

Governing Body Minutes

<b>Meeting</b>	Audit Committee	<b>Date</b>	24 <sup>th</sup> November 2016
<b>Location</b>	Via Telephone Conference Call	<b>Time</b>	2.02pm
<b>Membership</b>	Tim Kent (Chair), Tom Price (Vice-Chair), Charles Buchanan and Gail Clarke		
<b>In Attendance</b>	Chris Legg (Officer) Paul Sayers (Officer) Debbie Tilson - Buzzacott  Tara Ashman (Clerk)		

	ITEM	COMMENTS	ACTION POINT REQUIRED
	<b>Welcome and Apologies for Absence</b>	The Chair welcomed members to the meeting, Debbie Tilson (DT) apologised for the transport issues on Tuesday and thanked members for making the time today.  Apologies were received from Paul Sayers.	
11	<b>Financial Statements and Management Reports to 31 July 2016</b>	DT thanked CL, Steve Margetts and the Finance team for their support in producing the report this year. DT guided the members through the financial statements and management report and discussed the key points page by page within the document.  DT identified most of the work has now been completed, once the funding statement has been received from the SFA and confirmation of no significant events Buzzacott should be aware of the Chair of the Governing Body should be in a position to sign the necessary statements and letters.  The Chair advised DT that a significant event had come to light in recent days, CL noted that an email was received this morning in relation to the negotiations with Treasury regarding the work skills pilot. The College have reached a settlement of £175,000 which related to money lost in 15-16 so will be added to the accounts.	

	<p>DT advised that the new statements comply with the new financial reporting standards noting the deficit increase is mainly due to the treatment of the Local Government Pension scheme. Members discussed the implications of this reported deficit going forward and whether there is any concerns in relation to banking covenants. DT and CL reported no impact on the loan covenants at this stage but it would be worth noting to Santander. DT advised some Colleges are reporting an additional disclosure in the accounts to reflect the College operating position excluding pension liabilities and others are providing assets as security to the pension scheme to improve the rating.</p> <p>DT reminded Governors that it is the Governing Body responsibility to approve that the College is a going concern and the importance of monitoring the cash flow position. DT reported no significant deficiencies in internal controls.</p> <p>DT noted the gearing ratios are compared against last year and the College has graded satisfactory for overall financial health. A Governor asked why the EBITDA (Earnings before interest, taxes, depreciation, and amortization) was so good, CL advised this was due to a number of non-cash items that the College have to account for and DT concurred that the College is not in an unusual position with these ratios.</p> <p>DT highlighted that the changes to the financial statements reported increased the overall deficit position by £96,000. Appendix 3 benchmarks pension costs against College assumptions and sector average. CL noted the actuarial valuation isn't 'real' money but the employer rates increasing from April 2017 is the risk. Members discussed the actuarial estimate of between 3-5% increase in salaries, with the assumption for East Kent College at 2.2%, CL has challenged KCC on this. The Chair recommended that pension liability be raised as a concern to the Full Governing Body and members were in agreement.</p> <p>DT invited further questions.</p> <p>The Chair sought clarification on the next steps, DT confirmed Buzzacott would need the updated accounts to go through final checks following the additional £175,000 and the funding letter once the College is in receipt. Once the meeting has been held on the 14<sup>th</sup> December and the Chair of the Governing Body has signed the necessary documents these need to be sent to Buzzacott for final sign off.</p> <p><b>AGREED- that the Financial Statements &amp; Management Reports 2015/16 be recommended to the Full Governing Body on 14<sup>th</sup> December 2016 for approval and signature by the Chair.</b></p>	<p>Chair</p>
--	--	--------------

12	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. The letter of representation for the year end 31<sup>st</sup> July 2016 then needs to be signed by the Chair.</p> <p>Members were in agreement that this be signed by the Chair of the Governing Body at the meeting on the 14<sup>th</sup> December 2016.</p> <p style="text-align: center;"><b>AGREED - that the Letter of Representation for financial year ending 31<sup>st</sup> July 2016 be recommended to the Full Governing Body on 14<sup>th</sup> December 2016 for signature by the Chair.</b></p> <p>The Chair thanked the members for their attendance.</p>	
----	------------------------------------	--	--

There being no further business the meeting closed at 2.41pm

Signed: ..... Position: ..... Date: .....