

**Minutes of the meeting of the South Bank Colleges Audit Committee
held on Tuesday 25 June 2024, 4:00 PM — 6:00 PM BST
Board Room, Clapham Campus, 45 Clapham Common South Side, London
SW4 9BL**

Present

Andrew Owen (Chair)
Steve Balmont
Mee Ling Ng

In attendance

Samuel Curtis, Company Secretary
Fiona Morey, CEO
Mark Law, RSM
Joshua Wilson, BDO
Chris Knell, Vice Principal, Finance and Performance
Robert Folkes, Senior Finance Consultant

1. Welcome and apologies

The Chair welcomed members to the meeting and noted there were no apologies.

2. Declarations of Interest

There were no new declarations of interest that committee members needed to declare.

3. Minutes of previous meeting

Save for one minor edit on the attendee list, the Committee approved the minutes of the previous meeting as a true record.

4. Matters arising

The Committee reviewed the matters arising tracker and noted there were no additional matters that members wished to raise.

5. Internal Auditors Tender Update

(Joshua Wilson from BDO left the meeting for this item)

The Committee received an update on the procurement of the group internal auditor.

The Committee noted that a sub-committee was established which included membership of LSBU, SBC and SBA which conducted a full tender exercise with set criteria. At the conclusion of this exercise, KPMG were considered

the strongest candidate on their technical ability and knowledge of HE and FE sectors.

There has yet to be a discussion with the Group entities and KPMG regarding the division of the audits available, this will be conducted once KPMG is onboarded.

KPMG is not committing to a set number of days within the terms of the contract, instead it is committing to the delivery of 10 areas of investigation each year. KPMG acknowledges the risk that some of these audits may require further work than planned and agrees that no further fee will be requested to undertake this additional work.

The Committee highlighted several concerns with the appointment, namely:

- If KPMG are conducting “group-wide” audit processes, who will consider what processes will be audited and what would happen if the different entities within the group disagree with the outcome.
- The agreement of 10 areas needs clarity as to whether this is 10 audits across the Group, or each entity has 10 audits.
- There have been several audits commissioned by the Committee over the past two years which were specific to SBC, there is a concern that the forensic investigation required to satisfy the regulator will be lost under the Group approach.
- KPMG was appointed by the Group several years ago as an external auditor and their knowledge and experience in the FE sector caused concerns. The Committee was surprised that this was not taken into consideration as part of the tender exercise.

The Committee would like reassurance on the above points prior to making the recommendation to the SBC Board. It was agreed that the Group CFO will contact the Chair and incoming Chair to discuss these concerns.

A template of the KPMG audit opinion will be provided to the Committee to understand the level of detail that will be provided as part of the report.

The Committee noted the Internal Auditors Tender Update

6. **External Audit Plan 2023/24**

The Committee received an update from RSM on the external audit plan up to 31 July 2024.

The Committee noted that the current fee schedule did not include SW4 Ltd, as this subsidiary was due to be dissolved, however due to reasons outside SBC’s control this will not happen by the end of the financial year so its accounts will need to be audited, restructuring RSM’s fee.

SBC's internal finance team reassured the board that the framework is achievable and can be delivered against the timetable.

The Committee noted the External Audit Plan for 23/24.

7. Internal Audit Progress Report:

There are two audit reports complete and two outstanding; the outstanding reports will be presented to the Committee in November 24.

There have been no concerns raised on the closed reports.

SBC – Income Internal audit report

The audit provided a moderate level of assurance with a substantial level of effectiveness.

There was a medium level of risk on one area- reporting the level of debt position. It was noted that there is no overarching reporting of debtors to the CFO and to the Board. A more transparent reporting mechanism may provide a higher level of assurance on this.

A paper will be provided to the Committee at its next meeting which outlines a reserves strategy on cashflow.

The Committee noted the internal audit progress report.

8. Financial KPIs and targets 2024/25 and review 2023/24

The Committee received an update on the financial KPIs for 23/24 and targets for 24/25. The KPIs remain unchanged from the previous year and have been used by the CFO to inform budget setting.

The Committee noted that there is room to improve these KPIs which was agreed.

The Committee noted the Financial KPIs and targets 2024/25 report.

9. Corporate Risk Register

The Committee received an update on the Corporate Risk Register since the previous meeting.

The Committee noted that SBC is reliant on support at Group level, however there are now significant sector risks which may impact the level of support that LSBU can provide. Given the sector volatility the risk and impact on the register may need to be reconsidered and increased.

The Committee noted the Corporate Risk Register

10. **Risk Appetite Annual Review 2024/25**

The Committee received an update on the annual review of the risk appetite. SBC considered its risk appetite against the Group framework and, overall, has a moderate appetite to risk.

The Committee noted the Risk Appetite Annual Review paper.

11. **Approval of Debt Write Offs**

During 22/23 and year to date 23/24 no debts have been written off, however a review of all debtors has identified £20,000 of debt requiring further attention.

The Committee noted that there is £7,000 of student debt exceeding four years, all of which was referred to external debt collection, however it has not been recovered.

The Committee approved the write off of £7,000 of bad debt.

12. **Anti-Fraud, Bribery and Corruption Report**

The Committee noted the Anti-Fraud, Bribery and Corruption report.

13. **Speak Up Report**

The Committee noted the Speak up report.

The Committee requested further details in future reports regarding the outcome of grievances and employment tribunals.

A verbal update will be supplied with future reports providing detail on individual cases.

14. **Any other business**

The Committee noted that the Chair of the Committee is stepping down. The Committee wished to thank him for his continuous support to SBC and the wider Group.

Steve Balmont has agreed to Chair the Committee from November 2024.

The Committee noted that this would be BDO's last meeting. The Committee wished to thank BDO for their professionalism and work supporting the Committee over their term.

There were no other items of business that the Committee wished to discuss.

Date of next meeting
4pm on 5 November 2024

Confirmed as a true record

..... (Chair)