

Governing Body Minutes

Meeting	Audit Committee	Date	6 th March 2017
Location	Boardroom, Yarrow Executive Suite, Broadstairs	Time	9.30am
Membership	Tim Kent (Chair), Tom Price (Vice-Chair), Charles Buchanan, Gail Clarke and Tracey Pearcy (Co-Opted)		
In Attendance	Chris Legg (Officer) Paul Sayers (Officer) Carrie Gilbody and Paul Nixon - Wilkins Kennedy (Item 5) Peter Jones via teleconference (Item 6) Phil Golding (Item 7) Tara Ashman (Clerk)		

	ITEM	COMMENTS	ACTION POINT REQUIRED
1	Welcome and Apologies for Absence	<p>The Chair welcomed members to the meeting with a particular welcome to the new Co-Opted member, Tracey Pearcy. Those in attendance made their introductions.</p> <p>Apologies were received from Tom Price.</p>	
2	Declarations of Interest	Tracey Pearcy advised she knew Paul Nixon professionally however there were no additional declarations of interest to those previously declared.	
3	Minutes of meeting held on 22nd November 2016 and 24th November 2016	The Chair asked that the minutes regarding the HMRC visit (pg 2 - 22 nd November 2016) be reworded in regards to PILON being an error and not wilful negligence as it currently reads. Subject to this amendment, the minutes of meeting held on 22 nd November and 24 th November 2016 were approved as an accurate record of the meeting and duly signed by the Chair.	

4	Matters Arising	There were no matters arising from the previous meeting not covered within the agenda.	
	College Performance Indicators	<p>This item was taken at this point in the meeting.</p> <p>CL reminded members of the CPIs related to the Audit Committee and took each one in turn.</p> <p>Staff Absence Rate - This is higher than where the College would want to be however there is now confidence in the accuracy of the data being captured. CL advised the College is undertaking a benchmarking exercise reviewing the level of sickness pay and its duration which would go to the full board should any changes be proposed. A Governor asked if there were any underlying issues or causes for concern, CL advised this was not the case, the year-end forecast feature currently shows 9 days lost per FTE which is fairly typical of the sector.</p> <p>Health and Safety Reported Incidents - On paper this looks an issue however upon investigation this is not an epidemic of bad practise but more a question of encouraging staff to report all incidents. This was discussed in detail at the Risk, Audit and Compliance Committee (item 9). CL noted 2 reported RIDDOR for this academic year. A Governor asked whether near misses formed part of the investigation into the spike in reporting and whether scenario testing took this into account. Governors asked that an update be provided from Alison Gray for the next meeting, the Clerk to action.</p> <p>Outstanding Audit Points - These are picked up within the internal Risk, Audit and Compliance committee and Governors gained comfort from the use of internal audit plan in being able to commission work from experts in the particular areas of identified risk.</p> <p>A Governor commented on the CPI report and the new feature of the explanation of each however asked if this could be included for each specific CPI rather than at the end of the document. CL will speak to the Data team to see if this is possible.</p> <p>The Chair thanked CL for his update.</p>	<p>Alison Gray/Clerk</p> <p>CL</p>
5	Internal Audit Report - Financial Controls	<p>[Carrie Gilbody (CG) and Paul Nixon (PN) joined the meeting at 9.51am]</p> <p>Paul Nixon declared that he knew Tracey Percy in a professional capacity of neighbouring Audit firms.</p>	

	<p>PN detailed the scope of the work including a review of the budget setting process and key controls, insurance, payroll and financial regulations. The summary pages of the report highlight the recommendations and the subsequent pages describe the work undertaken.</p> <p>PN described the colour coding of the report:</p> <ul style="list-style-type: none"> • Black - no issues found • Red - urgent action required • Orange - merits attention • Green- housekeeping - will require attention but not urgent <p>There was one red issue identified relating to insurance but no other areas of real concern. The Chair recognised the good work of the College in managing the financial controls.</p> <p>Budget Setting - Wilkins Kennedy recommend that the year-end management accounts (month 12) be done to enable clear budget setting and avoid any non-purchase order items that could occur in month 12 slipping through. CL agreed that the production of month 12 would be of benefit and all members agreed that the production of month 1 would not be necessary.</p> <p>Insurance - This was highlighted as a red issue because of the wording within the professional indemnity insurance, Wilkins Kennedy did not feel it was explicit that it included Directors and Officers insurance. CL satisfied the Committee that this is appropriately covered, the Chair asked about insurance cover for the transition board, CL advised Governors would be covered under their own respective Governing Bodies but it is something of note for any additional members not on either Governing Body.</p> <p>Payroll - The process is very clear and detailed however it is not written down, Wilkins Kennedy recommend a process document and a minor adjustment to the financial regulations which has been accepted by management.</p> <p>The Chair invited questions. Wilkins Kennedy suggested that should they be asked to undertake internal audit work next academic year there should be work undertaken in regards to the Yarrow and associated financial risks.</p> <p>The Chair thanked CG and PN for their attendance.</p>	
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		[Carrie Gilbody and Paul Nixon left the meeting at 10.10am]	
6	Internal Audit Report - Yarrow Hotel	<p>[Peter Jones (PJ) joined the meeting via teleconference at 10.12am]</p> <p>The Chair welcomed PJ to the meeting and invited him to take members through the key points of the report.</p> <p>PJ was impressed with the initial start-up, with very realistic results given the need to establish a brand position and reputation which cannot be done overnight. PJ felt it was important to establish quality and valued relationships and not be driven by price.</p> <p>Staffing - PJ noted there was specific set of characteristics for a General Manager of such a hotel and was not unduly concerned about the turnover at this level however discussed the need for the leadership team and key staff having a good understanding of the Yarrow being more than just a commercial hotel.</p> <p>Cost controls - these are currently well managed.</p> <p>Training overheads - This is not currently in the financial report but PJ advised there is a greater element of mentoring and supervision needed and there is the increase in overheads due to paying education terms and conditions. Consideration needs to be given as to how this works across the curriculum and the College needs to look beyond the academic year. PJ was clear not to price the hotel as a training hotel and hold firm on the pricing structure.</p> <p>Apprentice Funding - There should be separate access to the apprentice funding account as at present this is not shown in the financial report, CL reminded members that this does not come in until April.</p> <p>Trip Advisor - Very good reviews and rating.</p> <p>A Governor asked whether the curriculum and hotel had the correct strategy in place to deal with the seasonal spikes, PJ felt there was more work to be done in this area with some academic resistance at present.</p> <p>The Chair asked about whether there was consideration of the hotel as an education establishment notwithstanding its commercial business, PJ bore this in mind when drafting his report given his background however the remit was to look at the business initial start up.</p>	

		<p>A Governor thanked PJ for the metrics and benchmarks as a very useful tool for Governors. PJ commented the main issue is that staff costs exceed revenue, room revenue is key to profitability and suggested more in house bookings is the goal as there is a potential to lose control of the inventory with a number of external booking providers. If the Yarrow could secure a number of contractual local partners there would be a security of revenue.</p> <p>The Chair was concerned about the financial projection within the report being different from the Colleges forecast, with a need to increase existing room rates by 50%. Members discussed the impact of this and the report will be circulated to the Full Governing Body, CL suggested that this report and the management response be looked at in the next management accounts meeting and members agreed. CL noted it is very unusual to break even before year 3 in a new business.</p> <p>The Chair thanked Peter Jones for his comprehensive report.</p> <p>[Peter Jones left the meeting at 10.42am]</p> <p>The Chair suggested that the full board have an opportunity to comment on the report and that Shane Godwin be invited to the May board meeting for any management response. Members agreed with this approach.</p>	<p>Agenda - Management Accounts</p> <p>Chair</p>
7	<p>Internal Audit Report - Apprenticeship Readiness Review</p>	<p>[Phil Golding (PG) joined the meeting at 10.47am]</p> <p>PG introduced himself and gave a presentation to members to summarise the main points of the report. The Clerk will circulate the presentation outside of the meeting.</p> <p>In summary the report is positive and the College is well placed locally with the recent outstanding Ofsted for apprenticeships. The staff are very committed and passionate and a task and finish group has been set up to implement any recommendations. PG noted that the finance team appear to have a lack of understanding of the funding changes and there is an inconsistency in recruitment inasmuch as it is easier to get employers on board than people to take up the apprenticeships so there is some work to be done in this regard.</p> <p>PG invited questions.</p>	<p>Clerk</p>

		<ul style="list-style-type: none"> • Lone working is more prevalent due to an issue at Radnor Park Lodge; this has been managed by the installation of CCTV in support of the member of staff • Catering at Broadstairs - members sought assurance that the process is being followed in regards to an increase in reported incidents • Staff absence numbers - is the volume of short term absences compared to long term absences looked at in greater depth? CL confirmed there is detailed analysis and would bring a breakdown between short and long term absence to the next meeting. 	CL
10	Risk Management Report	<p>MH advised members that adjustments had been made to the risk register following internal committee meetings on 15th December and 22nd February respectively with the additional text highlighted in yellow. MH noted the arrows have now been included within this document to show the direction of travel as previously requested.</p> <p>MH led Governors through the risk report and identified the changes to the following:</p> <ul style="list-style-type: none"> • Failure to deliver an outstanding student experience • Failure to provide a safe College • Further funding cuts by Government • Failure to understand and respond to the changing landscape - the College is waiting until the area review has been completed before reducing the risk. • Failure to achieve student recruitment targets • The Partnership impacts negatively on East Kent College and its strategic goals - this has reduced and can be clearly demonstrated from both Ofsted reports. • Failure to deliver an outstanding student experience and to embed the hotel in the curriculum - members discussed whether this risk had in fact reduced, noting the descriptors and the fact there is still a high risk in not delivering an outstanding student experience. CL described other measures in support of this reduction including the work of the Head Chef. The Chair asked that the risk reflected this work and perhaps the description be worded differently, MH to action outside of the meeting in advance of the Full Governing Body. • Failure to succession plan <p>The Chair thanked MH for the report and a Governor commented on the clear presentation.</p>	MH

11	Draft agenda for the next meeting	<p>Feedback regarding Health and Safety near misses will be reported under matters arising.</p> <p>The items of the agenda were approved for the next meeting, the Clerk asked whether there was a consultant identified for the ILR Audit review, CL advised the College was waiting for any issues to come out of the recent Ofsted inspection to direct any work and none were apparent. The Chair suggested that GR attend the next meeting to provide an update on outcomes in this regard and members were in agreement. The Clerk to advise accordingly.</p> <p>The Chair asked whether the board should consider an independent review of compliance and how success is measured regarding the Catering and Hospitality curriculum and how this fits into the Yarrow Hotel. CL suggested that Paul Manning be invited to the next meeting to explain the process which would then give the Committee a steer as to whether a review is needed. Members agreed with this approach and the Clerk will action accordingly.</p>	<p>Clerk</p> <p>Clerk - Agenda</p>
12	Any Other Business	There was no other business at the meeting.	
13	Date of Future Meeting	Tuesday 13 th June 2017 at 9.00am, Room 2.119, Innovation House, Discovery Park	

There being no further business the meeting closed at 11.39am

Signed: Position: Date: