



Audit Committee Minutes

Meeting	Audit Committee	Date	15 th March 2022
Location	Canterbury College Room J116	Time	9. 00am
Membership	Peter Cheney [Chair], Gail Clarke, Allan Ballie		
In Attendance	Chris Legg [CL] – Chief Financial Officer Paul Sayers [PS]– Chief Strategy Officer Jonathan Creswell [JC]– Director of Finance Sharon Hollingworth [SH]– Director of Governance Nicole Leader [NL]– Executive Support Officer, Minutes Clerk Christiaan De Lange – Azets item: 5 Sally Ewing – Client Manager, Arthur J Gallagher. Item: 6 Phill Webster – Head of Education, Arthur J Gallagher. Item: 6		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies	The Chair welcomed everyone to the meeting and thanked them for attending.	
2	Declaration of Interests	There were no additional declarations to the meeting other than those declared as standing.	
3	Minutes of the meeting held 30 November 2022	The minutes of the Audit Committee meeting held on 30 November 2022 were reviewed by the members and approved as a true and fair account. The minutes will be signed by the Chair following the meeting.	
4	Matters Arising not covered by this agenda:	The appointment of an additional Audit Committee member is currently in progress by the Search and Governance Committee.	
5	Financial Management and Controls Audit	Christiaan De Lange joined the meeting at 9.09am on behalf of Azets, EKC Group's Internal Auditors, to present the Financial Management and Controls Audit report. The following was noted:	

		<ul style="list-style-type: none"> - One recommendation on bank reconciliations in relation to the audit trail but no concerns or outstanding items. - A review was carried out on the cashless system which was introduced in August 2020. The implementation of this system was accelerated due to the pandemic. This system was an opportunity to implement consistency across the whole Group. - Funding income for free meals is received by the Group. Students who meet the criteria to receive free meals can do this on the cashless system via their College ID card. The sale is recorded, but not posted to the accounts, as this would not match the funding receipts for this income as this usually is a underspend due to students not attending College every day and not always claiming a meal. The underspend is passed to the refectories enabling them to provide value for money for students. - No concerns reported with the cashless system and the recording of free meals. - Review of Payroll system starting from recruitment - no concerns reported with the process. - Purchasing and procurement was reviewed, and no concerns reported. - Tendering process was reviewed, it is recommended that clarification is needed in the Financial Regulations if an early withdrawal by one or more tenderers was to happen during the tendering process. The Audit Committee were comfortable with the Management response. - Azets and the Audit Committee would like to thank the Finance team for their time and co-operation during the internal audit. - Azets have been appointed the EKC Schools Trust Internal Auditors. <p>Christiaan De Lange left the meeting at 9.45am.</p> <p style="text-align: center;">NOTED: The Financial Management and Controls Audit Report</p>	
6	Review arrangements for Insurance and Personal Liability for EKC Group and the latest news and insights in the insurance industry for	<p>Sally Ewing from Arthur J Gallagher [AJG], EKC Group insurance brokers joined the meeting at 9.48am via MS Teams to update the Audit Committee on the current insurance insights in the commercial sector.</p> <p>Phil Webster Head of Education at AJG joined the meeting along with Sally Ewing, Client Director.</p>	

<p>commercial and public sector</p>	<p>At the time of appointing Zurich Municipal [ZM] a long-term arrangement for what was believed to be a fixed price was agreed for three years. This contract can be broken in extreme circumstances. If this happens there is an option for the Group to go out to market to tender.</p> <p>AJG confirmed that Zurich will be increasing their insurance premium by as much as four times the current rate on property and business interruption insurance. The reasons provided for this increase is that they cannot continue at the current rate as their re-insurers will not support them.</p> <p>The property and business interruption insurance rate is currently £33,700. The increased rate would be to around £120,000 plus a £70,000 for the additional risk associated with the Ashford College building.</p> <p>Zurich have conducted risk surveys at several Group sites and uncovered unfavourable underwriting issues at Ashford College, which have caused Zurich to review their rates.</p> <p>It was clarified that the liabilities insurance will not be altered and is secured for the term of the contract. AJG recommend the Group look at alternative arrangements for the other parts of the insurance.</p> <p>AJG noted that ZM have in some cases withdrawn cover completely at some Education institutions. ZM is currently very dominant in the Education sector as the rates were competitive.</p> <p>A Governor asked if the concerns uncovered by the surveys were addressed by the Group would this improve the rate. AJG has requested copies of the surveys to review what was the concerns and if anything can be done to improve this.</p> <p>AJG confirmed that ZM had taken the decision to increase their rate before the fire at Broadstairs College.</p> <p>A market comparison is currently in progress by AJG but highlighted that it is unlikely that the current terms will be matched.</p> <p>There are two routes that can be taken, the favoured route and most common practice at the moment is the broker led route, which is covered by more than one insurer, in this model there would be a lead insurer which generally takes around 60% of the full cover, other insurers would have a smaller share.</p> <p>The other route would be a procurement framework, this is looking at one insurer to provide the full cover. This would be a smaller exercise limiting the number of tenders.</p>	
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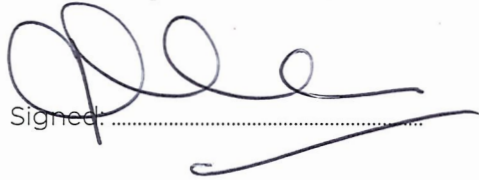
		<p>When the market analysis has been carried by AJG, the preferred option will be recommended to the Committee.</p> <p>In terms of other news in the insurance industry, AJG flagged that the Cyber Insurance market has been impacted by a significant increase in ransomware claims which has had a dramatic effect on the insurance rates. Cyber Insurance risk management is now under review by some insurers and insurance has been withdrawn in some cases.</p> <p>The Committee thanked AJG for their contribution to the meeting and both Sally Ewing and Phil Webster left at 10.28am.</p> <p>It was noted that the Committee is responsible for confirming that they are comfortable with the risk implications regarding insurance.</p> <p>The Committee was assured by the CSO that the cladding at Ashford College is within the building regulations but causes an increased fire risk. The new building phase at Ashford College will consider these risks.</p>	
7	Risk, Audit and Compliance Committee Report	<p>CL presented the minutes of the Risk, Audit and Compliance Committee meeting and reminded the Committee that they are presented in full to offer assurance that matters raised at Audit Committee are discussed by the management committee. The three main items of the meeting are audit-related matters, health and safety and risk and these are rotated within the agenda to allow a greater focus at specific meetings. The following items were raised at the most recent RAC meeting:</p> <ul style="list-style-type: none"> - Emerging theme around recruitment. Funding rates increasing to deliver additional teaching hours and not pay increases. - Significant number of vacancies across the Group, this has led to accelerating the curriculum planning for next year to enable to start recruitment to deliver the additional teaching hours where gaps are identified. - The reasons for high absence rates are mixed and not solely covid related. - No health & safety concerns - Audit report recommendations are decreasing due to the impact of the Internal Audit role within the Group. 	

		NOTED: The work of the RAC Committee	
8	Risk Management Report	<p>PS presented the risk management report and noted the following:</p> <p>The FE Commissioner’s team commented during their informal visit to Ashford College and Spring Lane that the risks in the register were high, based on their highly positive assessment of the Group. A full review of the risk register has been undertaken, taking this and other current factors into account. Risks have been updated and scores reduced accordingly.</p> <p>The risk around the sustainability strategy has now been incorporated into the risk register.</p> <p>Energy fixed pricing is in place till April 2023, this has been economised and all sites are on the same deal.</p> <p>New buildings will be energy efficient and a ‘Very Good’ BREEAM rating achieved.</p> <p style="text-align: center;">NOTED: The Risk Management Report</p>	
9	Governing Body Audit Plan 2021-22 update	<p>SH presented the governing body audit plan and asked the committee to consider the plan and agree any changes.</p> <p>The Committee discussed a potential risk related to the current agreement between EKC Group and EKC Schools Trust. Now that it has been in place for two years, the Audit Committee is requested to consider a review that assessed whether it is still robust and fully compliant with any national policy changes, and whether it can be further optimised, in line with the principles of collaboration agreed between the Group and EKC Schools Trust.</p> <p>The Committee agreed that Azets [internal auditors] and Stone King [policy experts] are approached to quote for this audit work and PS to lead on this audit.</p> <p>The Committee was asked to re-consider the review of the Group’s preparedness to deal with a Cyber-attack which was on hold until the Spring in view of some previous internal changes.</p> <p>The Committee was asked to re-consider the review of the Group’s resources to deliver T level Engineering provision as they feel it is too early for this review and procurement for this audit is proving difficult.</p> <p style="text-align: center;">AGREED: the following amendments to the Plan:</p> <ul style="list-style-type: none"> • removal of the review of the Group’s preparedness to deal with a Cyber-attack, SH to inform the firms that were invited to tender 	SH

		<ul style="list-style-type: none"> • removal of the review of the Group's resources to deliver T level Engineering provision • add the review of the agreement between EKC Group and EKC Schools 	
10	Audit Self- Assessment Questionnaire 2021-22	<p>SH presented the proposed annual self-assessment process to be undertaken by Governors of the Audit Committee.</p> <p>The presented self-assessment questionnaire was reviewed by the Committee, it will be circulated to members for completion following the meeting. The results will be reported to the Committee at their meeting in June and subsequently, a summary of the results will form an appendix to the Annual Report of the Audit Committee to the Governing Body in December.</p> <p style="text-align: center;">AGREED: The Audit Committee self-assessment evaluation questionnaire 2021-22</p>	
11	Review performance of internal and external auditors Services	<p>SH presented the proposed process in assessing the performance of the internal and the external auditor services.</p> <p>The outcome from the review will feed into the Audit Committee's annual report to the Governing Body.</p> <p>It was noted that a Tender exercise for internal and external audit services was last carried out in 2018 after the merger with Canterbury College. The Committee is comfortable with the services of both auditors but agreed that it would be good Governance to review at regular intervals.</p> <p style="text-align: center;">AGREED: To evaluate the Internal and the External Auditors Services against the presented evaluation KPIs</p>	
12	Any Other Business	No other business raised.	
13	Matters Considered Confidential	None	
14	Date and time of next meeting	Tuesday, 28 June 2022 at 9am venue to be agreed	



There being no further business the meeting closed at 11.00am

Signed: A handwritten signature in black ink, appearing to be 'F. B. CHENEY', written over a dotted line.

Print: F. B. CHENEY.

Date: 28/6/2022

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