Heart of Yorkshire Education Group Corporation ('Corporation')

Board of Governors ('Board')

Audit Committee ('Committee')

Minutes of the Meeting held on 26 November 2024 ('Meeting')

Present:	Nigel Brook ('Chair'); Jason Brook; Jayne King and Martyn Shaw Head of Governance and Legal Services ('GP')
In attendance:	Stuart Brenton; Andrew McConnell; Neil Warren (each until minute 8); Sam Wright, Principal and CEO; Lorraine Cross, Executive Director: External Relations & Development ('EDER&D'); Chris Baker, Director of Apprenticeships ('DA'); Dawn Hartley, Director of Finance ('FD'); Jonathan Creed, ICCA-ETS (IA); and Richard Lewis, RSM (external auditor)
Apologies:	Claire Corneille

1. Appointment of Chair and Vice Chair of Audit Committee 2024/25

The members agreed to appoint Nigel as Chair and Jason as Vice Chair for 2024/25.

2. Closed session with the Auditors

2.1. The Committee held a closed session with the external auditors and the IA to discuss the audit process, findings, and any matters of concern. During this session, the auditors praised the engagement and cooperation of the management team, particularly highlighting their responsiveness to audit queries.

2.2. The auditors emphasised the importance of continuous oversight, particularly during leadership transitions. They noted that the interim period following changes in executive leadership had been managed effectively.

2.3. Members asked the following question:

2.3.1. Q: Were there any major obstacles during the audit process?

A: The auditors confirmed that while there were challenges due to leadership changes, but these were effectively mitigated through collaboration with the management team.

3. Welcome and Apologies for Absence

3.1. The meeting was formally opened by the Chair, who confirmed that it had been called in accordance with the Group's Instrument and Articles and was quorate and he welcomed all members and attendees including members of the Finance, People and Resources Committee who had been invited to lend their expertise in relation to the Report and Financial Statements.

3.2. No apologies for absence were noted.

4. Declarations of Interest

Committee members were invited to declare any conflicts of interest related to the agenda. No conflicts were declared.

5. Minutes of the Meeting held on 12 June 2024

5.1. The minutes of the previous meeting held on 12 June 2024 were reviewed and it was agreed they were an accurate record.

5.2. IT WAS RESOLVED THAT the minutes of the meeting held on 12 June 2024 be approved.

6. Matters Arising

6.1. The Committee reviewed the status of actions from the previous meeting. Most actions were confirmed as completed, with one ongoing item: The proposal to appoint a health and safety lead for the Board. The GP noted this was to be reviewed at the next Search and Governance Committee meeting.

7. Report and Financial Statements for the Year Ended 31 July 2024

7.1. This item was moved up the agenda to enable attending members of the Finance, People and Resources Committee to contribute and then leave the Meeting.

i. The Audit Findings Report

7.2. The external auditor provided a comprehensive summary of their audit findings, including their conclusions on both the financial statements and regularity.

7.3. The external auditor issued an unqualified opinion on the financial statements' accuracy. However, there was a technical modification to the regularity conclusion. The modification stemmed from a breach of rules governing termination payments. While the breach was not material in quantum, it was classified as a technical violation of the rules.

7.4. Members asked the following questions:

7.4.1. Q: How significant was the breach of the rules on termination payments?

A: The external auditor noted the breach was minor in financial terms, but it was a compliance matter. He explained that management had promptly disclosed the issue and adjusted the accounts accordingly.

7.4.2. Q: What are the implications of this breach for future financial years?

7.4.3. A: Auditors clarified that the Education and Skills Funding Agency (ESFA) was likely to issue a warning letter emphasising adherence to the updated guidance. While this instance was expected to be viewed leniently, repeat violations in future years could lead to stricter enforcement.

7.5. The external auditor further highlighted several minor adjustments to the financial statements, none of which were material. These had been addressed in collaboration with the management team.

7.6. The Committee acknowledged the importance of robust oversight to prevent future breaches and expressed confidence in management's efforts.

7.7. IT WAS RESOLVED THAT the Audit Findings Report be recommended to the Board.

ii. Letters of Representation

7.8. The external auditor noted that the Letters of Representation would be sent in due course.

iii. Report and Financial Statements for the year ended 31 July 2024

7.9. The FD noted that the amendments members had requested at the recent 'deep dive meeting' had been implemented.

7.10. The external auditor made some minor suggestions to improve the statements and reminded the FD to include the IA's 16-19 work placements audit findings in the document.

7.11. Members asked the following questions:

7.11.1. Q: Why had the suggestion to include Reserves Policy figures not been actioned?

A: The FD explained that the Reserves Policy gave no monetary figures. Members asked that the policy be reviewed at the next meeting of the Finance, People and Resources Committee to address this.

7.12. Members noted that an amendment should be made regarding the membership of a co-opted governor.

7.13. IT WAS RESOLVED THAT the Report and Financial Statements for the year ended 31 July 2024 be recommended to the Board.

iv. Regularity Self- Assessment Questionnaire

7.14. The GP noted two minor amendments to the document, flagged prior to the

meeting by the Chair, relating to overseas expenses and waivers.

7.15. IT WAS RESOLVED THAT the Regularity Self-Assessment Questionnaire be recommended to the Board.

7.16. Members of the Finance, People and Resources Committee left the Meeting.

8. Management Assurance on Risk Management

8.1. The EDER&D presented a report on the Group's risk management and internal control systems on behalf of the Executive Team. They confirmed that the systems in place during the year were effective in identifying, evaluating, and managing risks.

8.2. IT WAS RESOLVED THAT the Management Assurance on Risk Management report be approved.

9. Internal Audit Reports

9.1. The Committee reviewed three internal audit reports presented by the IA.

i. 16-19 Work Experience Placement Process

9.2. The audit rated the processes as Amber, with one high-priority and one medium-priority recommendation.

9.3. The high-priority recommendation focused on improving the use of the 'Navigate' system to track work experience activities.

9.4. The medium-priority recommendation addressed the need to finalise work experience plans and ensure timely submission.

9.5. Members asked the following questions:

9.5.1. Q: Have the actions been carried out and when will there be a follow up audit?

A: The EDER&D confirmed actions were being undertaken and the matter would be kept under review by the Curriculum and Quality Committee. The IA noted a planned follow up in the third quarter which members agreed.

ii. Key Financial Controls

9.6. This audit provided a green rating, indicating substantial assurance. One medium-priority recommendation was made regarding purchase order processes.

9.7. Q: Why is there variability in purchase order compliance?

A: The Committee discussed the requirements of the Financial Regulations. It was confirmed that management would review and update the policy to resolve these issues.

9.8. Members asked for training on Procurement Act requirements. The external auditors asked for details of their seminar to be circulated to members.

iii. Follow-Up of Previous Recommendations

9.9. The follow-up audit confirmed that all eight recommendations from the previous year had been fully implemented.

10. Internal Audit Annual Report 2023/24

10.1. The IA presented their Annual Internal Audit Report, providing a clean opinion on risk management and internal controls. The report highlighted one high-priority recommendation related to work placements but noted that management's action plan was robust.

10.2. Governors asked the following question:

10.2.1. Q: Is the lack of a governance opinion concerning?

A: The IA noted that, as governance was reviewed separately by an external body, this ensured comprehensive coverage of all assurance areas.

10.3. IT WAS RESOLVED THAT the Internal Audit Annual Report be recommended to the Board.

11. Audit Committee effectiveness and compliance

The Committee discussed its performance during the year, informed by both internal evaluations and an external governance review conducted by the Association of Colleges. The review confirmed that the Committee was effective in fulfilling its responsibilities.

12. Audit Committee Annual Report

12.1. The draft Audit Committee Annual Report was reviewed and approved, subject to minor amendments to include the actions to be taken to address the IA's recent recommendations. The report summarised the Committee's activities and provided assurance on risk management and controls.

12.2. IT WAS RESOLVED THAT the Audit Committee Annual Report be recommended to the Board subject to the minor amendments noted above.

13. Status of Outstanding Audit Recommendations

13.1. The Committee reviewed the status of 26 ongoing audit recommendations, noting that none were overdue.

13.2. Members asked the following question:

13.3. Q: Are legacy recommendations from 2021/22 still relevant?

A: It was noted that some recommendations may have been completed and/or superseded by new priorities. It was agreed that these would be reviewed and updated accordingly with the external auditor's input.

14. Risk Management, Internal Control and Governance

14.1. The updated risk register was presented, highlighting key risks and mitigations.

14.2. Governors asked the following question:

14.3. Q: How is the risk of funding clawbacks being mitigated?

A: The EDER&D noted provisions had been made, and management was engaging proactively with the ESFA to address potential issues.

14.4. Members discussed the risks outside of appetite and whether it was possible to reduce them to tolerance in the current climate. They considered whether appetite should be aspirational or realistic. It was agreed that the Chair would recommend to the Board the risk tolerance for cyber security be raised to moderate but that health and safety should remain low to drive the right behaviours.

14.5. Members asked for target dates to be inserted in the document for the reduction of residual risks to target.

15. ESFA Apprenticeship Audit Update

15.1. The Committee received an update on apprenticeship audit findings. Management reported progress in addressing historic data issues and improving compliance.

15.2. Q: Are current records robust enough to prevent future clawbacks?

A: The EDER&D assured the Committee that new processes and training had been put in place to ensure data quality and compliance.

15.3. Members noted that they were assured by the fact that the ESFA could only go back a further two years to the last ILR audit and that the estimated clawbacks given were likely to be relatively accurate based on the audit work already undertaken.

16. Review of Effectiveness of Meeting and Identification of Emerging Risk

16.1. The meeting was deemed effective in addressing the agenda and providing assurance on key matters.

16.2. The external auditors asked members if they were aware of any frauds or anything else they should disclose. They confirmed there was nothing to report to their knowledge.

16.3. The Meeting was closed.

Signed…… Date 04.03.2025……

Actions

No.	Minute	Details	Deadline	Responsibility
1	7.1.1	Members asked that the reserves policy be reviewed at the next meeting of the Finance, People and Resources Committee	The next meeting of the FP&R Committee	FD
2	9.5.1	The IA noted a planned follow up of the 16-18 work placements audit in the third quarter which members agreed.	The summer term	Executive Director of Finance and Resources
3	9.7	It was confirmed that management would review and update the policy to resolve these purchase order issues.	ASAP	Executive Director of Finance and Resources
4	9.8	Members asked for training on Procurement Act requirements. The external auditors asked for details of their seminar to be circulated to	ASAP	GP

		members.		
5	13.3	It was noted that some recommendations may have been completed and/or superseded by new priorities. It was agreed that these would be reviewed and updated accordingly with the external auditor's input.	ASAP	Executive Director of Finance and Resources
6	14.4	It was agreed that the Chair would recommend the risk tolerance for cyber security be raised to moderate.	The next Board meeting	Chair

7	14.5	Members asked for target dates to be inserted in the document for the reduction of residual risks to target.		