

## Audit Committee Minutes

Meeting	Audit Committee	Date	28 <sup>th</sup> November, 2023
Location	Canterbury College	Time	9.30 am
Membership	Peter Cheney [Chair], Sam Lain-Rose, Carmel Togher, <i>Allan Baillie</i>		
In Attendance	<p>Chris Legg (CL) – Chief Financial Officer  Paul Sayers (PS) – Chief Information and Strategy Officer  Sharon Hollingworth (SH) – Group Director of Governance  Nicole Leader (NL) – Minutes Clerk  Katherine Patel (KP) – Buzzacott, items 3-7</p> <p><b>Business Committee members in attendance for item 5,6 &amp; 7</b>  Charles Buchanan – Chair of Full Governing Body  Gail Clarke – Governor  Joanna Worby - Governor  Karen Wilks – Staff Governor  Miranda Chapman - Governor</p>		

*\*Italics indicates absence.*

	ITEM	COMMENTS	ACTION
1	Welcome and apologies	The Chair welcomed everyone to the meeting. Carmel Togher and Sam Lain-Rose joined the meeting via Teams. Allan Baillie was absent.	
2	Declaration of Interests	There were no additional declarations to the meeting other than those declared as standing.	
3	Independent Meeting with the External Auditors	KP joined the meeting and introductions were made.  [CL and PS left the meeting at 9:33am]	

	<i>Officers not in attendance</i>	This item was considered confidential and will form Confidential Minutes PART A.	
4	<b>Audit Committee Development session to include Post-16 Audit Code of Practice 2022 to 2023</b>	<p>[CL, PS returned to the meeting. Business Committee members joined the meeting via Teams].</p> <p>Due to the ONS re-classification, a new College handbook will be issued to FE Colleges. The Intention is to publish in Spring 2024 and be enacted from 1 August 2024. KP advised that Group policies may need to be updated to reflect the new handbook.</p> <p>One of the Impacts of the re-classification could be the movement of the year-end date to the 31 March but this is yet to be confirmed and is being heavily resisted by the sector.</p> <p>There are no auditing and reporting revision. The main impact on the education sector is the way that leases are now reported in the financial statements, but this is not an immediate issue for the Group.</p> <p>The Committee thanked KP for her update.</p>	
5	<b>5.1 Group Financial Statements &amp; Management report to 31 July 2023</b>  <b>5.2 Draft Letter of Representations - Group</b>  <b>5.3 Letter of sub-contacting Assurance Report - Group</b>	This item was considered confidential and will form Confidential Minutes PART A.	

6	6.1 Yarrow Hotel Limited Report Financial Statements to 31 July 2023  6.2 Draft Letter of Representations – Yarrow Hotel Limited	This item was considered confidential and will form Confidential Minutes PART A.	
7	7.1 Folkestone College Restaurant Limited Report Financial Statements to 31 July 2023  7.2 Draft Letter of Representations – Folkestone College Restaurant Limited	This item was considered confidential and will form Confidential Minutes PART A.  (Business Committee members left the meeting 10.13am)  The Committee thanked KP for attending the meeting and the audit team for their work.  (KP left the meeting at 10.33am)	
8	Minutes of the meeting held 27 June 2023.	The minutes of the Audit Committee meeting held on 27 June 2023 were reviewed by Committee members.  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.	
9	Matters Arising not covered by this agenda:	<u>Item 13: comparison of auditor services and costs within the FE sector.</u> The Audit Committee had previously requested some benchmarking be undertaken to ensure that the Group is in line with other College Groups with regards to audit services and costs.	

		The Group uses Buzzacott to provide external audit services and Azets for internal audit services. In comparison it was considered by the Committee that we are receiving good value for money with both auditors.	
10	Terms of Reference for the Audit Committee	<p>The Committee reviewed the Audit Committee Terms of Reference. Membership updated and annual review completed.</p> <p><b>AGREED: Terms of Reference for the Audit Committee.</b></p>	
11	Risk, Audit and Compliance Committee Report	<p>CL presented the minutes of the Risk, Audit and Compliance Committee (RAC) meeting for transparency and to offer assurance that matters are discussed by management. CL noted that following the recent restructure this Committee has been re-instated.</p> <p>The three main items of the meeting are: audit-related items, health and safety and risk management, which are rotated each meeting within the agenda to allow a greater focus at specific meetings.</p> <p>Majority of the first meeting of the year was focussed on the Group Internal audit processes and is a strategic priority for the Group.</p> <p>The Committee shared their comfort in the re-instatement of this RAC Committee and noted that this change provides greater assurance due to the work of the RAC committee.</p> <p>The Group recognises the importance of the Committee considering the focus of the priorities of audit within the Group.</p> <p><b>NOTED: Risk, Audit and Compliance Committee Report</b></p>	
12	12.1 Annual Audit Report by Chair including agreement to	The Group Director of Governance presented the Annual Audit Report which summarises the work of the Audit Committee and offers assurance to the Full Governing Body that the Committee is meeting its responsibilities.	



	<p>signoff Regularity Self-Assessment Questionnaire by Accounting Officer and Chair of Governors</p> <p>12.2 Appendix 1 – Audit Committee Self-Assessment Evaluation</p> <p>12.3 Appendix 2 - Regularity Self-Assessment Questionnaire</p>	<p>Governors reviewed the details and were comfortable to recommend the report to the Full Governing Body.</p> <p><b>AGREED:</b> The Annual Audit Committee Report for 2022-23 , to be presented to the Full Governing Body on 12 December.</p> <p>The Regularity Self-Assessment questionnaire is prepared by Buzzacott, completed by Group leadership, reviewed by the Group Director of Governance and submitted annually. The Committee reviewed the detail within the questionnaire. There were no questions raised.</p> <p><b>APPROVED:</b> Governors approved the Regularity Self-Assessment questionnaire for signature by the Chief Executive Officer and Chair of the Governing Body.</p>	
13	Financial Regulations update	<p>CL provided a verbal update due to the wait on the new Government sector handbook. The Financial Regulations will be reviewed against the new handbook and any updates will be reported at the next Audit Committee meeting.</p> <p><b>NOTED:</b> Financial Regulations update</p>	
14	<p>14.1 Risk Management Report</p> <p>14.2 Risk Register</p>	<p>PS presented the Risk Management Report, the Committee are requested to note the risk register, discuss any issues in the context of the Group's risk management framework and internal controls, review the Group risks owned by the Audit Committee and/or refer any specific risk concerns to the relevant committee or Full Governing Body.</p> <p>Following a review of the risk register and consideration by the RAC committee, the report</p>	

	14.3 Residual Risk Movement map	<p>outlines the proposed key updates to the register:</p> <p><b>Risk 4 – Financial health of the Group</b> Financial, reputational and probability scores reduced from 3 to 2, and overall residual score reduced from 18 to 8. This reflects the stronger financial position, following loan term loan arrangements with DfE and an increased 16-19 funding allocation for 2023/24.</p> <p><b>Risk 7 – Failure to deliver the property strategy:</b> Financial and probability scores were reduced from 3 to 2, and overall residual score reduced from 15 to 8 to reflect the DfE capital loan that has been secured to support Ashford phase 2.</p> <p>The Group's assurance and controls comments have also been reviewed throughout the register to reflect the latest position.</p> <p>The Committee agreed the proposed updates and no questions were raised.</p> <p><b>NOTED: Governors noted the Risk Management Report.</b></p>	
15	<p><b>Policy Update:</b></p> <p><b>Anti-bribery and Fraud policy</b></p> <p><b>Subcontracting</b></p>	<p>PS presented the following policies:</p> <p><b>Anti-bribery and fraud policy</b> Amendments to role titles to reflect current structures. Examples are added to give clarity about acceptance of gifts of alcohol.</p> <p>It was noted that a comment was raised at Search and Governance Committee suggesting that the Policy did not clearly state that it related to governors. The Committee examined the Policy and were comfortable that it did.</p> <p><b>Subcontracting Policy</b> The Group does not currently sub-contract any of its provision, however the Group is required to have a policy and this is annually reviewed.</p>	

		<b>APPROVED: Governors approved the Anti-bribery and Fraud and Subcontracting Policies.</b>	
16	<b>Governing Body Audit Plan 2023/2024 update</b>	<p>SH informed the Committee that the Risk, Audit and Compliance Committee had reviewed the Internal Audit Plan for 2023-2024.</p> <p>The External Board review is in progress. Draft report will be available January 2024 for comment with a final version by the 2 February 2024.</p> <p>The Committee requested that as this is part of the Audit Committee work the report should be available to the Audit Committee first. It was agreed that this will be shared with the Committee ahead of the Search and Governance Committee presentation.</p> <p>Due to the additional work with the financial statements the budget for the audits has been revised. CL to advise SH of the actual budget.</p> <p><b>NOTED – Governors noted the updated Governing Body Audit Plan for 2023-2024</b></p>	<p>SH</p> <p>CL</p>
17	<b>Any Other Business</b>	No other business raised.	
18	<b>Matters Considered Confidential</b>	Items 3,5,6,7, Draft Financial Statements, to remain confidential until accounts are signed.	CL
19	<b>Date and time of next meeting</b>	Tuesday, 5 <sup>th</sup> March 2024 at 9.30am, at Broadstairs College Boardroom.	

There being no further business the meeting closed at 11:03am.

Signed: 

Print: Peter Cheney

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Date: 22/04/2024

The FGB Chair, CEO, and Group 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 14.10.24.

**Audit Meeting of 28.11.23 Confidential Part A, Item 5, 6, and 7.**

	ITEM	COMMENTS	ACTION
5	<ul style="list-style-type: none"> <li>5.1 Group Financial Statements &amp; Management report to 31 July 2023</li> <li>5.2 Draft Letter of Representations – Group</li> <li>5.3 Letter of sub-contacting Assurance Report - Group</li> </ul>	<p><u>Post audit report feedback</u>            KP guided the Committee through the post audit report and discussed key points page by page within the document. The following key points were noted:</p> <ul style="list-style-type: none"> <li>- Audit progress was smooth, a clean set of accounts were received.</li> <li>- Buzzacott reported that the audit went well and that the timetable for overall completion has been met.</li> <li>- Any outstanding matters will be actioned prior to the finalisation of the accounts being presented to Full Governing Body (FGB) for approval on the 12 December 2023.</li> <li>- There are no concerns raised and it is noted that the Group has “good” financial health according to the current education sector ratios.</li> <li>- It was noted that the TPS will increase next year by 5% however, this will be funded by the Government at first.</li> <li>- KP thanked the finance team in particular CL and Steve Margetts in their support during the audit process making it an efficient process.</li> </ul> <p><u>Financial Statements</u>            KP presented the draft financial statements and asked the Committee for comment.</p>	



		<p>It was asked by a Governor if it was necessary for the pension liability note to be as detailed as it is and could this be simplified. KP confirmed that the auditors are following the accounting standards and the need for the disclosure. KP assured the Committee that the financial health score is not affected by the pension liability.</p> <p>CL advised that the final reconciliation statement has been received and that the numbers could change marginally.</p> <p><u>Letter of representation</u> KP presented the letter of representation. The letter was recommended to be approved by the Full Governing Body.</p> <p><u>Sub-contracting assurance report</u> Report required to be submitted to ESFA post audit. No concerns reported.</p> <p><b>AGREED: The Audit Committee recommend the Financial Statements and Management Reports to 31 July 2023 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>	
6	<p>6.1 Yarrow Hotel Limited Report Financial Statements to 31 July 2023</p> <p>6.2 Draft Letter of Representations – Yarrow Hotel Limited</p>	<p>The Committee reviewed the Yarrow Hotel Financial Statements &amp; Management Reports to 31 July 2023 and were comfortable to present the accounts at the Full Governing Body meeting on 12 December 2023 for approval and signature by the Directors.</p> <p><b>AGREED: The Yarrow Hotel Financial Statements &amp; Management Reports to 31 July 2023 to be reviewed and signed by the Directors.</b></p>	

7	<p>7.1 Folkestone College Restaurant Limited Report Financial Statements to 31 July 2023</p> <p>7.2 Draft Letter of Representations – Folkestone College Restaurant Limited</p>	<p>It was noted by the auditors that this business has now closed. There is a net deficit, but the creditor will be held within the Group.</p> <p>The Committee reviewed the Folkestone College Restaurant Financial Statements &amp; Management Reports to 31 July 2023 and were comfortable to present the accounts at the Full Governing Body meeting on 12 December 2023 for approval and signature by the Directors.</p> <p><b>AGREED: The Folkestone College Restaurant Financial Statements &amp; Management Reports to 31 July 2023 to be signed by the Directors.</b></p> <p>(Business committee members left the meeting 10.13am)</p> <p>The Committee thanked KP for attending the meeting and the audit team for their work.</p> <p>(KP left the meeting at 10.33am}</p>	
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