

Governing Body Minutes

Meeting	Audit Committee	Date	28 th November 2017
Location	Boardroom, Yarrow Executive Suite, Broadstairs	Time	11.00am
Membership	Tim Kent (Chair), Tom Price (Vice-Chair), Charles Buchanan and Gail Clarke		
In Attendance	Chris Legg (Officer) Paul Sayers (Officer) Lauren Anning - Executive Director for Corporate Services (Item 5) Kate Carney - Stitch (Item 5) Debbie Tilson- Buzzacott (Items 6-9) Tara Ashman (Clerk)		

	ITEM	COMMENTS	ACTION POINT REQUIRED
1	Welcome and Apologies for Absence	The Chair welcomed members to the last meeting of the Audit Committee of the year and noted that due to personal circumstances Tracey Percy has had to resign from her co-opted role on the Committee. There were no apologies for the meeting.	
2	Declarations of Interest	There were no additional declarations of interest other than those previously declared.	
3	Minutes of meeting held on 13 June 2017	The Chair note the error in the date on the front page which was changed outside of the meeting; the minutes of meeting held on 13 th June 2017 were reviewed and signed by the Chair as an accurate record of the meeting.	
4	Matters Arising	There were no matters arising raised at the meeting.	

5	Internal Audit Report	<p>[Kate Carney and Lauren Anning joined the meeting at 11.08am]</p> <p>Kate Carney (KC) gave a presentation to members on the external review of the student experience and the recommendations within the report. The main gap identified is the brand identity of what the student experience should be across the group, there is currently a series of tactical activities but it is not cohesive for the students to understand what they are buying in to. The College has a clear vision, mission and purpose but the report notes that when it comes to the student experience this is caught up in local operations. Members discussed the marketing strategy going forward, this is a significant cultural change and one that is not underestimated by management.</p> <p>The Chair discussed the role of Audit in the process, Lauren Anning (LA) discussed the comparison of processes to suit the College against processes to suit the student and shared the vision of a student centred process and marketing through the lens of the student aligned to the strategic goals.</p> <p>A Governor asked how the College compared in Kate's experience of these reviews, KC felt it somewhere in the middle, the College is not in an unusual situation with the key being staff taking the lead and bringing them on the journey.</p> <p>The Chair thanked KC and LS for their attendance.</p> <p>[Kate Carney and Lauren Anning left the meeting at 11.44am]</p>	
6	Independent Meeting	<p>[Debbie Tilson joined the meeting at 11.44am] [Paul Sayers and Chris Legg left the meeting at 11.45am]</p> <p>The Chair welcome Debbie Tilson (DT) to the meeting and invited DT in the absence of the officers to advise the Committee on any issues or concerns. DT advised there were no issues, the audit ran smoothly and a good set of accounts were prepared, Buzzacott liaised with Wilkins Kennedy which did not highlight any need to change the audit approach. DT noted there may be a concern in regards to Corporation Tax and the Yarrow Hotel depending on the proportion of staff to students. The Chair will raise this with the officers.</p> <p>[Paul Sayers and Chris Legg re-joined the meeting at 11.49am]</p>	

7	Financial Statements and Management Reports to 31 July 2017	<p>DT guided the members through the financial statements and management report and discussed the key points page by page within the document.</p> <p>DT reported clean and unqualified financial statements and regularity assurance. The Chair highlighted the Head of Finance was named by surname only. DT advised members that the final checks to conclude the audit include the signing of the regularity questionnaire and accounts by the Chair of the Governing Body and the ESFA funding reconciliation. CL and DT felt there were no concerns in getting these before the December meeting.</p> <p>DT summarised the financial performance noting the operating surplus when the pension costs are stripped out. A Governor asked about the general reserves over total income, CL advised this is historical from the K College transfer as the assets were gifted. A Governor asked if these assets were stripped out what the ratio would be, CL will action and detail outside of the meeting for information.</p> <p>DT advised members that it is the Governing Body responsibility to approve that the College is a going concern and recommended to members that they continue to carefully monitor results and cash flow forecasts. Buzzacott agree with management’s assessment.</p> <p>Following the accounts direction handbook the key change is that the 19+ bursary and free school meals is included as income and expenditure in the accounts. CL and DT have differing views on how the pension reserves are presented on the balance sheet but this is not a material concern.</p> <p>DT noted the ongoing dispute with high needs funding and bad debt provision. A Governor noted that the shadow board includes Canterbury College members and merger is proposed for 1st February 2018. DT will update.</p> <p>DT reported no breaches in bank loan covenants, the College is graded as good financial health. A Governor expressed concern at the current ratio, CL advised as part of the restructuring debt the College will look at a revolving credit facility however the aim is for 1.5 times cash in hand as opposed to the 2.5 from the ESFA as this would have a big impact on the student experience to sit on such a reserve. CL will highlight this to the board at the December meeting for assurance.</p> <p>The Chair invited further questions.</p>	CL
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		<p>Members highlighted a couple of minor points for amendment and clarification however agreed that the Financial Statements & Management Reports 2016/17 be recommended to the Full Governing Body on 13th December 2017 for approval and signature by the Chair.</p> <p>AGREED- that the Financial Statements & Management Reports 2016/17 be recommended to the Full Governing Body on 13th December 2017 for approval and signature by the Chair.</p>	
8	Draft Post Audit Management Letter	<p>DT confirmed the letter is a standard template which is provided in connection with the audit of the financial statements for the purposes of expressing an opinion as to whether the financial statements are true and fair, in all material respects.</p>	
9	Audit Representations Letter	<p>Debbie Tilson confirmed the letter provides assurance to the full board and is an endorsement of the regularity assessment. Members were in agreement that this be signed by the Chair of the Governing Body.</p> <p>AGREED - that the Letter of Representation for financial year ending 31st July 2017 be recommended to the Full Governing Body on 13th December 2017 for signature by the Chair.</p> <p>The Chair thanked DT for her attendance.</p> <p>[Debbie Tilson left the meeting at 12.21pm]</p>	
	Internal Audit Plan 2017/2018	<p>This item was taken at this point in the meeting.</p> <p>The risks identified within the plan have been identified across both Colleges and the work to date has been jointly commissioned. At the first Audit Committee of the EKC Group Board a review of previous minutes from both East Kent College and Canterbury College will be undertaken. The Chair asked that a meeting be arranged between himself and the current Audit Chair of Canterbury College by way of a handover.</p> <p>Members discussed the scope of key financial controls being undertaken by Wilkins Kennedy and made some changes given the concern raised by Buzzacott, suggesting that the budget process could be removed in place of a review of corporation tax, VAT and business rates for the Yarrow Hotel. A Governor suggested a</p>	Clerk

		<p>review on inventory procedures would also be of value. CL confirmed outside of the meeting that these changes will not affect the overall cost of the work.</p> <p>The Chair asked about the marketing review and the role of audit within this, differing from the recent review of the student experience. CL discussed the devolution priorities and how this can impact against the risk, the Chair reserved the right to review this when the scope is presented for decision. CL to circulate the scope via the Clerk to members outside of the meeting.</p> <p>Subject to the amendments to the financial scope of work for Wilkins Kennedy and the review of the scope of the marketing review, the Committee agreed the work of the Internal Audit Plan 2017/2018.</p> <p>APPROVED - the Internal Audit Plan 2017/2018 was approved</p>	CL/Clerk
	<p>Membership and Terms of Reference</p>	<p>This item was taken at this point in the meeting.</p> <p>Members noted the administrative update to the terms of reference for 2017/2018. It was agreed that new terms of reference for the EKC Group Audit Committee would be discussed at the next meeting.</p> <p>APPROVED - Members approved the terms of reference for 2017-2018</p>	
	<p>Annual Audit Report by the Chair</p>	<p>This item was taken at this point in the meeting.</p> <p>The Audit Committee has 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. The Clerk drafted the report on behalf of the Chair and members were happy to recommend the report to the Full Governing Body.</p> <p>The regularity self-assessment questionnaire is a questionnaire 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 be signed by the Chair of the Governing Body as approved in item 9.</p> <p>AGREED - Members agreed to present the annual audit report for information to the Full Governing Body</p>	

	<p>Policy Reviews</p>	<p>This item was taken at this point in the meeting.</p> <p>PS noted that the changes to the policies were minor with anti bribery and fraud had been combined with Canterbury College. Any new policies have been drafted and approved for both East Kent and Canterbury College and the policy group runs across both Colleges. Members reviewed the policies and agreed to recommend the three presented to the Full Governing Body for approval.</p> <p style="text-align: center;">AGREED - Members agreed to recommend that the Fees Policy, Anti-Bribery Policy and Treasury Management Policy be approved by the Full Governing Body</p>	
	<p>Draft agenda for the next meeting</p>	<p>This item was taken at this point in the meeting.</p> <p>The items of the agenda were approved for the next meeting, including the review of Canterbury College Audit Committee minutes. Members were invited to comment on any inclusions to the agenda outside of the meeting.</p>	
<p>10</p>	<p>Risk, Audit and Compliance Committee Report</p>	<p>The Chair invited comment on the remaining items for information and discussion. The Vice-Chair led the rest of the meeting.</p> <p>[Tim Kent and Gail Clarke left the meeting at 12.53pm]</p> <p>CL presented the previous minutes of the Risk, Audit and Compliance Committee and invited questions. CL noted that the union representatives from UCU and Unison asked to attend the meeting as part of an integrated health and safety committee as opposed to an additional committee.</p> <p>CL discussed the outstanding action points from the internal audit report 2016-2017 noting a number of actions have already been signed off and many others will be addressed post-merger. The Internal Audit Plan has been addressed in other internal committee meetings endorsing what has been presented to the Audit Committee today. CL noted that the risk to ESF has reduced since the last audit and the College has taken the decision for no further follow up from Jane Spurgin. All documents are located in one secure place in Folkestone and the evidence is easily accessible. A Governor asked about the security of the room in terms of fire risk and CL will look into this as there would not be a full and complete electronic back up, CL does not think it would be covered under business continuity insurance</p>	<p>CL</p>

11	Risk Management Report	<p>The existing risk register was presented with the changes noted; definitions had been further clarified and any additional assurance controls were highlighted. The proposal is to move to the new merged register which is aligned with the new strategic plan and revised CPIs. The assurance controls will be populated in more detail but the format was presented for comment and approval. Members discussed the need for the risks to be very fluid in the early stages as some original risks become less and others become more amplified post-merger.</p> <p>Discussion around the diversity of risk and geographical reach were had and a coherent approach to risk management at group level to disseminate through other areas (Local Boards, Multi Academy Trust) is necessary; how this can be aggregated to group level is key. The responsibility remains at board level but the assurance controls need to be across all levels. Members agreed that this should be something to be considered at the strategy session in February.</p>	PS/Clerk
12	Membership and Terms of Reference	This item was taken earlier in the meeting.	
13	Annual Audit Report by the Chair	This item was taken earlier in the meeting.	
14	Internal Audit Plan 2017/2018	This item was taken earlier in the meeting.	
15	Policy Reviews	This item was taken earlier in the meeting.	
16	Draft agenda for the next meeting	This item was taken earlier in the meeting.	
17	Any Other Business	There was no other business at the meeting.	
18	Date of Future Meeting	The Vice-Chair asked that the next meeting be moved to early March. The Clerk to action. Members agreed that the location would remain at remain at Discovery Park for the rest of the academic year.	

There being no further business the meeting closed at 1.33pm

Signed: Position: Date: