



Audit Committee Minutes

Meeting	Audit Committee	Date	29 th November, 2022
Location	Canterbury College	Time	9.30 am
Membership	Peter Cheney [Chair], Sam Lain-Rose, Allan Baillie, Carmel Togher		
In Attendance	<p>Chris Legg (CL) – Chief Financial Officer Paul Sayers (PS) – Chief Strategy Officer Sharon Hollingworth (SH) – Director of Governance Fiona Medeiros (FM) – Minutes Clerk Katherine Patel (KP) – Buzzacott, items 3-7 Christiaan De Lange (CDL) – Azets, item 9</p> <p>Business Committee members to join for item 5. Graham Razey – Chief Executive Officer Charles Buchanan – Chair of Full Governing Body G Clarke – Governor <i>Joanna Worby - Governor</i> <i>Paula Gillespie – Governor</i> <i>Karen Wilks – Staff Governor</i> Miranda Chapman - Governor</p>		

**Italics indicates did not attend.*

	ITEM	COMMENTS	ACTION
1	Welcome and apologies	Carmel Togher joined the meeting via Teams. The Chair welcomed everyone and thanked KP for joining the meeting. Introductions were made.	
2	Declaration of Interests	There were no additional declarations to the meeting other than those declared as standing.	

3	<p>Independent Meeting with the External Auditors <i>Officers not in attendance</i></p>	<p>[CL and PS left the meeting at 9:36am]</p> <p>The Chair reminded Committee members that this item provides an opportunity to meet with the external auditor, independent to the officers in attendance.</p> <p>It was noted that this was the first 'back to normal' approach to Audit since the pandemic. KP said it was very helpful to have an onsite presence, facilitating close working with the finance team. She noted that they experienced a slight delay in receiving final accounts but that they were of a very good quality and that we were on track for sign-off.</p> <p>The Chair noted the accounts position as compared to last year, confirming that the Board and CEO have discussed the reasons for this and the recent restructure. The Chair enquired about morale. KP noted that teams appeared stretched and under pressure, however she had not noticed a morale issue and had not heard any negative feedback from her team on-site in regard to this.</p> <p>A Governor enquired about the impact of COVID as compared with similar organisations. KP noted that EKC Group has been more commercial than most colleges, benefitting from greater diversification. She noted there are risks to this, however the colleges are in a comparatively good place.</p> <p>The auditors reported to the Governors that the quality of information and set of accounts were of a good standard and that the process had been smooth.</p>	
4	<p>Audit Committee Development session to include Post-16 Audit Code of Practice 2021 to 2022</p>	<p>[CL and PS re-joined the meeting.]</p> <p>KP presented updates to the Audit Code of Practice, a document annually revised, advising audit committees of their responsibilities. The focus of the 2022 update is on fraud; clarification of what constitutes fraud, with an increased focus on cyber fraud. A monetary threshold for significant fraud has been listed as £10k. There is now also a specific mailbox for reporting fraud.</p>	

		<p>KP added that there was now a new accountability framework for HE, intended to reduce bureaucracy.</p> <p>The Chair thanked KP for her update.</p>	
5	<p>5.1 Group Financial Statements & Management report to 31 July 2022</p> <p>5.2 Draft Letter of Representations - Group</p> <p>5.3 Letter of sub-contacting Assurance Report - Group</p>	<p><i>This item was considered confidential until the accounts are signed and will form Confidential Minutes PART A.</i></p>	
6	<p>6.1 Yarrow Hotel Limited Report Financial Statements to 31 July 2022</p> <p>6.2 Draft Letter of Representations – Yarrow Hotel Limited</p>	<p><i>This item was considered confidential until the accounts are signed and will form Confidential Minutes PART A.</i></p>	
7	<p>7.1 Folkestone College Restaurant</p>	<p><i>This item was considered confidential until the accounts are signed and will form Confidential Minutes PART A.</i></p>	

	<p>Limited Report Financial Statements to 31 July 2022</p> <p>7.2 Draft Letter of Representations – Folkestone College Restaurant Limited</p>		
8	<p>Minutes of the meeting held 28 June 2022</p>	<p>The minutes of the Audit Committee meeting held on 28th June 2022 were reviewed by Committee members. Regarding item 13 hike in insurance premiums; it was noted that whilst there was not time to change provider for 2022/23, quotes were being sourced from insurance providers specialising in education for the following academic year.</p> <p>The Committee approved the minutes as a true and fair account of the meeting. The minutes and confidential minutes will be signed by the Chair following the meeting.</p>	
9	<p>Matters Arising not covered by this agenda:</p>	<p><u>Exam Assurance Follow-up Draft Report</u></p> <p>[CDL joined the meeting at 10:30am]</p> <p>It was noted that The Group first undertook this review in 2020; with spending at £1.85m in this area, it is important to ensure effective controls are in place. Azets have completed a thorough customer journey and CDL took the Committee through recommendations made. It was noted that greater consistency was needed across colleges, with different offers in place. In terms of administration, this year has seen an increase in the electronic storage of data, improving usage and retention. Increased usage of the Pro-Solution exam module was highlighted, enabling a higher level of control and oversight over the process. CDL concluded that adequate procedures and controls were in place with opportunity to exploit Pro-Solution further for greater coordination across the group.</p> <p>The Chair thanked CDL for his work.</p>	

		[CDL left the meeting] NOTED: Exam Assurance Follow-up Draft Report	
10	Terms of Reference for the Audit Committee	The Committee reviewed the Audit Committee Terms of Reference. Update to PS post title noted. It was highlighted that whilst the Business Committee review accounts, the audit is the responsibility of the Audit Committee, as the advisor to the Board. SH to update Terms of Reference to reflect this. AGREED: Further Update to Terms of Reference for the Audit Committee.	SH
11	Risk, Audit and Compliance Committee Report	CL presented the minutes of the Risk, Audit and Compliance Committee meeting for transparency and to offer assurance that matters are discussed by management. CL noted that following the recent restructure this Committee has since been dissolved, so the report will now be completed by the Group Leadership Board. The Chair asked if the same focus would remain and offered to support the process. CL suggested a subset copy of the minutes be made available and invited queries based on the minutes shared. NOTED: The Audit Committee noted the work of the RAC Committee.	CL
12	12.1 Annual Audit Report by Chair including agreement to signoff Regularity Self-Assessment Questionnaire by Accounting Officer and Chair of Governors 12.2 Appendix 1 – Audit Committee	Sharon Hollingsworth 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. Governors reviewed the detail and were comfortable to recommend the report to the Full Governing Body. AGREED: The Annual Audit Committee Report for 2021-22, to be presented to the Full Governing Body on 13th December.	SH

	Self-Assessment Evaluation 12.3 Appendix 2 - Regularity Self-Assessment Questionnaire	<p>The Regularity Self-Assessment questionnaire is prepared by Buzzacott, completed by Group leadership and submitted annually. The Committee reviewed the detail within the questionnaire. There were no questions raised.</p> <p>APPROVED: Governors approved the Regularity Self-Assessment questionnaire for signature by the Chief Executive Officer and Chair of the Governing Body.</p>	
13	EKC Group Insurance – costed alternatives	See item 8 above.	
14	Financial Regulations update	<p>CL presented the updated version of the Financial Regulations and guided members through the changes.</p> <p>CL to update list of primary budget holders' titles and budget limits in line with the recent changes to the senior leadership team.</p> <p>AGREED: The Committee recommend the Financial Regulations for FGB approval on 13th December 2022 subject to the above change.</p>	CL
15	15.1 Risk Management Report 15.2 Risk Register 15.3 Residual Risk Movement map	<p>PS presented the Risk Management Report, noting a high level review of the Register in the last RAC Committee meeting, as highlighted within the report. No questions were raised. The register will be updated following the ONS decision to reclassify colleges and the implications this will have on EKC Group.</p> <p>The register was reviewed, a Governor noted an update to Risk 8 total score to be updated to 10.</p> <p>NOTED: Governors noted the Risk Management Report.</p>	PS
16	Policy Update: Subcontracting	<p>PS presented the following policy:</p> <p>Subcontracting Policy</p>	

		<p>Point 3 – noted addition of termination clause. Subject to update with details of the recent restructure, the Committee agreed to approve the Policy.</p> <p style="text-align: center;">APPROVED: Governors approved the Subcontracting Policy, subject to the above amendments</p>	PS
17	Governing Body Audit Plan 2022/2023 update	<p>SH informed the Committee that the Risk, Audit and Compliance Committee had reviewed the Internal Audit Plan for 2022/23. SH advised that three accredited firms had been invited to discuss their External Review Service with the Group Chair and SH. The Search and Governance Committee had reviewed the service offer of each of the firms alongside costs and decided to move forward with the offer from Education & Training Foundation and Institute of Directors. The scope and cost of the service will be discussed and agreed. Assumed to cost £15k, it was noted this review would not fall within 2023.</p> <p>The Committee discussed additional areas to review during 2022/23, a governor drew attention to the Audit Code of Practice 2022 and the focus on fraud. It was agreed that CL would discuss with Azets the option of a review of the Groups resilience regarding prevention of fraud with proposed costs. CL to report back to the next Audit Committee.</p> <p style="text-align: center;">NOTED – Governors noted the updated Governing Body Audit Plan for 2022-2023.</p>	CL
18	Any Other Business	No items	
19	Matters Considered Confidential	Items 5,6,7, Draft Financial Statements, to remain confidential until accounts are signed.	CL
20	Date and time of next meeting	Tuesday, 14 th March 2023 at 9.30am, at Broadstairs College Boardroom.	



There being no further business the meeting closed at 11:30am.

Signed:

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

Print: Peter Cheney

Date: 14 March 2023



The FGB Chair, CEO and the Director of Governance have been given delegated authority by FGB to review confidential minutes on an annual basis. The following minute was released for publication following the review panel meeting held on 11 October 2023.

Audit Committee Meeting of 29/11/22 Confidential Minute Number 5, 6, and 7.

	ITEM	COMMENTS	ACTION
5	5.1 Group Financial Statements & Management report to 31 July 2022	<p>Business Committee Members joined the meeting via Teams at 9:55am and introductions were made.</p> <p><u>Financial Statements</u> KP from Buzzacott presented the draft financial statements. She thanked CL and the team for their support during the process.</p> <p>During discussions, confirmation was received that FE colleges have been reclassified as public sector, backdated to 1993. It was noted that clarity is needed from the Department for Education (DfE) as there may be an impact upon reporting. Under the Managing Money Framework, the Group would now be unable to take on commercial debt, all borrowing will be from the DfE. It was noted that we need to better understand how this impacts the current Santander bank loan in the short term. Under current arrangements, we plan to extend the loan agreement, CL has provided email evidence of the discussion with the bank. Noted the Committee would need confirmation of the extension from Santander prior to signing off accounts. CL to consult Santander regarding reclassification.</p> <p>KP advised that her organisation would be closely monitoring how changes affect reporting. The Committee agreed that we need to refine what we are recommending to the Board, CL and KP to coordinate. The Chair of the Full Governing Board noted that the Audit and Business Committees look forward to receiving revised or reconfirmed recommendations.</p> <p>The Chair questioned the total given by the financial health score calculator. KP to check this, however noted that the recent announcement may make the scoring methodology out-dated. Noted need to include a section on future pension increases on P49.</p>	<p>CL</p> <p>CL/KP</p> <p>KP</p> <p>CL</p>

	<p>5.2 Draft Letter of Representations - Group</p> <p>5.3 Letter of sub-contacting Assurance Report - Group</p>	<p><u>Letter of representation</u> KP advised that they would consider updates to the draft Letter of Representations in line with new guidelines.</p> <p><u>Sub-contracting assurance report</u> Report required to be submitted to ESFA post-Audit. No concerns reported.</p> <p>AGREED: The Audit Committee await further recommendations following the announcement that FE colleges have been reclassified as public sector.</p> <p>AGREED: The Audit Committee await recommendations on changes to the Letter or Representation.</p>	<p>KP</p>
<p>6</p>	<p>6.1 Yarrow Hotel Limited Report Financial Statements to 31 July 2022</p> <p>6.2 Draft Letter of Representations – Yarrow Hotel Limited</p>	<p>The Committee reviewed the Yarrow Hotel Financial Statements & Management Reports 2021-22 and were comfortable to present the accounts at the Full Governing Body meeting on 13 December 2022 for approval and signature by the Directors.</p> <p>AGREED: The Yarrow Hotel Financial Statements & Management Reports 2021-22 to be reviewed and signed by the Directors.</p>	<p>CL</p>
<p>7</p>	<p>7.1 Folkestone College Restaurant Limited Report Financial Statements to 31 July 2022</p>	<p>The Committee reviewed the Folkestone College Restaurant Financial Statements & Management Reports 2021-22 and were comfortable to present the accounts at the Full Governing Body meeting on 13 December 2022 for approval and signature by the Directors.</p> <p>AGREED: The Folkestone College Restaurant Financial Statements & Management Reports 2021-22 to be signed by the Directors.</p>	<p>CL</p>



	7.2 Draft Letter of Representations – Folkestone College Restaurant Limited	[KP left the meeting at 10:30 am]	
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