Minutes of the Audit Committee Meeting held on Monday 10 November 2025 at 17:30-19:30, Jorvik Suite

Present:	Julia Histon	Chair
	Victoria Inness	Independent Governor
	James Farrar	Independent Governor
	John Ennis	Co-opted Governor
In Attendance:	Ken Merry	Principal/Chief Executive
	David Hawkins	Interim Chief Finance Officer
	Chris Courtine	Head of Finance Operations
	Carolyn Barker	Director of Governance
	Martin Ritchie	TIAA (lead internal auditor) – via MS Teams for item 0.1
	Tausif Taj	TIAA (audit manager)
	Richard Lewis	RSM (external auditor)

0.	**Pre-meeting Discussion with Auditors**	**Action**

0.1

Independent governors and the co-opted member met with the internal and external auditors for an informal discussion prior to the main meeting.

Introductions
The Committee Chair welcomed attendees and noted that Martin Ritchie would leave at 18:00, hence Tausif Taj's attendance on behalf of TIAA. The purpose of the session was to reflect on audit activity over the past year.

Internal Audit Feedback

- Internal auditors reported consistently high engagement and generally positive outcomes.
- Some challenge was noted in securing timely cooperation from the HR function, particularly around workforce planning and payroll changes, though this did not impact audit delivery.
- The committee reiterated the importance of open engagement and avoiding resistance to audit recommendations.
- Internal audit confirmed five audits achieved substantial assurance and one (bursaries) was lower, but overall opinion remains "reasonable assurance" due to coverage limitations. TIAA advised this aligns with sector norms.
- Governors queried whether the opinion appears in the financial statements; auditors confirmed it is referenced in governance reporting but not required in the accounts.

External Audit Feedback

- External auditors reported strong engagement from the finance team and effective challenge during the process.
- Completion of the audit is pending some restructuring cost information from the HR function.

	• External auditors highlighted similar concerns (as reported by TIAA) regarding delays and occasional pushback from the HR function in providing requested information or audit outcomes. • No irregularities were identified in additional transaction testing undertaken due to ICFO changes during the year. **Governors' Observations** • Governors requested that the Audit Committee's annual report should reflect that the college had taken resourcing risks seriously and implemented additional assurance measures following changes in senior finance leadership, with three Chief Financial Officers (ICFO) in post during the year. • Appreciation was expressed for the finance team's resilience in managing three CFO transitions during the year. • No fraud concerns were reported. The Principal, Interim Chief Finance Officer and Head of Finance Operations joined the meeting at 18:00.	CB
1.	**Apologies for Absence / Declarations of Interest**	**Action**
1.1	Apologies were received from Andrew Thomas. The Committee Chair raised concern at the absence of an independent governor with accountancy expertise however was assured that the financial accounts are to be reviewed at the Finance and General Purposes Committee prior to submission to Board. The Chair of the meeting was Julia Histon. Notice of the meeting was given at least 6 days in advance. The meeting was quorate.	
2.	**Minutes of Previous Meeting – 18 September 2025**	
2.1	The minutes of the meeting held on 18 September 2025 were reviewed and approved as an accurate record. ***The Committee resolved to approve the minutes.***	
3.	**Matters Arising**	
3.1	**Action Summary** The Committee Chair advised that there remains an open action regarding review of the Business Continuity Plan that will be presented once it has been considered by the Finance and General Purposes committee. The Chair also noted a second action concerning a correction to the Internal Audit Plan 2025-26 by TIAA. Tausif confirmed that this issue had been identified and resolved.	
3.2	**Any other matters** There were no other matters discussed.	
4.	**External Assurance**	
4.1	**Financial Statements Audit** The Interim Chief Finance Officer (ICFO) introduced the draft financial statements, confirming they were substantially complete with only minor amendments required before submission to the Corporation. He highlighted the College's strong financial position	

	and noted that the management letter was received two weeks earlier than in previous years, evidencing an efficient audit process. **Presentation of Management Letter** Richard Lewis, External Auditor, summarised key observations, including positive disclosures on carbon emissions, confirmation of going concern, strong cash balances, and strengthened internal controls supported by enhanced governor training. He sought assurance that members were satisfied with the conclusion that the College maintains an effective control framework; members confirmed agreement. **Governor Challenge and Impact** Governors provided robust scrutiny across several areas within the financial statement and accounts: • **Financial KPIs:** The Chair queried the reference to cash balances versus cash days (53 achieved). The ICFO agreed to clarify and link this to the investment strategy, ensuring clearer alignment between policy and reporting. • **Committee Self-Assessment:** The co-opted member proposed inclusion of the committee's annual self-assessment outcomes and improvements in the report. The Director of Governance is to action this, strengthening transparency on governance effectiveness. • **Compliance and Disclosures:** Governors confirmed compliance with DfE requirements and were advised by the Principal that the redundancy policy review cycle will now move to an annual review rather than every 3 years. This will be adjusted before the final version of the statements is concluded. • **Combined Authority Financial Contributions:** A governor queried disclosure requirements; it was agreed these will be included in next year's accounts, improving completeness of reporting. • **Risk Management:** Governors requested a deeper review of apprenticeship risk; a dedicated ILR deep dive was noted as being included in the schedule of deep dives in the spring. • **Financial Statement Narrative:** The Chair recommended referencing internal audit assurance ratings and ICFO turnover in the statements; both are to be added to strengthen transparency. **Audit Opinion and Decision** The external auditor reported an unqualified opinion on regularity and an unmodified opinion on the financial statements, with no material errors identified. ***The Committee agreed to recommend the draft financial statements to the Corporation for approval, subject to minor amendments and inclusion of the governors' suggested clarifications.***	DH CB DH
6.	**Committee Reports to Governing Body**	
5.1	**2024-25 Audit Committee Report to Governing Body** The Committee reviewed the draft Audit Committee Annual Report for 2024–25, which confirmed that the College has effective systems of governance, risk management, and internal control.	

	Governors noted that substantial assurance was achieved across most internal audits and that an unqualified external audit opinion was anticipated. Governors challenged whether the report sufficiently addressed the number of changes in senior financial leadership, noting that three Chief Financial Officers had been in post during the year. Following this challenge, it was agreed to include an additional section detailing the extra reviews and checks undertaken to maintain financial integrity during these transitions. This amendment would strengthen assurance for the Governing Body on continuity and robustness of financial controls. The Committee welcomed the inclusion of the external subcontracting audit as a significant addition to the standard report, providing transparency on the two subcontracting partners and confirming a positive outcome. Governors agreed this enhanced the report's completeness and assurance on compliance with regulatory requirements. Further governor scrutiny focused on presentation and accuracy of the report. These included: • **Formatting:** Governors requested attention to bullet points and indenting for clarity. • **Accuracy:** Auditor asked for a review of dates and wording to ensure precision. • **Terms of Reference:** The Chair queried whether any changes were required; the Director of Governance confirmed she would update any references that mention "Audit and Governance Committee" rather than "Audit Committee" to ensure alignment. ***The Committee approved the report, subject to the amendments being made and prior to the report being signed by the Committee Chair.***	CB
5.2	**Letters of Representation to Financial Statements and Regularity Auditors** The college awaits the Letter of Representation from RSM pending the completion of its processes and sight of final Department for Education reconciliations.	
6.	**External Assurance - Internal Audit**	
6.1	**Internal Audit Recommendations Implementation** The Committee received an update from the ICFO on progress with implementing internal audit recommendations from 2024–25. It was noted that one internal audit had been completed so far, this academic year and the College is in a strong position, with comprehensive steps planned to address all recommendations. Governors agreed this should place the College in a positive position when TIAA conducts its follow-up review next year. Governors challenged the status of an outstanding action related to a policy approval at Remuneration Committee. It was confirmed that the delay was due to the rescheduling of the Committee meeting.	

	Further challenge focused on cyber security, with the ICFO confirming that a dedicated internal audit of approximately 6–8 days is scheduled, reflecting governors' emphasis on mitigating cyber risk. The Chair also asked whether TIAA wished to add any further detail; Tausif confirmed that the planned steps are comprehensive and robust. Following these discussions, the Committee was satisfied that progress against the internal audit programme is on track and **resolved to note the report**.	
7.	**Internal Assurance – College Assurances**	
7.1	**Strategic Risk Monitoring** The Committee considered the Strategic Risk Dashboard and accompanying document, which have been developed further over the past year. Key changes noted included: • A reduction in the residual risk score for Core Purpose. • A reduced score for Financial Sustainability. • Adjusted narrative for Safe Community, acknowledging that while tensions are not evident within the College, vigilance remains due to the wider community context. • Removal of Subcontracting from the register, as no audit is required for approximately three years; governors noted the expectation that this will return to focus in two years. • Cyber Security identified as a deep-dive area for Finance & General Purposes Committee. Governors challenged the College's preparedness for a cyber-attack. The Chair queried whether a simulated attack had been scheduled; The Principal confirmed that a natural system reboot had provided assurance, and the College is confident that in the event of an attack, over 90% of data could be recovered, with a potential loss of no more than one week's data. This challenge reinforced the importance of resilience planning and prompted confirmation of recovery capability. Further governor scrutiny focused on user awareness. Governors asked whether students are being engaged to avoid phishing risks. The Committee was assured that testing is scheduled and that those who click on simulated phishing links will be required to undertake training. This challenge strengthens the College's approach to cyber risk mitigation. The Chair also queried progress on IT infrastructure investment, noting the sizeable budget allocation. The Principal confirmed that work is underway as part of a five-year plan, with current priorities including infrastructure maintenance and achieving Cyber Essentials accreditation. Wifi infrastructure upgrades have been completed. This challenge ensured clarity on timelines and reinforced governors' oversight of strategic investment. Following discussion, the Committee **noted the risk register**, acknowledging that governor challenge has led to enhanced assurance on cyber resilience, user engagement, and infrastructure planning.	

8.	**Corporate Governance and Assurance**	
8.1	**Disclosures of breaches of law, regulations, fraud and related party transactions** The ICFO confirmed that all members of the Strategic Leadership Team had advised that they were unaware of any breaches of law or regulation or fraud as of 31 July 2025. Related party transactions had been reported through the Financial Statements. The Director of Governance advised that there was no whistleblowing cases disclosed during the year. ***The Committee noted the report and the assurance given.***	
9.	**Governor Assurance Reviews**	
9.1	The Committee received the approved schedule of Governor Assurance Reviews (Deep Dives) for 2025/26, shaped by feedback from committee chairs and reflecting areas where governors have requested deeper strategic insight. The schedule was presented for information. The Director of Governance proposed swapping the spring deep dive on Student Data Returns (ILR) with the summer session on Artificial Intelligence (AI). This adjustment would allow both AI reviews at Audit and Quality & Curriculum Committees to feed into a governor seminar in May, supporting joined-up thinking and strategic planning. Governors welcomed this proposal, noting that it would enhance cross-committee alignment and improve strategic oversight of emerging technology risks and opportunities. The Chair challenged the need for clarity on the scope of the AI session and stressed the importance of ensuring Heidi Fraser-Krauss's availability to contribute. She requested that preparatory work include defining what governors should focus on during the review. This challenge prompted agreement that the Director of Governance will liaise with Heidi and invite governors to provide input in advance, ensuring the session is well-prepared and impactful. Governors noted that the risks and implications of AI are being covered by the Audit Committee. The ICFO highlighted that several topics would need to be picked up by the new Chief Operating Officer upon joining in the new year and concern was expressed that they will need to hit the ground running. This scrutiny resulted in a commitment to review the schedule with the incoming COO to confirm ownership and readiness for planned assurance reviews. ***Following discussion, the Committee noted the schedule.***	CB DH
10.	**Other Matters**	
10.1	**Additional Services from Audit Providers** There were no additional services provided by auditors, to report.	
	Summary Matters	
11.	**Key meeting outcomes and/or actions**	
11.1	**Matters for report to the Governing Body (if any)**	

	• Risk • Audit Committee Annual report • Confirmation that there were no disclosures or breaches • Recommendation to approve Financial Statements and Letters of representation (external auditors report)	
12.	**Any Other Business**	
	There was no further business formally recorded. However, governors requested a brief discussion with the Principal, without other staff present, regarding an issue raised at the pre-meeting. RSM, TIAA, ICFO and Head of Finance Operations left the meeting at 19:19. [confidential minute item] The meeting closed at 19:30.	
13.	**Date of Next Meeting –** 5 March 2026	