Gloucestershire College

PUBLIC MINUTES OF THE
AUDIT COMMITTEE
11 JUNE 2025

Present:
Ms A D Berry (External Board Member)
Mr T Burrell (External Board Member)
Mr A Dover (External Board Member, Chair of Audit Committee)
Mr S Harvey (Co-opted Member) via MS Teams, up to and including item 24/25

In Attendance:
Mr K Agnew, IT Systems and Security Manager, up to and including item 24/25
Mr D Alma, Health and Safety Manager, up to and including item 23/25
Mr A Bates, Chief Financial Officer
Mr J Billingham, Director of IT and Estates, up to and including item 24/25
Mr M Burgess, Principal
Ms J Cosson, Head of Governance
Mr S Lawrence, Hazlewoods
Mr A Phipps, Hazlewoods
Ms K Gentles, RSM

Apologies:
Mr M Fabian (External Board Member)
Mr P Lachecki (External Board Member)
Ms S McKinlay (External Board Member)
Ms G Read (External Board Member)

Attendance: 50%

17/25 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.

18/25 Apologies

Apologies were noted and received as above.

19/25 Declarations of Interest

Members noted those standing declarations currently recorded on the Register of Interests. No new declarations of interest were noted.

20/25 Confidentiality of Items

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

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21/25 Minutes of the meeting of 11 March 2025

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

22/25 Matters Arising from the Minutes and Actions Matrix

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

23/25 Health and Safety Update (C)

DA presented the Health and Safety Update.

AD confirmed that he had me with DA prior to the meeting in his role as H&S Link Governor.

DA reported that there have been no RIDDOR since last year.

DA advised that successful fire drills have been conducted across all three sites. These drills were part of the incident manager training, which was well-received and effective in preparing staff for emergencies.

Ongoing risk assessment training is being conducted face-to-face, replacing online training. This training is being rolled out in stages, with the first sessions already completed and more scheduled.

DA mentioned an audit of extension leads across all sites, identifying issues like daisy chaining. A spreadsheet is being created to prioritise and address these findings.

PAT testing is ongoing. Legionella risk mitigation is planned for the summer.

In terms of external reviews, the lowest score is 79%, which Members remarked is a good outcome and provides assurance. DA is meeting with the relevant department shortly.

GR had noted in advance comments that injuries to arms/hands/fingers have doubled from 2024 to 2025 and wondered why. DA reported that there has been an increase in reported minor cuts due to improved reporting practices. A new process now includes reporting minor incidents (e.g., wipe and plaster) that were previously unrecorded. This change aims to improve overall safety monitoring.

GR had also observed that working at height PPE states a 6-month check, but in reality, this is being assessed annually. She queried whether this should be changed in the mandatory checks document from 6 month to annual. DA responded that this has been corrected.

RESOLVED: The Committee noted the report and the current assessment of the College's Health and Safety arrangements, which they felt are in a good position.

DA left the meeting.

24/25 Cyber Security Update (C)

KA presented the Cyber Security Update.

SH attended for this item, in his capacity as Digital Technology Link Governor.

KA announced that JB is leaving the College at the end of the year, and the Director of People and Culture will take over the IT portfolio. The College is hiring an IT Operations Manager to handle day-to-day operations and act as Deputy Head of IT.

KA discussed the formation of an AI Systems Governance Group chaired by Sarah Dalby. The group will focus on policy, framework, and AI use within the College - assessing AI tools for cybersecurity and financial benefits. A form will be used to evaluate requests for AI tools, ensuring they meet the necessary standards. The group will work on establishing appropriate governance and controls for AI use, balancing innovation with security and ethical considerations. This includes developing AI essentials and mapping current AI usage.

Members discussed the fact that AI presents both opportunities and risks, especially around data protection and ethical use. Whilst there is a cross-over with Cyber, there are new, specific risks emerging. A separate AI Risk Register therefore has been created.

A Member commented that there are multiple categories of risk associated with AI: threat actors using AI (which seems to be the main focus in the Risk Register) and legitimate use of AI within GC constituting additional attack surface (e.g., AI software to support student revision suddenly observed accessing HR data). They asked if the latter - e.g., AI governance including security governance would be part of the new AI Systems Governance Group remit and were informed that it would. The Member suggested updating the AI Risk Register to include potential data protection issues related to AI tools like Copilot.

Another Member added that AI presents risks across the business e.g., contractual risk/IP/plagiarism and agreed with the suggestion of adding this to the Risk Register. They asked if staff are trained in the safe use of Copilot/Chat GPT and whether this is mandatory for office-based roles.

KA replied that these risks have been included on the AI and Data Protection Risk Registers. MB advised that for this year, the College has been encouraging staff to have a go using AI but that an appropriate level of governance and control is needed, particularly now the government has issued its guidance for the use of AI in education. Staff understand the risks and students are asking questions. Sarah Dalby will attend future meetings to report on AI governance.

SH reported that governance of AI will also be reviewed by GRS at its next meeting.

A Member explained how AI is being used in their organisation and that people are the biggest risk.

KA mentioned his ongoing Cyber Security Roadshow aimed at promoting cybersecurity awareness across the organisation. He is conducting hour-long presentations for each department to reinforce best practices and update staff on current threats. He emphasised the importance of staff engagement in cyber security, highlighting that cyber security is everyone's responsibility. The presentations aim to educate staff on phishing, password management, and other best practices.

RESOLVED: Members noted the Cyber Update.

KA, JB and SH left the meeting.

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

SL and AP attended to present the draft External Audit Plan for the year and the Letters of Engagement.

SL presented the audit plan for the upcoming year, highlighting the terms of engagement, timetable, and areas of risk.

SL reported that there are no major changes to the proposed audit plan for 2025 in terms of scope, but it does reflect the newly introduced audit framework replacing the Post-16 Audit Code of Practice. This does not change the regulatory work involved but sets out in detail the type of testing the government expects. Hazlewoods already does this work as part of the external audit so there will be very little change in their approach. The Regulatory Self-Assessment Questionnaire has changed too.

SL identified the significant areas of risk for the upcoming audit, some of which have changed slightly this year, including income completeness, management overrides, and pension scheme accounting. He noted that the College's improved financial position has reduced the need to consider financial viability/going concern as a significant risk, although this will still be reviewed. There are no anticipated changes to the financial statements and teachers' pension audit terms.

MB and SL discussed what would happen to a college if it failed now that colleges have returned to public sector classification and concluded it is most likely to be put into intervention rather than insolvency.

The audit timetable remains similar to last year, with all work scheduled to be completed in time for the November Audit Committee meeting. As last year, the intention is for Hazlewoods to attend the December Board meeting to present the audit findings to the full Board.

Members discussed the requirement to rotate the external audit partner. SL updated the meeting on the new audit guidance requiring a tender every five years to ensure value for money and maintain independence. He added that Hazlewoods internal procedures would require justification for him to remain as the client engagement partner in any event. A second partner would be involved in quality reviews to maintain independence. SL will include information on Hazlewoods policy and a proposal for phased audit partner transition in the Audit Findings Report under the independence section.

Members were reminded that it is the Board's external audit plan, and all Board Members must therefore be offered the opportunity to comment.

RESOLVED: Members approved the draft external audit plan and Letters of Engagement. The draft external audit plan will be presented to the Board in July. AD was authorised to sign the Letters of Engagement.

26/25 Internal Audit Reports: (C)

KG presented the internal audit reports as follows:

Final Reports

- **16 – 19 discretionary bursary - funding compliance framework**

KG reported on the audit of the 16-19 discretionary bursary fund, identifying four medium actions and one low priority action. There is no assurance opinion.

The Chair asked why RSM do not provide an assurance opinion on this audit. KG explained that RSM's legal department will not allow it in relation to funding compliance reports.

- **Learner Numbers and College Summary**

KG discussed the audit of learner number systems, focusing on apprenticeships and study programs. The audit had identified one high, 12 medium, and four low priority actions, with issues arising from exceptions rather than systemic problems - largely legacy paperwork and complex funding rules. Again, no assurance opinion was provided. The audit replicates the DfE's audit as it uses the same methodology.

AB commented that it is a long report since the rules are extremely complex (especially compared to HE) and change annually.

The College had provided a summary of the issues and management responses/actions which Members found helpful, as did KG who had not seen this provided to a committee before.

Members asked KG how the College compares to other colleges. KG indicated that the findings were in line with what RSM sees at other colleges with actions in common areas and the number of recommendations is not unusual for this particular audit. Some issues arise from legacy paperwork, which is also not unusual in other colleges.

The Member commented that it was a thorough piece of work which demonstrates that tracking processes are key and highlights the areas to focus on.

Follow Up Report

KG provided an update on the follow-up audit, reporting that 16 out of 20 actions were fully implemented, three were superseded, and one low priority action was outstanding – relating to work experience. KG remarked that the report provides a positive assurance, and the Committee can take comfort that actions are being taken by management and recommendations implemented.

The Chair commented that it is pleasing to see that actions do not sit on the Audit Recommendations Register for a long time.

Progress Report

All audits for the year have been completed except for one report, which in draft – the Prevent audit report. This is awaiting management responses due to staff sickness and will be presented to the next meeting.

KG also presented a sector update and emerging risks paper from RSM based on all sectors that RSM works with, not just education. Members were not surprised to see that the top three risks are changes in government priorities, geopolitical instability and cyber-attacks.

Draft Internal Audit Plan for 2025/26

KG presented the proposed internal audit plan for the next year, which includes audits on partnership controls for HE, IT asset management, learner numbers, financial controls, and follow-up actions. The programme has been agreed following discussions with AB and MB after discussion with the Committee and the Board and is linked to the College's Risk Register.

The draft internal audit plan incorporated the 3-year internal audit plan.

Members were reminded that it is the Board's internal audit plan, and all Board Members must therefore be offered the opportunity to comment and input. On the basis that the Board has agreed to a reduced programme of audits this year, it was not expected that other Members would have anything to add.

RESOLVED: Members noted the internal audit reports and approved the draft internal audit plan. The draft internal audit plan will be presented to the Board in July.

27/25 Value for Money Annual Report (C)

AB presented the annual value for money report, highlighting the processes in place to ensure value for money within the College. He also mentioned the positive role of the new procurement officer in achieving these goals and keeping up to date with changes in legislation.

The Chair asked if anything had changes significantly during the year and was informed that the paper took into account the new Procurement Act.

JC reminded Members of the requirements of the Board set out in https://www.gov.uk/government/publications/college-corporation-financial-management-good-practice-guides/the-scope-of-work-of-audit-committees-and-internal-auditors-in-college-corporations#the-role-of-an-audit-committee

Corporations must secure value for money (VFM), being a responsibility of the corporation as a whole and the delivery of VFM being a matter for the executive leadership. However, the corporation may rely on the audit committee to provide it with assurance that VFM is being delivered. In any event, VFM is an issue that the audit committee may wish to examine and, if so, should satisfy itself that effective arrangements are in place to secure VFM. The audit committee should also provide an opinion on the corporation's arrangements securing VFM, which should be included in its annual report.

The aim of VFM should be the optimal use of resources by the corporation, and in assessing it, the audit committee needs to examine its three elements:

- economy: minimising the cost of resources used or required (inputs) – spending less
- efficiency: the relationship between the output from goods or services and the resources to produce them – spending well
- effectiveness: the relationship between the intended and actual results of public spending (outcomes) – spending wisely

In its Handbook for Members of Audit Committees, the Committee for University Chairs has provided a framework for audit committees operating in the higher education sector. This includes at Part 11 guidance for audit committees on VFM which could, with some adjustments, be used by the audit committee of a college corporation to develop its own approach to the issue.

Members commented that the definition of VFM is not clear. AB noted that the College uses a procurement framework and an annual report on procurement is presented the Board. This is slightly different to the requirement to obtain VFM, but the important thing is to be able to demonstrate that the College is not wasting public money. MB considered that the need for government savings and efficiencies may impact colleges over the next few years and drive different behaviours.

RESOLVED: The Value for Money Annual Report was noted.

28/25 Risk Management Update and Review of Board Assurance Framework (C)

AB presented the Risk Management Update and BAF.

AB reported that new risks added were Level 3 curriculum changes, AEB funding cuts, and high needs funding uncertainty.

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

29/25 Review of Audit Recommendations Register (C)

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

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

30/25 Management Update on Reportable Events

There have been no such events since the last meeting.

RESOLVED: The Update on Reportable Events was noted.

31/25 Regulatory Developments Update

JC reported that the most significant development affecting the Audit Committee is that the Post 16 ACOP has been replaced (with effect from 1 August 2024 for accounting periods ending or after 31 July 2025) with the Framework for auditors and reporting accountants of colleges - Audit and regularity assurance requirements for further education colleges, sixth-form colleges and designated institutions. SL had referred to this in his report and JC has updated the terms of reference of the Committee to take account of the change.

RESOLVED: The Regulatory Developments Update was noted.

32/25 Review of Register of Interests

Members reviewed the Register of Interests.

RESOLVED: Members were satisfied that the RoI was in order and authorised AD to sign it on as Chair of the Committee.

33/25 Committee Matters

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JC reported that she had not yet sent out the annual self-assessment for the Committee as PL had proposed some questions from the recent Audit Committee Masterclass which he and ADB had attended (and JC had watched the recording) for the Committee to consider.

Members reviewed the proposed Terms of Reference for the next academic year. JC advised that these have been amended quite significantly to align with the new audit framework and guidance document. It is possible they may need to be amended further when the updated College Financial Handbook is published.

Members discussed the reappointment of the Chair and Vice-Chair for the next academic year. AD was content to continue as Chair. PL will not be continuing on the Committee next year, so a new Vice-Chair will be needed. JC advised that, in the light of other changes on the Board, GRS will review Audit Committee membership and succession planning at its next meeting.

RESOLVED:

- **The revised Terms of Reference and Agenda Cycle for 2025/26 were approved for recommendation to the Board; and**
- **The Committee recommended the reappointment of AD as Chair of the Committee for 2025/26, for approval by the Board at the July meeting.**

34/25 Key Items for GC Board

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

Recommendations from Audit Committee to the Board/other committees

- Draft external audit plan and letters of engagement.
- Draft internal audit plan for 2025/26.
- AD to chair Audit Committee in 2025/26.
- Agenda cycle, subject to further amendments when updated CFH published.

Risks to be highlighted/added to the College's Risk Register

- As per Risk Management Update.
- AI risks.

35/25 Any Other Business

None.

36/25 Date and Time of Next Meeting

Gloucestershire College

25 September 2025, 5pm, Cheltenham.

MEMBERS ONLY ITEM (C)

37/25 Review of Performance of Internal Auditors and Approval of Reappointment and Fees for 2025/26

Confidential Members Only minute.

Signed AMDover

Date 25 Sep 25.