

Report of the Audit Committee: AGM 2023

The Audit Committee oversees the Security Institute’s (Syl) financial reporting processes on behalf of the Board of Directors. The Syl management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the committee reviewed and discussed the unaudited consolidated financial statements in the Annual Report with the Syl management, including the quality, not just the acceptability of the accounting principles; the reasonableness of significant judgements; and the clarity of disclosures in the financial statements.

The committee is governed by ‘Terms of Reference’ (ToR), and a copy of the ToR is available on request. The ToR has been in effective from 21 Feb 2019. The committee has held 4 virtual meetings during the last 12 months.

The committee is comprised of four members of the main Board of Directors from the Security Institute. However on 21st October 2022 one member left Audit Committee membership being reduced to 3 for the remainder of the financial year.

Board and Committee attendance during 2022/23

Members	Committee Since	Committee exit	A	B
Carl Dakin	21 Feb 2019		4	4
Richard Woolford	21 Feb 2019	21 st October 2022	3	3
Bob Martin	13 Aug 2019		4	4
Mahbubul Islam (C)	01 Feb 2021		4	4

A – Maximum number of meetings the individual could have attended

B – Number of meetings the individual attended

C – Chair

The meetings of the Committee are designed to facilitate and encourage communications between the Committee and the Syl Management team. The committee discussed the overall scope and respective plans for conducting the audit. A Quorum of 3 is required for the meetings to take place.

Review of Financial Results

The Audit Committee reviewed the unaudited 2022 Financial Statements for the Year ending 31 December 2022 (1). As part of the review including several detailed discussions with Security Institute Management and Finance team, the audit committee is satisfied that the Financial Statements were prepared with applicable accounting standards.

The accounts also represent and accurate position of The Security Institutes financial position for the year end 31 December 2022.

The Audit Committee can only express an opinion or ask questions based on the figures as presented, and not express an opinion on accuracy. Where observations were made by the committee over the period of 12 months, these have been addressed.

The Security Institute reserves continue to be ring fenced by the Board of Directors for furthering the objectives of the institute and as an operating contingency. The Audit Committee is recommending that the Financial Statements for the year ended 31 December 2022 be approved by the Board of Directors as a true reflection of accounts.

Comments

- The 2022 Statement of Accounts shows trading surplus of £23,258 which is down from last year's surplus by 69%. The additional summary comments will provide further details/clarification of why and how the surplus has reduced as Not for Profit Organisation.
- The financial spend for permanent staff wages has increased to £324,019, whilst there has been an increase of 10%, there has been several changes within the team resulting in a longer period of recruitment campaign. This is also represented with the reduction of staff training.
- The board approved a substantial amount of Professional fees which include Legal Fees totalling £55,499 which covered legal advice and guidance.
- The Security Institutes Direct Learning expenses have increased to £32,879 from £11,102 which was a planned and budgeted item.
- Our accountancy costs have also increased from last year by £2,492, again this was a known and budgeting cost, which was supported by the additional dedicated finance expert for Security Institute.
- Directors' expenses have reduced from £12,557 to £9364 which was due to a reduction of directors on the board over the last 12 months. All expenses are processed in accordance with Security Institute policy.
- The costs on Marketing and PR has also reduced by 55% since last year, this is down to fewer events in the same period, which in turn shows that Annual Events has been reduced to £33,970 from £41,707. Due to the economic situation, a board decision was taken to reduce some of the members fees for our events and this cost is reflected within the Annual Events line within the accounts.

Recommendations

- A new Audit and Risk Committee is established following the AGM, this will allow for further oversight and scrutiny on behalf of the members. It also merges both the risk committee and audit committee to streamline board governance.
- It is a requirement of the Audit Committee that a full review is completed of the IT Spend to ensure that the organisation is getting value for money for the multiple technical solutions used by the staff to run its business.
- The 2023/24 budget must be approved by The Security Institute Board as well as the new members of the Audit and Risk committee along with a new terms of reference.
- Continued quarterly review of the management accounts to support the Security Institute Board to allow for more granular reporting and spending within approved budget in line with policy and procedure.
- The Security Institute is still operating with a reserve of £357,072 at year end 2022. Whilst the board has agreed that this is required, there must be a plan to review this during the future board meetings.



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Conclusion

Whilst there was a surplus of £23,258 at year end against 2022 spend, the review of accounts on a regular basis i.e. quarterly as per Terms of Reference has allowed for the organisation to work towards the agreed business plan and strategy.

The Security Institute remains in a strong fiscal position with total assets of £357,072 (as of 31st Dec 2022). It shows a consistent growth and management of the overall accounts. The Security Institute reserves have been ring fenced by the Board of Directors and will act upon the agreed actions over the last 12 months.

This report is submitted to the Security Institutes Board of Directors for due consideration and the audit committee stands ready should there be any additional questions.

Mahbubul Islam

Chair of Audit Committee

27/03/23