

Minutes of: Audit Committee Meeting

Date: Mon 27th November 4pm **Location:** Principal's Office

Present: Tony Bramley (Chair), Tony Ford (Co-opted Member), Kevin Tong (Co-opted Member), Gillian Herbert (Committee Member)

Present for item 1 only: Alan Layng (Chair of Governors), Jeremy Nicholls (Vice-Chair of Governors)

Attending: Jon Marchants (Mazars), Jonathan Maddock (TIAA), Ed Gwillim (Finance Director), Clare Perez (Finance Manager), Rebecca Semple (Clerk to Governors)

Quoracy: Meeting was quorate.

1. Annual Report and Financial Statements to 31 July 2023 and assurances:

- I. **TIAA's Internal Auditor's Summary Internal Controls Assurance Report for the year ended 31 July 2023 and TIAA's Internal Auditor's Internal Audit Annual Report:** The Internal Auditor representative (TIAA) presented this report which confirmed that satisfactory financial controls and risk management systems were found within the organisation. Key areas were highlighted, including cyber-security recommendations.

Decision: The Committee agreed to accept the report

- II. **Mazars' Report and Management Letter for the year ended 31 July 2022:** The External Auditor representative (Mazars) presented the letter and confirmed that at the time of issuing this report, and subject to the satisfactory conclusion of remaining audit work, he anticipates issuing an unqualified opinion, without modification. Two areas noted still to finalise, but not anticipated to cause concern:

- Pension fund asset
- Pension liability element

Financial Statements audit: The External Auditor representative (Mazars) presented this report and was pleased to note a clean audit that was carried out efficiently.

Other areas raised and discussed by Committee Members and responded to by the Director of Finance included timing of recent ESFA audits and the expected date of the latest ESFA audit outcome.

The Committee Chair thanked the Auditors, Finance Director and Finance Manager for their work towards this report.

Decision: Committee agreed to recommend report to Board, subject to final revisions discussed.

III. Annual Risk Management Report to 31 July 2023:

The Director of Finance presented this report to the Committee, confirming that no major changes have been made to the Risk Register in the past year. Committee Members particularly noted the cybersecurity risk (also highlighted by the Internal Auditors above) and that the rationale for the description of the organisation as 'risk-averse' was based within the Corporation's five-year Strategy.

Decision: Committee agreed to recommend the report to Board

- IV. **Audit Committee's Annual Report to 31 July 2023:** Report was noted with no comments or concerns raised.

Decision: Committee agreed to recommend the report to Board

- V. **ACOP regularity self-assessment:** A Committee Member suggested that a timeline could be attached to the Estate Strategy, allowing this to be accurately risk-assessed

Action: Finance Director

Decision: Committee agreed to recommend the report to Board

2. **Confidential discussion with Auditors** (*HLNSC Officers left for this item*) - see separate confidential minute
3. **Apologies for absence:** no apologies given.

Committee Membership: The Committee Chair updated that a vacancy remains on Audit Committee following a recent resignation. The Chair will raise the vacancy with Board via S&G Committee. Thanks were noted to LQ for her valuable contribution to the Committee. Board Member GH was welcomed to the Committee.

Action: Chair of Committee

4. **Declarations of Interest:** none

5. **Minutes of the last meeting**

- I. Minutes of the meeting held on 12th June 2023 were approved as a true and accurate record.
- II. Matters arising: none. All actions were reviewed and noted to be complete.

6. **Internal Auditor's Annual Plan 2023/24**

The Internal Auditor representative (TIAA) presented this report, noting that areas of focus can be adjusted where Committee feels necessary. The Committee agreed that Cyber Security should be brought forward and strengthened.

Action: Finance Director & TIAA

Decision: Committee agreed to recommend report to Board, following above agreed adjustment

7. **Internal Auditor's Reports**

TIAA summarised key points of the individual reports, noting that pleasingly the majority (40 of 60) of previous recommendations were now implemented.

The Committee were updated that Substantial Assurance was given for:

- Student recruitment
- Curriculum planning
- Curriculum planning
- Subcontracting

Reasonable Assurance was given for:

- Apprenticeship delivery and performance – the Director of Finance confirmed that HLNSC systems would address all recommendations made

Limited Assurance was given for:

- Cyber security – Director of Finance outlined recent developments to address the recommendations made, and the Committee gave their general support to enhance resources and increase resilience in this key area

The Committee Chair thanked the Director of Finance for his work towards achieving this significant improvement in reducing the number of outstanding recommendations.

Decision: Committee noted all reports above and agreed to draw the Board's attention to the potential exposure on cybersecurity measures

8. Value for Money Annual Report to 31 July 2023

The Director of Finance presented this report, confirming that procurement is now all undertaken through the central finance system, providing improved visibility. West Mercia Energy Consortium involvement has also contributed positively. A Committee Member asked whether benchmarking was available to identify/guide main areas for improvement.

9. Audit Recommendation Tracking Report

The Director of Finance presented this report, which the Committee noted to be a key report for regular review.

10. Risk Management

- I. **Risk Register:** The Director of Finance presented this report. The Committee noted little change in the past year, and that the additional commentary now included is a positive improvement. It was noted that Cybersecurity is not included in the summary for Board, but that Board will be made well aware of this risk through other reports from the Committee. It was agreed that the current risk score of cybersecurity risk would be discussed and reviewed at the next Audit Committee meeting.
- II. **Board Assurance Framework:** The Committee received this report, and the Committee Chair noted a need to allocate individual assurance risks to Committee/Board.

Action: Finance Director and Committee Chair

11. AOB and comments

- The Director of Finance thanked the Chair of the Committee for his assistance in the absence of a Clerk over the past few months

12. Date and time of next meeting : Monday 15th April 4pm

13. Confidential Item – Without Auditors Present (*Auditors left for this item*) - see separate confidential minute

The meeting closed at 5.20pm.

Minutes approved: Date: