



**Audit Committee Minutes**

<b>Meeting</b>	Audit Committee	<b>Date</b>	1 <sup>st</sup> December 2020
<b>Location</b>	MS Teams (Virtual)	<b>Time</b>	9.04am
<b>Membership</b>	Peter Cheney (Chair), Gail Clark, Peter Wood, Allan Baillie		
<b>In Attendance</b>	<p>Chris Legg – Chief Financial officer  Paul Sayers – Chief Strategy Officer  Andrew Stevens – Chief Operating Officer  Sharon Hollingsworth – Director of Governance  Katherine Patel – Buzzacott [items 3-5]</p> <p>Business Committee members to join for <u>item 5</u>.  Graham Razey – Chief Executive Officer  Charles Buchanan – Chair of Full Governing Body  Tim Kent – Governor  Joanna Worby - Governor  Greg Skinsley-Stevens - Governor</p>		
<b>Minutes Clerk</b>	Nicole Leader – Executive Support Officer		

	ITEM	COMMENTS	ACTION
1.	<b>Welcome and Apologies</b>	The Chair welcomed everyone to the meeting and thanked Katherine for joining the meeting to present items 3-5.	
2.	<b>Declarations of Interest</b>	There were no additional declarations to the meeting other than those declared as standing.	

External Items		
3.	<b>Audit Committee Development session</b>	<p>Katherine Patel delivered a development session to the Committee which included updates on the following:</p> <ul style="list-style-type: none"> <li>- Audit code of practice update:               <ul style="list-style-type: none"> <li>- Post-16 audit code of practice 2019-20</li> <li>- Covid supplementary bulletin 2019-20</li> <li>- Key changes for FE Colleges to the post-16 audit code of practice 2019-20</li> <li>- The Audit Committee's role</li> </ul> </li> </ul> <p>There were no questions from the Committee. The Chair thanked KP for the session.</p>
4.	<b>Independent meeting with the External Auditors – officers not in attendance</b>	<p>[CL, PS and AS left the meeting at 9.22am]</p> <p>The Chair reminded members that this item gives the Committee an opportunity to meet with the external auditors independent to the Officers in attendance.</p> <p>A Governor noted the audit schedule and asked what the impact was on not receiving the draft accounts until 29<sup>th</sup> October. KP responded that it had not been unusual to receive draft accounts late considering the circumstances this year. KP added that the Finance team fully engaged throughout the process and would like to thank them for their co-operation.</p> <p>KP advised there was a clean audit of underlying figures.</p> <p>A Governor asked if there was an element of lite touch work due to remote working and was the Auditors given remote access to the Groups systems. KP replied all information was received and access was provided to systems.</p> <p>[CL, PS and AS re-joined the meeting at 9.29am]</p>
5.	<b>5.1 Financial Statements and Management report to July 2020</b>	<p>[Business Committee members joined the meeting at 9.35am]</p> <p>KP guided the members through the financial statements and discussed key points page by page within the document.</p> <p>A Governor asked KP to cover the significant adjustments for the deficit for the year.</p>

		<p>KP reported to the Committee that the ESFA annual accounts direction was followed. Not many changes overall to the report apart from the addition of reporting on the impact of Covid during the year and the additional note regarding the Office for Students [OfS]. KP clarified that the accounts are distorted due to the addition of the Hadlow, Spring Lane Campus and Ashford College acquisition.</p> <p>A Governor asked if the table detailing the composition of the Governing Body was particularly extensive this year. KP answered that due to the re-structure in Governance it needed to include all members' roles pre and post re-structure but other than that it is standard.</p> <p>A Governor noted the overage arrangements relating to Folkestone College and the acquisition of Hadlow and West Kent College on page 41 of the accounts.</p> <p>A Governor asked if the pension charge was a concern. KP responded that there is a triennial review in terms of the liability on the balance sheet and this amount would not be paid in a lump sum. KP advised that this liability is not a genuine liability and the pension net liability is subject to interest rate changes. CL commented that the concern is, if this continues at the current rate of deterioration, a banking covenant will be broken in four to five years. CL advised that serious consideration must be given not agreeing to the financial covenant that the bank may propose in the future and noted this as a potential risk for the Group.</p> <p>A Governor asked if the bank has been alerted to these concerns and how they reacted to this. CL advised that a number of other colleges have broken the covenant and that the bank has stated that they will not start re-writing loan agreements due to this condition and will not be taking action.</p> <p>[Business Committee members left at 10.03am]</p> <p>A Governor commented that in Page 20 of the accounts the term principal has been used and suggested this is changed to Chief Executive Officer [CEO]. They also queried if the CEO should sign as Chief Accounting Officer in the accounts and suggests that this should change to Chief Executive Officer and Accounting Officer.</p> <p>KP guided the members through the Post Management Letter and discussed key points page by page within the document.</p>	
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	<p><b>5.2 Draft post Management Letter 2019/20</b></p> <p><b>5.3 Audit Representation Letter 2020/21</b></p>	<p>There are three outstanding items which can all be completed at point of approval.</p> <p>KP presented the letter of representation and highlighted the addition of the covid section to the letter.</p> <p>It was highlighted that the letter refers to College and needs to change to Group.</p> <p>[KP left the meeting at 10.18am]</p> <p><b>AGREED: The Audit Committee recommend that the Financial statements and Management Reports for 2019-2020 be approved and signed by the Chair of the Governing Body and the Chief Accounting Officer.</b></p> <p><b>AGREED: The Audit Committee recommend that the Audit Representation Letter be signed by the Chair of the Governing Body and the Chief Accounting Officer.</b></p>	
<b>Internal Items</b>			
6	<b>Minutes of the meeting held 9<sup>th</sup> June 2020</b>	<p>The minutes of the Audit Committee meeting held on 9th June 2020 were reviewed by the members 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>	
7	<p><b>Matters arising not covered by agenda:</b></p> <p><b>Quote for Cyber Insurance</b></p>	<p>The Committee had previously asked the Group’s Insurance Brokers to provide further information on the level of cover and the risks covered by the Cyber Insurance policy.</p> <p>A Governor advised that if a major breach was to happen a fine from the Information Commissioners Office [ICO] would be as much as 4% of the Groups annual turnover.</p> <p>AS commented that organisations are under constant cyber-attack and the Group has achieved gold standard defences through its Cyber Essentials Plus accreditation. The concern is if staff happen to click on something by mistake it could open up the Group to attack and questioned if the insurance would provide cover for this.</p> <p>A Governor commented that despite our own defences we are still at risk of an attack that could close us down and the report does not give assurance that this would be covered in the policy.</p>	

		<p>PS commented that the report suggests that the policy offers more of a management consultancy service for post-event impacts rather than covering financial and other risks.</p> <p>A Governor commented that the biggest risk is a fine and questioned if we can insure against a fine.</p> <p>CL summarised that the report does not give the assurance of what cover is provided and if it covers ICO fines. CL suggested that we ask the brokers to join the Audit Committee to provide the answers to the above queries.</p> <p style="text-align: center;"><b>AGREED: The Committee agreed to invite the brokers to the next meeting to discuss what the policy covers.</b></p>	SH
8	<b>8.1 Risk, Audit and Compliance Committee report including Outstanding Actions from internal audit plan</b>	<p>CL presented the minutes of the Risk, Audit and Compliance 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.</p> <p>Questions were invited and a Governor noted the date of the next meeting should read 2021.</p> <p style="text-align: center;"><b>NOTED: The Audit Committee noted the work of the RAC Committee and the outstanding actions from the internal audit plan.</b></p>	
	<b>8.2 Feedback from the follow up systems review to include unreconciled items.</b>	<p>CL presented the Wilkins Kennedy follow up review report and informed the Committee that the outstanding bank reconciliation item has now been resolved leaving no outstanding recommendations from the internal audit report.</p> <p style="text-align: center;"><b>NOTED: The Audit Committee noted the Follow up review report from Wilkins Kennedy.</b></p>	
9	<b>9.1 Annual Audit Report by Chair including agreement to signoff Regularity Self-Assessment Questionnaire by</b>	<p>SH presented the Annual Audit Report which summarises the work of the Audit Committee and offers assurance to the FGB that the Committee is meeting its responsibilities.</p> <p>SH questioned whether the report should detail the fees for the external audit and internal auditor service. CL confirmed that the fees are detailed in the financial statements.</p>	

	<p><b>Accounting Officer and Chair of Governors</b></p> <p><b>9.2 Appendix 1 – Regularity Self-assessment questionnaire</b></p>	<p><b>AGREED: The Committee approved the Annual Audit Committee Report for 2019-2020 to be presented to the Full Governing Body on 15 December.</b></p> <p>The regularity self-assessment questionnaire is provided by the external auditors, Buzzacott. It is completed by management and submitted annually by way of the Year End and Regularity Audit Process. The Committee reviewed the detail within the questionnaire. There were no questions raised.</p> <p><b>APPROVED: Governors approved the Regularity self-assessment questionnaire for signature by the Chief Executive Officer and the Chair of the Governing Body.</b></p>	
<p><b>10</b></p>	<p><b>10.1 Risk Management Report</b></p> <p><b>10.1 Risk Register</b></p> <p><b>10.2 Residual Risk Movement Map</b></p>	<p>PS presented the Risk Management Report and noted that since the last Audit Committee meeting in June 2020, the Register had been reviewed twice by the Risk, Audit and Compliance (RAC) Committee, firstly on the 15 October 2020 and again on 18 November 2020. A thorough line by line review of the assurances and controls had been undertaken at the most recent RAC Committee meeting to ensure they reflect the current position and future actions. The register had also been updated to reflect the new governance arrangements. The register had also been presented to the Executive Team for further scrutiny.</p> <p>PS guided the Committee through the changes to register as detailed in the report.</p> <p><b>NOTED: Governors noted the Risk Management Report</b></p>	
<p><b>11</b></p>	<p><b>Policy updates</b></p>	<p>PS presented the following policies and advised the Committee that they had been reviewed by the Policy Committee and the Risk, Audit and Compliance Committee.</p> <p><b>Risk Management:</b> Updates reflect the new Governance structure and associated responsibilities of the new Business and Education Committees.</p> <p><b>Whistleblowing:</b> Updates reflect new roles, support for whistle-blowers and a change of contact details for the charity that provides confidential advice on whistleblowing issues.</p>	

		<p><b>Anti-bribery and Fraud:</b> Job titles have been updated and references to 'College' have been updated to 'EKC Group'.</p> <p><b>AGREED: The Committee recommended the policies for FGB approval 15<sup>th</sup> December 2020.</b></p>	
12	<b>2020-21 Internal Audit Plan</b>	<p>AS informed the Committee that the Risk, Audit and Compliance Committee and the Executive Team have both reviewed the internal audit plan for 2020-21 and recommend the following updates:</p> <p>Financial Management and Controls – report to be presented to the Risk, Audit and Compliance Committee on May 2021 and the Audit Committee in June 2021</p> <p>Exam Registration Assurance Audit - field work is currently in progress and the report is scheduled to be received by the RAC Committee on 4 February 2021 and thereafter to the Audit Committee on 16 March 2021.</p> <p><b>APPROVED: The Committee recommended the Internal Audit Plan for FGB approval 15<sup>th</sup> December 2020.</b></p>	
13	<b>AOB</b>	The Committee recommended that the Full Governing Body acknowledges the hard work of the Finance team on the year-end audit.	
14	<b>Matters considered confidential</b>	There were no matters considered confidential.	
15	<b>Date and time of next meeting</b>	16 <sup>th</sup> March 2021 at 9am	

There being no further business the meeting closed at 11am

Signed: 

Print: F. P. CHENAY

Date: 14/3/2021