



Audit Committee Minutes

<b>Meeting</b>	Audit Committee	<b>Date</b>	9 <sup>th</sup> June 2020
<b>Location</b>	Virtual Meeting via Microsoft Teams	<b>Time</b>	9.00am
<b>Membership</b>	Tim Kent (Chair) (TK), Gail Clarke, Peter Cheney, Peter Wood		
<b>In Attendance</b>	Chris Legg – Chief Financial Officer (CL) Paul Sayers – Chief Strategy Officer (PS) Andrew Stevens – Chief Operating Officer (AS) Sharon Hollingsworth – Interim Director of Governance (SH) Debbie Tilson – Buzzacott [Item 6] (DT)		
<b>Minutes Clerk</b>	Nicole Leader – Executive Support Officer (NL)		

	ITEM	COMMENTS	ACTION
1	Welcome and Apologies	<p>The Chair welcomed everyone to the meeting.</p> <p>It was noted that under the new governing body sub-committee arrangements, the Chair will cease to be a member of the Audit Committee going forwards and thanked the committee for their support during his chairpersonship.</p> <p>Due to connectivity issues Peter Wood was unable to join the meeting until 9.54am.</p>	
2	Declarations of Interest	There were no additional declarations to the meeting than those declared as standing.	
3	Minutes of the Meeting	<p>The draft minutes of the Audit Committee meeting held on 3 March 2020 were reviewed by the Committee and approved as a true and fair account.</p> <p>The remote e-signing of the minutes will be undertaken by the Chair following the meeting.</p>	

4	Matters Arising	<p><b>Quote for Terrorism Insurance.</b> SH presented the quote received from the Insurance broker to provide the Group with terrorism cover.</p> <p>Members considered the proposed cover options and quote of £18,003.45 plus insurance premium tax for a one-year period. Members noted that the Group’s current insurance cover policy is a total of approximately £430,000 over the three year period. The additional terrorism cover would mean an increase of more than 10% on the current policy cost.</p> <p>The Committee discussed the cover arrangements noting that the cover does not include loss of assets but random acts of violence.</p> <p>A Governor commented that the proposed total value covered is for the net value of all six sites and the risk of all sites being attacked simultaneously is low.</p> <p style="text-align: center;"><b>AGREED – Based on the proposed policy cover and cost the Audit Committee recommends that terrorism cover is discussed further with the Full Governing Body on 30 June 2020 and a decision is taken at this time</b></p>	TK
5	Terms of reference for the Audit Committee	<p>The Interim Director of Governance presented the terms of reference.</p> <p>The terms of reference had been approved by the Full Governing Body on 5<sup>th</sup> May 2020.</p> <p>It was reported that consideration is being given to adopting the RACI (Responsible/Accountable/Consulted/Informed) model to clearly define the terms of reference for all governing body sub-committees. It was noted that the RACI model would bring greater clarity, and this will be something that the Search and Governance Committee will take forward in the Autumn term for possible implementation in January 2021, subject to full governing body approval.</p> <p style="text-align: center;"><b>AGREED – The presented Terms of Reference for the Audit Committee.</b></p>	

6	Financial statements strategy	<p>[DT joined the meeting at 9.19am]</p> <p>DT presented the Financial Statements Strategy which includes the regularity audit and the teachers' pension scheme audit and provided an update on the impact of COVID 19 on the provisional timetable. DT noted that Buzzacott would prefer to perform the audit on site, but this would be dependent on Government guidelines. If necessary Buzzacott will carry out the fieldwork remotely. It was reported that the ESFA deadline still remains 31<sup>st</sup> December for the audited accounts to be submitted. If this deadline changes DT will discuss the impact of this with CL.</p> <p>A Governor commented that the links in the presented document do not appear to work. DT agreed to re-send the document with the links corrected.</p> <p>A Governor asked if the field audit will work within the government guidelines. DT confirmed that fieldwork is currently happening remotely and Buzzacott continuously review guidelines issued and amend their processes, as necessary.</p> <p>A Governor commented about the carbon monitoring audit and if the Group is able to provide the data in the required timeframe. AS responded that the Group is currently working with the Carbon Trust providing them with data which will probably be the same as the information requested for the audit.</p> <p style="text-align: center;"><b>NOTED – Financial statements strategy</b></p> <p>[DT left the meeting at 9.32am]</p>	DT
7	Risk, Audit and Compliance Committee Report	<p>CL presented the minutes and reminded the Committee that the minutes of the Risk, Audit and Compliance (RAC) Committee meeting are presented in full to offer assurance that matters raised at the Audit Committee are discussed by the management. 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. CL reported the following headlines:</p>	

	<p>Financial Management and Controls – The Audit Committee agreed at their last meeting that a follow up audit would be carried out by Wilkins Kennedy on urgent issues arising from the internal audit. This has not taken place due to COVID 19, but it is planned that the fieldwork will take place remotely in July. Feedback from this audit will be presented at the next Audit Committee meeting.</p> <p>A key risk has been identified in the processes associated with exams and the lack of detail provided on billing by awarding bodies. The Group now spends more than £1.5 million a year with awarding bodies and a greater level of assurance is required to ensure that processes are effective and efficient. The scope of the audit had been prepared and CL will seek approval outside of the Audit Committee meeting as the timescale falls outside of the cycle of meetings.</p> <p>The Group have had several internal audits this year leaving quite a long list of audit recommendations. The RAC Committee have worked through this year’s log but a number of recommendations remain for the funding assurance audit. COVID 19 has had an impact on actioning these recommendations as the Head of Internal Audit has not been able to gain access to the materials required to close out the actions.</p> <p>The RAC Committee received a presentation from the Assistant Principal at Canterbury College on the risks associated with running a land-based site. The risk register has been updated to reflect the added risks and the assurance and controls have been updated to reflect the actions that have been taken.</p> <p>The RAC committee discussed the risks of re-opening the Group’s colleges. Government guidelines change daily, and the risk register is updated accordingly.</p> <p>A draft of the Business Continuity Plan for Commercial Services was reviewed.</p> <p>A Governor asked if the follow up internal audit will include the issue with bank reconciliations. CL confirmed that bank reconciliations are up to date and there are no system-based issues.</p> <p>[PW joined 9.54]</p>	<p>CL</p>
--	--	-----------

		<p>A Governor commented that there is an error in minute 19-20-72 and needs correcting to reflect that “COVID 19 will be reported under RIDDOR if there has been occupational exposure as a result of a person’s work”. The minutes clerk to action the update.</p> <p>A Governor asked if we are looking for specialists to conduct the exam process assurance audit. CL confirmed that we will be procuring this work from one of the three audit firms we currently engage with as, on balance, it was felt that a non-exams specialist would be able to take a fresh and more objective approach.</p> <p style="text-align: center;"><b>NOTED – Risk, Audit and Compliance report</b></p>	NL
8	<p><b>Outstanding log of recommendations from Internal Audit</b></p>	<p>CL presented the report explaining that the completed actions are agreed at the Risk, Audit and Compliance Committee and recorded in the minutes. These items are then removed from the log leaving only the outstanding items to be actioned.</p> <p>A Governor raised a query relating to item 1.1 within the systems review regarding the procurement policy and whether it could be clarified whether the policy will be updated. CL responded that this refers to consistently asking the same suppliers to quote when they are repeatedly unsuccessful. To avoid wasting suppliers’ time we would like to adapt a preferred supplier approach for certain services. The Committee requests that this recommendation is updated. CL to action.</p> <p>Item 2.4 - systems review. A Governor asked for clarification why a recommendation rated as low is highlighted in red in the status column. CL advised that red signifies that the recommendation has not yet started.</p> <p>CL noted that there are a number of issues particularly relating to the funding assurance audit that are ongoing as the risk remains in a repeat cycle of business.</p> <p style="text-align: center;"><b>NOTED – Outstanding Log of recommendations from internal audit.</b></p>	CL

9	Group Performance Indicators	<p>CL reminded members that the two indicators for the Audit Committee to review are health and safety incidents and staff absence. CL reported that the RAC Committee was unable to review the performance indicators at its most recent meeting as the data was unavailable.</p> <p>A Governor commented that the majority of the colleges' Health and Safety incidents are on a downward trend however, Canterbury College has doubled. CL advised that there has been a culture change at Canterbury College in the reporting of incidents and CL now has confidence that all incidents are being properly reported.</p> <p style="text-align: center;"><b>AGREED - Audit Committee agreed to review Canterbury College Health and Safety incidents in one year.</b></p>	
10	Risk Management Report	<p>PS presented the report and advised that a full review of the risk register was undertaken at the recent RAC Committee meeting and the following two key issues emerged.</p> <p>An account of COVID 19 has now been added to each of the Group's risks and the assurance and controls have been updated to reflect the controls in place to manage the key risks. This has had an impact on the risk scoring with some increasing, as expected.</p> <p>The acquisition of Ashford College and Canterbury Spring Lane site have been added to the Risk Register, in particular the risks associated with running a land-based site.</p> <p>A Governor commented that Governance [risk 10] has not changed. With the new governance structure, the Governor queried if there should be an interim increase to the risk score until we are satisfied that the Group is moving in the right direction.</p> <p style="text-align: center;"><b>AGREED – The Committee agreed to recommend to the Full Governing Body (FGB) that Risk 10 – Governance, probability score is increased from 2 to 3 to reflect the new governance structure increasing the overall risk score to 18. In assurance and controls to add that the FGB will self-assess against the new structure in one year.</b></p>	



		<p>the Autumn term.</p> <p>A Governor asked what the timeline was for completion. SH clarified that the questionnaire will be circulated in the summer period and results submitted to the next Audit Committee meeting.</p> <p>The Committee were comfortable with the presented self-assessment process and commented that it would this be better to defer an assessment to the March 2021 meeting and to include an evaluation of the Audit Committee’s work under the new governance arrangements, which will add value to the process.</p> <p style="text-align: center;"><b>AGREED: Self-assessment questionnaire to be deferred to the March 2021 meeting.</b></p>	
14	<p><b>Performance review of internal and external auditors</b></p>	<p>SH advised Members that in line with the Audit Committee terms of reference the committee should consider the performance of its internal and external auditors on an annual basis. This also supports the re-appointment process when considering the audit firms at the end of their contractual period.</p> <p>SH requested a steer from the Committee to form some key performance indicators to enable the performance of the auditors to be assessed.</p> <p>Suggested KPIs:</p> <ul style="list-style-type: none"> <li>- Have the audit feedback reports been clear, concise, and delivered on time?</li> <li>- Degree of satisfaction from the management and the Audit Committee with the quality of the reports and recommendations</li> <li>- Depth, impact, and usefulness of the recommendations</li> <li>- Are recommendations considered constructive in improving the Group’s control environment?</li> <li>- Do the audit teams comprise of staff with sufficient seniority, experience and expertise?</li> <li>- Level of liaison between the auditors, management and the Audit Committee</li> <li>- Performance at the audit committee meetings</li> </ul> <p>A Governor suggested that quality measures should be included, and how we measure this.</p>	



		<p>The Committee agreed that they should look at the performance of the internal and external auditors and asked if we have a three-year cycle of tendering for audit services. CL replied that the cost of the internal and the external audit services is below the tendering threshold. The Group went out to market for the internal audit service with the merger of Canterbury College three years ago. In relation to external audit, Buzzacott are procured each year as they offer good value for money and they provide audit services to other Colleges in the sector which enables them to offer the added value of a benchmarking service.</p> <p>The Committee agreed that the Group should continue to use its current audit firms if the Group is satisfied with the level of service and value for money they provide.</p> <p style="text-align: center;"><b>AGREED: Review performance of internal and external auditors at the March 2021 Committee meeting.</b></p>	
15	Appointment of the Chair of the Audit Committee	<p>Tim Kent resigned as Chair of the Audit Committee.</p> <p>SH advised Members that at the Search and Governance Committee meeting on the 19<sup>th</sup> May the committee reviewed the new governance arrangements including the composition of the governing body sub committees and the Chairpersonship of those committees.</p> <p>The Search and Governance Committee had agreed to recommend the appointment of Peter Cheney as the Chair of the Audit Committee going forwards.</p> <p>Members accepted the recommendation.</p> <p style="text-align: center;"><b>AGREED - The appointment of Peter Cheney as Chair of the Audit Committee.</b></p>	
16	AOB	There was no further business.	
17	Date and Time of Next Meeting:	1 <sup>st</sup> December 2020, 9am Folkestone College	



A handwritten signature in black ink, appearing to be 'Peter Cheney', written over a horizontal dotted line.

Signed: .....

Date: 1 December 2020

Print: Peter Cheney