

Supervisory Committee

Annual Report: 2017 - 2018

Purpose

The Supervisory Committee is an independent Committee designed to monitor the operation of Kent Savers CU to ensure that agreed policies and procedures are followed. The Committee provides the Board with a continuous appraisal of the Credit Unions systems of internal control, governance and risk management arrangements.

We work on behalf of the Members to provide objective challenge and to assess the effectiveness of the controls operating throughout the Credit Union. Principally this is achieved through delivery of internal audit projects; which include the review of documentation, systems and processes. We also attend Board meetings to observe the decision making and governance arrangements.

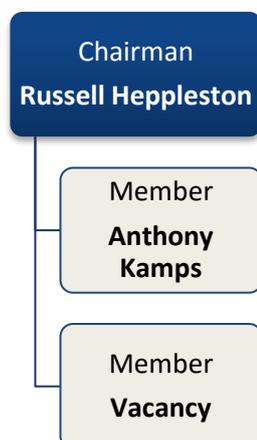
The purpose of this report is to provide Members with a summary our activity for the year and to evidence that we have discharged our duties and responsibilities in accordance with our Terms of Reference.

Composition

For 2017/18 the Supervisory Committee has been made up of 2 or 3 voluntary Members. Our previous Chairman (Nick Vickers) retained the role until January 2018 when he stepped down from the Committee to be appointed as Treasurer on the Board. Russell Heppleston, who was elected to the Supervisory Committee in 2016, continued his role as an active member of the Committee and took over as Chairman in January 2018.

An additional member we co-opted to the Committee during the year, and so we welcomed Anthony Kamps in September 2017. His permanent election to the Committee will be recommended as part of the AGM in May 2018.

Following Nick's departure from the Committee, the composition of the Supervisory Committee as we move into 2018/19 looks like this:



Decision for Members:

Would you like Anthony Kamps to become a permanent member of the Supervisory Committee for the next 3 years?

Note to Members:

*We have a **vacancy** on the Supervisory Committee if you would like to get more involved with the Credit Union please speak to us about becoming a Member!*

Attendance at Board Meetings

The Terms of Reference for the Supervisory Committee sets a commitment for us to have regular attendance at Kent Savers board meetings. These are generally held monthly. Our role at these meetings is as follows:

- **Maintain a regular presence at monthly Board meetings to provide challenge, oversight and ensure that the Credit Union is being governed in accordance with the regulations and the agreed Policy and Procedures Manual**

Our attendance record is set out below:

Board Meeting	Supervisory Committee Member Present?
25 April 2017	✓
06 June 2017	✗
27 June 2017	✓
25 July 2017	✗
05 September 2017	✗
26 September 2017	✓
31 October 2017	✓
28 November 2017	✓
18 December 2017	✓
30 January 2018	✓
06 March 2018	✓
27 March 2018	✓

We have been able to attend 9 of the 12 Board meetings for the year and feel this is a good level of turn out. Attendance increased following appointment of additional member in September.

Duties & Responsibilities

The remainder of this report sets out how we feel we have been doing against each of our duties and responsibilities over 2017-18. We have included a column that gives an idea of things we will be doing in the future:

Key Responsibilities	How did we do?	Future work
<i>Perform the Internal Audit for KSCU to assess the effectiveness of the internal control, governance and risk management processes as set out in an annual internal audit plan</i>	<p>In 2017 we presented a 3-year internal audit plan to the Board – this was agreed and sets out the work the SC undertakes over the course of the year</p> <p>We were unable to complete this work in 2017/18</p>	<p>The audit plan will be updated to cover the period 2018/19 to 2020/21</p> <p>We will start to deliver this new plan once it has been approved, and will seek to fill the vacancy within the Committee membership to help with delivery</p>
<i>Report the findings and conclusions of any Internal Audit review to the Board and follow-up on the implementation of recommendations</i>	<p>The following documents have been reported to the Board over the last year:</p> <ul style="list-style-type: none"> • Internal Audit Plan • Risk Management Policy • Revised Terms of Reference • Annual report <p>Internal Audit reviews will also be reported as and when completed</p>	<p>Following review and update of the internal audit plan, audit projects will be scheduled, one per quarter. These will be reported to the Board</p> <p>The findings from the internal audit reviews will be tracked and followed-up with the Board in a timely manner</p>

Key Responsibilities	How did we do?	Future work
<i>Undertake the procurement and appointment of suitable External Audit for the Credit Union, and provide oversight and support where necessary</i>	We ran a full procurement exercise to appoint new External Auditors in 2016/17. The next exercise will be due in 2019/20	We will continue to act as liaison and support for the Credit Union and External Audit as and when required
<i>Provide a written report to the Annual General Meeting (AGM) setting out how the Committee has discharged its duties over the course of the year</i>	In previous years, a verbal update or memo style report has been presented at the AGM. This year we have drafted a full annual report drawn from the Terms of Reference for the Committee	Subject to Member comments, a similar report will be drafted each year and presented at the AGM
<i>Deal with any complaints related to the Complaints Officer, or complaints referred by the Board. The Committee shall provide oversight of complaint investigations of Board Members</i>	We have had no complaints referred for investigation in 2017/18.	We will continue to provide this role as and when it is necessary
<i>Consider relevant matters referred to them by the Board</i>	This year we worked closely with the Board to develop and implement a risk management policy. This has been well received, and has enabled the Board to create a risk register for consideration at each Board meeting	We work with the Board to ensure that the risk process is implemented and that risks are being managed in accordance with the Policy. This will include running a risk workshop to help identify the key risks for the Credit Union, and working with the Chief Executive to ensure that risk responses are appropriate
<i>Maintain a regular presence at monthly Board meetings to provide challenge, oversight and ensure that the Credit Union is being governed in accordance with the regulations and the agreed Policy and Procedures Manual</i>	We have maintained a good presence across the year, helped in part through the addition of a new Committee member	As we seek to fill the vacant role on the Committee, we will endeavour to keep a good presence at Board meetings throughout 2018/19
<i>Keep under consideration the Policies and Procedures specific to the operation of the Supervisory Committee, and provide updates where necessary for Board approval</i>	This year we conducted a full review of the Terms of Reference for the Supervisory Committee. The revised Terms went to Board for comment and approval in April 2018	We will review the Policies and Procedures related to the Supervisory Committee to ensure that they are up to date and where necessary update procedures for Board approval

Overall Observations

The Board has acted with due diligence over the course of the year and taken decisions in accordance with the agreed Policies and Procedures. We note that the CU continues to focus efforts on the higher than usual bad debt provision and is working hard to combat and improve the situation. However, we have seen at times that the urgency to improve can lead to a risk of decisions being made before all of the additional information has been gathered. But, in each case, when challenged, the Board has sought to clearly evidence the decisions being made.

We have sought to improve Board governance this year through the implementation of a risk policy, which will enable to Board to have a common understanding of the level of risk associated with decisions. Having a full informed risk register will also assist the Board to focus on the key risk issues.

The appointment of a new Chief Executive and Finance Manager this year, along with a new IT system puts the Credit Union in good place and we will continue to provide the level of oversight necessary to ensure that the Credit Union is operating with regard to the relevant laws, regulations and procedures.

Conclusion

Based on the work we have undertaken during the year, it is our conclusion that we have fulfilled most of our duties and responsibilities. However, while we have maintained a good presence with the Board, and provided regular challenge and oversight, there are aspects of the role this year that we would have like to have progressed further. Notably, we would have liked to have delivered the internal audit plan and reported our findings to the Board. This is something that is top on our list for the coming year following approval of a renewed audit plan to cover the period 2018/19 to 2020/21.

Russell Heppleston

Chairman of the Supervisory Committee

Kent Savers Credit Union