

Audit Committee Minutes

Meeting	Audit Committee	Date	3 rd December at 9.30am
Location	Canterbury College, Room J221	Time	Part A
Membership	Tim Kent (Chair), Gail Clarke, <i>Peter Cheney</i> , Peter Wood		
In Attendance	Chris Legg – Chief Financial officer Paul Sayers – Chief Strategy Officer Andrew Stevens – Chief Operating Officer Katherine Patel – Buzzacott (Items 5-7) Nicole Leader – Executive Support Officer		

* *Italics notes absence*

	ITEM	COMMENTS	ACTION
1	Welcome and Apologies	The Chair welcomed everyone to the meeting and thanked KP for the development session prior to the meeting on sector updates. Tony Allen the previous Audit Committee Chair has now resigned, and Tim Kent will be taking over as Chair to the Audit Committee, following the Search & Governance recommendations. Peter Cheney was absent from the meeting with no apologies received.	
2	Declarations of Interest	None.	
3	Minutes of the Meeting	The minutes of the Audit Committee meeting held on 18th June 2019 were reviewed by the members and approved as a true and fair account however, the Chair would like it noted the meeting was not quorate but all decisions were referred to the Full Governing Body for resolution as appropriate. The minutes were agreed and signed by the Chair.	
4	Matters Arising	No matters arising.	

5	<p>Independent Meeting with the External Auditors Officers not in attendance</p>	<p>[CL, PS and AS left the meeting at 9.39]</p> <p>The Chair reminded members that this item gives the Committee an opportunity to meet with the external auditor's independent to the Officers in attendance.</p> <p>KP noted that the process run more smoothly this year compared to the previous year and that there was a number of recommendations that will be resolved by the new finance system.</p> <p>A Governor asked if with the proposed merger of Ashford and Spring Lane there any lessons to be learned. KP responded that due to the volume of work during a merger this can put the support teams under pressure.</p> <p>A Governor asked if Buzzacott are happy with the responses provided regarding the journals. KP replied that due to the volume signed off by one individual, she suggests that this process needs reviewing to reduce the risk of fraud. The Committee agreed that an additional procedure needs to be put into place so that journals are approved by the Director of Finance. CL will review the process and suggest appropriate actions.</p> <p>[CL, PS and AS re-joined the meeting at 9.53]</p>	CL
6	<p>Financial Statements & Management Reports 2018/19</p> <p>Draft Post Management Letter 2018/19</p> <p>Audit Representations Letter 2019/20</p>	<p>KP guided the members through the management report and discussed the key points page by page within the document and commented that the process ran smoothly this year, with thanks to the Finance team.</p> <p>A Governor asked what the limits are for individuals to sign-off journals. CL responded that there is no cash value to the journals and therefore all journals are currently signed off by the Head of Finance but, if there was to be limits this would be set the same as stated in the financial regulations. The Committee discussed their concerns around the signing-off of the journals. CL commented that an option could be is add a review of the journals to the internal audit plan to identify risks and therefore we would be putting the right controls in place.</p> <p>A Governor asked how if we schedule capital works throughout the year. CL responded that all works are</p>	

		<p>scheduled at specific points of the year to fit in with the business.</p> <p>A Governor asked if the higher paid staff can be identified within the report and if so, does this effect GDPR. PS responded that yes, the CEO salary is identified within the statements, but this is a legal requirement for transparency of senior pay and GDPR is not applicable.</p> <p>The issue with fixed assets is carry over from Canterbury and during merger didn't get the attention to resolve this. The team have now turned their attention to amend this. Now there is an internal system to manage over-depreciation. There was discussion on the commercial activity for The Yarrow Hotel and debtor conciliation discrepancies. A Governor asked how often the VAT reconciliation is reviewed. CL responded that this is now done automatically. Assurance will be in the internal audit.</p> <p>A Governor asked if it was a regular occurrence for redundancy letters and contracts to not be located. CL agreed that there has not been an improvement in this area and that further work is required. We now have an Internal audit team, and this is an area of work that could be added to their scope of work. AS asked if this was a new or old member of staff, KP to confirm this information.</p> <p>There was a discussion on the current borrowing status and fees for the revolving credit facility (RCF). CL confirmed that there is a fee but has had discussions with Santander to reduce fees. Current financial health is satisfactory.</p> <p>The Chair commented that in the post audit report, should we be declaring the current interim clerking arrangements which was agreed. Although the report covers the 2018/19 period, the interim clerk will review the statement.</p> <p>[KP left at 10.30]</p> <p>AGREED: The Audit Committee recommend that the Financial statements and Management Reports for 2018-2019 be approved and signed by the Chair of the Governing Body and the Chief Accounting Officer.</p>	
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7	<p>Internal Audit Report – ESFA Funding Assurance Review 2018/19 summary of findings</p>	<p>PS provided an update on the summary of findings from the Funding Assurance Review Audit and advised the committee that the report has now been received from the ESFA and will be shared with the Audit Committee via the Clerk for review and comment as part of this audit cycle. The report will also be reviewed at the next Risk, Audit and Compliance meeting on the 13th December 2019.</p> <p>PS highlighted to the committee that Colleges selected for audit seemed to be mainly Colleges that have recently merged.</p> <p>The new Internal Audit team will work on the recommendations made in the report.</p> <p>A Governor asked if there are any lessons that we could apply to Ashford and Spring Lane. PS responded that it depends on the final liabilities and associated legacies. Long term the solution will be looking at systems.</p> <p>NOTED: The Audit Committee noted the ESFA Funding Assurance Report 2018/19.</p>	
8	<p>Risk Audit and Compliance Committee</p> <p>Outstanding Actions from Internal Audit Annual Report 2019/2020</p>	<p>CL presented the minutes and reminded the Committee that the minutes of the Risk, Audit and Compliance meeting are presented in full to offer assurance that matters raised at 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.</p> <p>Questions were invited and a Governor commented that there were two RIDDOR incidents reported in the Health and Safety Report and requested that the RIDDOR reports be shared with the Audit Committee for assurance. CL responded that it was agreed at the last RAC meeting that RIDDOR reports are included in the Health and Safety section as a standing agenda item. It was discussed that this Committee had the responsibility for being assured that the appropriate controls were in place for the management of these types of statutory risks.</p>	


		<p>A Governor asked about the volume of findings from the Data Protection Compliance Audit. PS replied that at the RAC meeting outstanding recommendations are monitored. CL commented that a follow up review audit could be implemented.</p> <p>The outstanding actions and comments report will be circulated.</p> <p>NOTED: The Audit Committee noted the work of the RAC and the outstanding actions from the IAA 2019/20.</p>	
9	Data Protection Update	<p>AS advised that good progress has been made on the audit findings and the action plan will be completed by March 2020 as planned. GDPR training on current software used by the group is currently being rolled out. There have been 33 reported breaches and near misses for GDPR. There was discussion on whether this was a full disclosure of incidences given the low rate for the size of the organization.</p> <p>A Governor asked what the difference is between a breach and a near miss, AS explained the definition. There was discussion on emails and the implementation of Data Protection Impact Assessment (DPIA) prior to the implementation of new systems and processes which involve the processing of personal data.</p> <p>The resilience of the DPO role was discussed, as it is currently one staff member which creates problems in their absence. A 'devolved' model for data protection is required to promote the embedding of accountability for data protection. Colleges and business units are therefore considering who will be formally designated and trained at each College to take this role on, with support and guidance from the Group DPO. A Governor asked if there are issues on a daily basis that would require someone available everyday. AS replied that it is the speed of the response that is needed due to the prescribed nature of the reporting.</p> <p>NOTED: the data protection update.</p>	
10	Internal Plan Update 2019/20	<p>AS advised that the internal Risk, Audit and Compliance Committee and the executive team have both reviewed the internal audit plan for 2019-2020 and recommend the following updates:</p>	

<p><i>Appendix 1 – 2019/20 Internal audit plan – clean version</i></p> <p><i>Appendix 2 – 2019/20 Internal audit plan with tracked changes</i></p>	<p>Review of Governance Arrangements – proposed to be delayed to March 2020 to ensure that the review examines the revised governance arrangements and is therefore more meaningful.</p> <p>Funding Assurance Review – proposed to be removed from the Plan. We have had an ESFA external assurance review and our new Head of Internal Audit will be in place from December to undertake a regular testing and follow-up programme for RAC Committee to oversee.</p> <p>IT Strategy Review – proposed to be removed from the Plan. This was originally in the plan to potentially follow-up on a previous review undertaken by an external consultant. Following consideration by RAC and the Executive Team, it is felt this is no longer required as there has been good progress with upgrading the network infrastructure and implementing other policies such as the desktop reduction programme. The Technology programme receives regular oversight by the Infrastructure, Services, and Technology Board (ISTB), which is chaired by the Group Chief Executive Officer.</p> <p>New arrangements for High Needs funding Review – to be removed from the Plan as we are still awaiting proposals from KCC of what might come after the current block funding arrangements.</p> <p>Extend the Financial Management and Controls audit – to encompass a review of the implementation of Open Accounts – proposed to be added to the Plan. The review will include an assessment of implementation to date and recommendations on how this can be improved further to support the delivery of a better service.</p> <p>Strategic Review of Marketing – proposed to be added to the Plan. The audit will provide an independent review of Marketing across the Group, including the balance and capacity of strategic and devolved functions, and to make recommendations on this and how marketing can better support student recruitment.</p> <p>Review of the Information Management Strategy – proposed to be added to the Plan. This new strategy is due for development by March 2020. As this is an important area for the Group, it would be useful to commission an independent review / challenge of the strategy and accompanying action plan, prior to it being officially launched.</p> <p>A Governor asked if we could analyse the success rate of the marketing campaigns for student recruitment. The Committee discussed if this analysis is part of the internal audit work or marketing teams work. PS commented that the Group CEO will provide the management responses and actions from the audit.</p> <p>APPROVED: the Audit Committee approved the Internal Audit Plan 2019/20.</p>	
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11	Risk Management Report	<p>PS advised Since the last Audit Committee meeting in June 2019, the Register has been reviewed by the Risk, Audit and Compliance (RAC) Committee on 21 June 2019 and again on 11 October 2019. A thorough review of the Group's key risks, the scoring of each risk, and assurance and controls has been undertaken to ensure they reflect the current position and future actions. The register has also been presented to the Executive Team for further scrutiny.</p> <p>A Governor raised concerns regarding the reduced risks. The Committee discussed that the impact of the merger significantly increased risks and these have been managed and reduced since merger.</p>	
12	Annual Audit Report by Chair 2018/19	<p>The Audit Committee has the responsibility to advise the Full Governing Body of the Committees activities for the academic year and this report has been drafted in accordance with this.</p> <p>The interim Clerk drafted the report on behalf of the Chair but would like it noted that neither the current Chair nor the interim Clerk were part of the Audit Committee in 2018-2019. The two members present were on the Committee during this period and had knowledge of activity, however. The Committee discussed the report and agreed the following amendments:</p> <p>Meeting held on the 18th June 2019 was not quorate but that decisions were referred to the Full Governing Body as appropriate.</p> <p>Add the vfm statement for internal auditors work to the report.</p> <p>Add in the subsidiary company advice from Buzzacott.</p> <p>Once the above amendments have been made the Chair of the Audit Committee will sign the report as the Chair of Audit Committee for 2019-2020 but with a statement on the tenure of chairship.</p> <p>APPROVED: The Committee approved the Annual 2018/19 report to the Full Board, subject to the agreed amendments.</p>	
	Appendix 1 - Regularity Self-Assessment Questionnaire	<p>The regularity self-assessment questionnaire is provided by the external auditor Buzzacott and is completed by management and submitted annually by way of the Year End and Regularity Audit Process. Members were in agreement that this to be signed by the Chief Executive Officer and the Chair of the Governing Body.</p>	

		APPROVED: Governors approved the Regularity self-assessment questionnaire for signature by the Chief Executive Officer and the Chair of the Governing Body.	
13	Terms of Reference 2019/20	<p>The Committee reviewed the Audit Committee terms of reference and agreed that a statement should be added regarding the policies reviewed by Audit. Currently there are four Governing body members on the Audit Committee to be quorate a minimum of three Governors need to be in attendance, the Committee recommends to the Chair of the Governing Body that the membership increases to five Governing Body members. SF will review the TOR and amend and present for approval at the next meeting.</p> <p>AGREED: THE FORM OF Terms of Reference to be amended and brought back for approval on 3rd March 2020.</p>	SF
14	Draft agenda for next meeting	<p>Members considered the draft agenda for the next meeting noting that item 6 would not be ready for review until the 3rd cycle.</p> <p>AS to present the Data Protection and Internal Audit Plan.</p>	
15	Any Other Business	None	
16	Date and Time of Next Meeting:	3 rd March 2020, 9am Canterbury College	

There being no further business the meeting closed at 11.32am

Signed: 

Print: Tim Kent

Date: 9th June 2020