSIPs
7. Governance
8. Governor Training and Development

JC drew Members' attention to the issues of particular relevance to the Committee.

**RESOLVED: The Regulatory Developments paper was noted.**

### **77/23 Approval of Policies:**

- **Risk Management**
- **Anti-Fraud & Corruption**
- **Anti-Bribery**
- **Receipt of Gifts and Hospitality**
- **Whistleblowing**

Members reviewed the above Accountability Policies.

**RESOLVED: Members approved the Policies.**

### **78/23 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.

Recommendations from Audit Committee to the Board:

- External Audit Findings Report
- RSM Annual Internal Audit Report
- Approval of GC and Subsidiary Financial Statements (including the Statement of Corporate Governance and Internal Control) and Letter of Representation
- Regularity Self-Assessment Questionnaire

- Audit Committee Annual Report to the Board
- Reappointment of External Auditors for next year

**79/23 Any Other Business**

None.

**80/23 Date and Time of Next Meeting**

28 February 2024 at 5.00pm, C126e Gloucester Campus.

**81/23 MEMBERS ONLY ITEM**

**External Auditors (C):**

- Review of performance of External Auditors
- Appointment of External Auditors for next year

See Confidential Members Only minute.

Signed.....  


Date.....  
