

Kent Savers Credit Union: Ninth Annual General Meeting
Darent Room, Sessions House, County Road, Maidstone, ME14 1XQ
6:30 pm Tuesday 30th April 2019

Members Present: Kathy Cox, Martin Kingman, Sarah Cryer, Lucy Swannell, Nick Vickers, Stephen Sidebottom, Anthony Kamps, Dave Wilson, Catherine Parker, Mary Anum, Karen Richardson, Becky Atkinson, Fenella Cubbon, Stephen Taylor, Adebayo Shoneyin, Paul Bartlett, Mary-Junior Anum, Genevieve Ofori and Clive Blackwood.

1. Apologies for absence

The following apologies were recorded: Chris Goulding, David English, Russell Heppleston, Chris Hunt, France and Patrick Wallace, Kay Murphy, Tristan Arnold, Agnes Maina, Cathy Fraser, Lorraine Fagg, Donna Sales, Lesley Jones, Claire Waghorne, Janet Wilce, Sharon Turner-Fry, Nick Sandford, Clive Church, Ranjit Phull and Dorothy Bevan.

Martin Kingman, Outgoing chair of Kent Savers' Board of Directors opened the meeting by welcoming everyone and thanking Kent County Council for hosting the meeting at Sessions House.

2. Minutes of 2018 AGM, matters arising

No comments or amendments were raised regarding the minutes of the 2018 AGM, which were therefore proposed by Dave Wilson, seconded by Nick Vickers and approved by all members attending.

3. Chairs' statements

Outgoing chair: Martin Kingman presented his statement (see attached at Appendix A.) He advised members that he was stepping down as chairman after three years due to work pressures outside of the credit union but will be staying on as a board member. He introduced Mary Anum as the new Head of Finance. He explained that the level of bad debt write offs last year had had a detrimental impact resulting in disappointing year-end figures, but the board felt they were in strong position to drive forward. He gave his personal thanks to Catherine Parker, Mary Anum, Karen Richardson and Becky Atkinson for their hard work and support. Thanked all for being members. There were no questions from the floor.

Incoming chair: Kathy Cox introduced herself as the new chair and presented her statement (see attached at Appendix B). She expressed the Board's and team's thanks to Martin for his work as chair and looks forward to leveraging his experience through his continuing work on the board. She highlighted plans to expand business through enhanced processes and growth. She outlined the new, highly experienced board and the main goal of 'lend more

and lose less', with focus on dormant members, branches outreach model, bad debt, credit decisioning, renewed member engagement program, engagement with key business members, policy review, rule book and the internal audit program. There were no questions from the floor.

4. Treasurer's Report

Nick Vickers summarised his report (see attached at Appendix C). He highlighted the difficult environment Kent Savers operates in, making loans to individuals excluded from mainstream financial products whilst looking to generate income to cover operating costs. This scale of risk has resulted in a deficit and adversely impacted the key capital ratio. He talked positively about how Catherine Parker and Mary Anum have transformed the financial reporting and the important relationship with Bexley Council and managing their housing loan fund. There were no questions from the floor.

5. CEO's Report

Catherine Parker presented her report (see attached at Appendix D). A member asked if consideration had been made to potential development opportunity with KCC pensioners and Trade Unions such as fire department. Dave Wilson responded that this suggestion was previously raised and followed up but unfortunately KCC did not respond. He also explained that institutions such as the police and fire have their own Credit Unions. A further suggestion was made around using the annual pension letter to members for press coverage. Nick Vickers and Dave Wilson agreed they would take away an action to explore the newsletter suggestion. Another member suggested that whilst lending more and losing less, was commendable, that ultimately it's about giving hope to people who may not have otherwise had access to credit. He asked if it would be possible for some of the good stories to come through in the report / web site (videos) etc. Martin Kingman replied that there had been a couple of videos in the past and it would be good to reintroduce the newsletter and that he believed highlighted good stories would be a focus of the new board. Kathy Cox commented that she agreed and it was about finding the opportunity to do in the right way; that the outreach programme is key as it allows Kent Savers to reach more people as we need that balance of investors and borrowers. A member questioned that as the Bexley model was working so well, would it be good to leverage more of the same model. Catherine Parker responded that it is a key objective to develop similar underwritten loan funds with other councils and potentially housing associations. In response to the comment on marketing to higher-wealth pensioners, Catherine noted that Kent Savers is currently not actively seeking large deposits as we have nearly £0.5million of cash on deposit and our priority is to lend this money rather than attract more deposits; we do however want to attract people that don't normally save as that is the core mission of the credit union movement.

6. Revised operational model for branches to transition to access points/signposts

Kathy Cox outlined that digital channels now cover 60% of applications and so it's time to re-invent the model for branches especially taking into consideration data security and the need for a consistent quality message. Initial process is to put current branches into a

‘paused’ state whilst we develop what the outreach program should be and then re-model the branches to a more effective model.

7. Auditors report and consideration of the accounts

Martin Kingman explained that Kent Savers was given a clean bill of health from the auditors after a challenging process. The Bexley Housing Fund contract is unusual and the accounting treatment was changed this year and had to be reviewed and approved by the auditors. A member asked what the union is going to do about bad debt. Martin Kingman explained that a large portion is a legacy position, that only a small number of non-paying loans had been written off in previous years (due in part to interpretation of financial accounting rules FRS105), and the Board’s resulting change in policy to formally write off all aged bad debt in one go. Catherine Parker explained that the changes in how we report the Bexley loans has also meant that we have to show all provisions of bad debt (technical accounting) which has resulted in an increased bad debt number. She highlighted that the Bexley Housing Fund loans are not our credit risk, but that we simply reflect their bad debt position. A further question was asked by a member as to whether the union actually had any bad debt and what it was. Nick Vickers answered Yes, we still have bad debt, but the credit control arrangements have greatly improved in the last few months and we now have greater visibility. Martin Kingman explained that the union isn’t allowed to run two sets of accounts so are not able to show the true position, but it is significantly less without the Bexley loans bad debt. A member raised if it’s possible to show how much of the loan book is for Bexley and if an explanatory note would help as the risk between the different portfolios is very different. Catherine Parker advised that circa 50% of the Impaired Loans in the accounts are underwritten by Bexley (these are much newer), the older ones are KS. Nick Vickers explained that the union is not able to change the accounts but will take away the requirement to explain the differentiate between the loans. Stephen Sidebottom proposed the accounts, Dave Wilson seconded and they were unanimously approved without further comment.

8. Supervisory Committee Report

Anthony Kamps summarised his report (see attached at Appendix E). The Supervisory committee is made up of 3 members (1 current vacancy) and looks at the effectiveness of controls and process; this includes attending board meetings and having an internal audit plan. He explained that they have attended all board meetings and the strategy day and held 3 separate meetings to review the audit plan but that not all planned activities were yet completed. He further explained that in April 2020 they will look to appoint external auditors and that there had been no complaints requiring supervisory committee involvement. There were no questions from the floor.

9. Motions

- A. This AGM permits the board to declare interim dividends and to establish differentiated dividend rates as it sees fit.

- B. This AGM agrees to the payment of a zero dividend for 2017-18 recommended by the board of directors.
- C. This AGM agrees to revoke the motion approved at the 2015 AGM (10th March 2015) to amend the Kent Savers Credit Union registered rules to lower the age for membership from 18 to 16.
- D. This AGM agrees the board's plan to re-engage dormant members to return to a live status, and to apply the fees permitted under Kent Savers' rulebook to those accounts that remain dormant, following an action plan that will be created and approved by the board.
- E. This AGM approves the changes proposed by the board to update Kent Savers' rulebook to reflect current regulation and legislation, correcting minor inconsistencies and migrating the quantified criteria of individual rules to Kent Savers policies for easier ongoing management

A member asked to understand the reason behind revoking the age membership down to 16. Catherine Parker responded that required changes to the Rule Book to lower membership age from 18 to 16 were not accepted by the Regulator's solicitor (technical drafting errors); the previous decision to lower the membership age was probably driven by the benefits of higher membership in expectation of CUEP (Expansion Plan) and since this did not proceed it was felt to be an unnecessary change, so we therefore propose to remain at age 18.

All motions were proposed to be voted on en-masse and the attendees ratified and approved these motions.

10. Elections

- A. Board Directors
- B. Members of the Supervisory Committee

Martin Kingman confirmed there were 6 Directors for election or re-election this year (Martin Kingman, Sarah Cryer, Kathy Cox, David English, Stephen Sidebottom and Lucy Swannell) and that the Supervisory committee was currently mid term so not up for election (although there is a vacancy). Martin Kingman proposed the members, and on a show of hands, all were elected to the Board unanimously.

11. Any other business

None raised. Martin Kingman thanked all attendees and closed the meeting at 19.30

Appendix A - Chairman's Report to 30 September 2018 – Martin Kingman

Many will recall the frustration I expressed in my last report for the delays and anticipations, the outlook for 2018 was one of excitement as we felt as a board, we would be able to progress. I am delighted to say that we have but, as with many things it has been one step forward, two back, three forward with a few side steps thrown in for good measure!

Firstly, I am stepping down as your chairman of the board after 3 years. This is due to work pressures outside of the Credit Union. I am unable to give Catherine, the staff and the board the time and attention needed at the present time. I am sad to be stepping down; but I am not stepping away from the board. I will still be a board member but just will not have the additional duties of the chair, which does take a significant amount of time. I am very proud of the work we have done over the past 3 years during my tenure as chair, building on the foundations of my predecessors. The new board members and the new chair will be instrumental in pushing the Credit Union forward as they have a vast array of skills from the commercial banking and risk sector. I am pleased that the board is in such good shape.

You will recall that Chris Hunt stood down as General Manager and was replaced with a Financial Officer and Catherine as Part Time CEO. Unfortunately, the position of the Finance Officer did not work out as expected and our requirements were not being fulfilled so we took the difficult decision to terminate the post holder's position at the end of their extended probation period. Mary Anum joined us just before the end of the Financial Year as the new Financial Manager and she has settled in well and done excellent work with our finances.

The financial write off undertaken last year has had a detrimental impact on the year's figures but due to the way we as a board agreed to go forward, and in conjunction with a consultant who is expert in credit unions, it was decided this was the proper thing to be done. As the write offs had not been done for 6 years (because of this change in policy) it became a bigger issue than we had anticipated with the impact not being fully realised until the end of year figures was produced. This does give for disappointing year-end figure, but the credit unions' finances are now better represented as an accurate picture without the legacy debt.

The disappointment of not getting CUEP after so many years meant we have paid the price for delaying things and we are now back to where we need to be to drive the Credit Union forward. We have a very strong team and an excellent

I wish to record formally my personal thanks to Catherine, Mary, Karen and Becky for their sterling work. I also wish to express my personal thanks to the board who have helped revolutionise the CU over the past 6 months. I also want to thank the Supervisory Committee who have been keeping their every watchful eye over what we do but also assisting us using their own expertise in developing the risk register which is at the heart of what we as a board do. Finally, as I pass the baton on, I wish to thank you all for being members of the Kent Saver's Credit Union as without you we would not exist - and we would not be able to provide the services we do to so many who need it. I look forward to continuing to be able to assist with my expertise on the board in the future.

Appendix B Incoming Chair's statement – April 2019 – Kathy Cox

I am pleased to have joined the Board of Kent Savers in November and to have the privilege of standing as Chair for the coming period. I would like to express the Board's thanks and appreciation for the dedication and commitment that Martin Kingman has shown to Kent Savers during his tenure as Chair, for which we are all very grateful. We also look forward to continuing to work with him, leveraging his expertise through his continuing service on the Board.

In my tenure, I set out to build processes and functionality within Kent Savers that allows us to expand in a way that satisfies our members, our regulators, our trade association, our business partners, our hard-working office-based colleagues and CEO, and most of all, our members. Having spent my career in financial services where I have built business and processes to help address the needs of people who find themselves outside of the mainstream credit markets, I am pleased to be able to draw on that experience to help Kent Savers grow sustainably and robustly.

The last three months have seen us working very hard across our entire Board to implement the actions we agreed at our Board Strategy Day in January. Please see the extended Timeline overleaf which illustrates the extent of positive work which has been taking place over the last 15 months. Since expanding our Board with six new Directors, we believe we now represent a high functioning, capable team. Our Board is comprised of an excellent quality of individuals who are highly experienced in their chosen fields in local authority, financial services, not-for-profit and other sectors.

The Board's strategy can be summarised as **LEND MORE, LOSE LESS**. We aim to achieve that through:

- **Governance:** ensure the governance, controls, risk management frameworks, policies and procedures that we deploy follow best practice, are accurate and help us to build a stronger, sustainable organisation during a period of desired growth
- **Financials:** ensure that we are financially sound, making good credit decisions by keeping our loss rates below those of our peers while we increase the number of people across Kent that we help to access affordable loans.
- **Members:** to engage all members as best we can through regular updates on our progress, any points of interest and to ensure they are aware of the ways in which we can help them. We aim to be able to make an attractive level of dividend payments where supported by a sufficiently strong balance sheet. We aim to identify any form of vulnerability and to support those members in a way that is consistent with their individual situation.
- **Colleagues:** ensure that we leverage ALL of the diverse skills and experience within our team of board directors so that we 'work smart' and are able to access a broader range of business and member relationships than we have previously. Continue to identify talent to assist Kent Savers on committees, as volunteers and as future directors
- **Systems:** have fit-for-purpose systems, that support the policies and procedures set out by the Board and which allow us to grow in a controlled and efficient manner, treating our members fairly, safeguarding their personal data and reporting their credit status updates accurately.
- **Business relationships:** to have a focussed outreach programme with key businesses with who we can work to achieve Kent Savers', and indeed common, goals. We recognise there are many opportunities that Kent Savers could pursue; with a small team, however, we need to identify and support those that will most readily help us to achieve Kent Savers' aims.

- **Responsibility:** to take guidance and support from our trade body (ABCUL); to meet the requirements of our regulators (PRA and FCA) both in spirit and by the letter; to have a positive culture that is member focussed and sets out to always do the right thing; to respond to any complaints fairly and in a timely fashion, taking any feedback into a continuous development loop.
- **Decisioning:** to make responsible credit and lending decisions, offering fairly priced lending rates to members who can demonstrate that they can sustain and afford each loan under the terms agreed.

Other specific planned activities over the coming months include:

- Dormant members, account review and engagement
- A comprehensive strategy review to support an ongoing Branches 'outreach' model
- An ongoing bad debt review, to reduce losses, increase cashflow and revenue and to take key learnings back into front end processes
- Improved credit decisioning to improve our knowledge of the individual's likely financial circumstance before lending
- A renewed member engagement programme
- Prioritised engagement with key business partners to increase awareness of our core products and how we might assist their own customers
- A systemic review of policies and procedures, ensuring alignment to the new Rulebook and to embed key workstream learnings into our working procedures
- A renewed internal audit programme to test how well our policies and procedures are embedded.

With kind regards

Kathy Cox
Chair of Board

Appendix C – Treasurers Report – Nick Vickers

This report is written in my capacity as the Acting Treasurer of Kent Savers.

As we are all aware the overall operating environment for Kent Savers is a difficult one. We need to generate enough income from the loan book to cover our operating costs, but given our overall business objectives we need to make loans to individuals who are excluded from mainstream financial organisations. That represents a very significant financial risk to Kent Savers.

The scale of this financial risk is reflected in the annual accounts where a “clean up” of the loan book has led to a very high figure for the write off of bad debts going back a number of years. So the total amount taken to the revenue account for “Impairment on loans for bad debt and doubtful debts” is £268,028 and this resulted in a deficit of £233,622 in the year. It also adversely impacted on the key capital ratio which we have to monitor for the Prudential Regulation Authority (PRA) and we had to formally notify the PRA of the position.

Whilst this is concerning I believe the organisation has moved forward enormously in the last year. I would highlight:

- The recruitment of a new Chief Executive and Head of Finance. This hugely strengthens the professional and managerial base of the organisation,
- New board members bringing a wealth of relevant experience and new ideas for the business, and
- The relationship with the London Borough of Bexley managing housing loans which now represents a significant proportion of the total loan book.

I believe these changes plus other initiatives will lead to an improvement in the financial position moving forward.

Appendix D – CEO Report – Catherine Parker

I started my role as CEO just over a year ago, and I'm pleased to report we've made some significant progress in the last 12 months to stabilise and strengthen Kent Savers – both operationally and financially. Much of what's been achieved this year has put us on a surer footing for growing an efficient and sustainable lending business. I'll highlight four areas in particular:

Regulatory Capital: we've had some success in our approaches to local authorities, and obtained new or renewed capital funding from Bexley, Canterbury, Ashford and Swale councils this year – and we do appreciate their generous support at this time when Councils' finances are under such extreme pressures.

The major Capital-related achievement this year has been the rather complex and detailed work with Bexley Council in relation to the accounting and regulatory treatment of the funding they provide us to run their Housing Loan Fund – that's the ringfenced funding for Bexley residents who are identified by the Bexley Housing team for a rent-in-advance or rent-deposit loan, and is ultimately underwritten by the Council. It's a great commercial arrangement between us and them – and due to its success and the growth of this fund (now over £0.5million) it became clear we needed to change the accounting treatment of the fund payments to more accurately reflect them as lending capital. Happily our external auditors (and consequently the PRA) got comfortable that the legal documentation now achieves this objective – and you'll see in our latest year end accounts, and in all future accounts, Bexley funding is accounted for, and reported as qualifying regulatory capital.

I have to say, getting the legal and technical accounting signoff for this approach is probably the singular most important achievement this year in terms of securing Kent Savers' funding stability in the medium term.

New People onboard: the office team and the Board of Directors both feel very different from this time last year – this is something I felt needed to be prioritised last year, and am really delighted with the talent, experience and enthusiasm of the people we've found to come onboard and support and believe in Kent Savers. Mary is our Head of Finance who joined in October. With a background as an accountant and financial manager in the not-for-profit sector she has remarkably quickly got to grips with the technical accounting and reporting role – she's smart, diligent, always calm and smiley – a great asset to the team. Karen and Becky also continue to do a really great job processing the constant workflow – as always, we all owe them huge thanks for providing the consistency and professionalism our members deserve.

We have 5 new Directors who bring wide ranging and complementary financial sector expertise and experience to the board – this is a great achievement, I think we've been really lucky to get them – they are all taking responsibility for specific pieces of work, I personally really appreciate the support and motivation they give me and the team.

Business Development – Partnership Working: We've revived some important partnership links with organisations that are well-placed to help us reach new members. We've worked closely with the Mid-Kent HR team to help them relaunch their staff benefits programme which includes our Payroll Deduction scheme for all of Maidstone and Swale Council employees. Ashford Council has also recently agreed to offer Payroll Deduction for Kent Savers savings and loan repayments and will launch this employment benefit in June. We've responded to several approaches from mid-sized private sector companies also interested in providing the scheme as part of their staff financial welfare programme – so in partnership with Employers I'm confident we can significantly build on

our Payroll Deduction numbers next year, to increase both membership and, importantly credit quality of our loan book.

Other initiatives are also being developed with Citizens Advice offices and Housing Associations, and a not-for-profit online furniture provider who we can work with to encourage people away from the expensive Rent-To-Own lenders like Brighthouse.

Active Credit Control and Systems Optimisation: With the additional resources of new Directors who are generously providing their time and “rolling up their sleeves”, we have been able to undertake some really detailed work on analysing and improving our new member online “onboarding” process, to make it both more efficient for Becky (our Members Services Officer)’s workload, and also compliant with the changes to the Anti-Money Laundering regulations – it’s a great piece of work that will also inform our decisions about possible Open Banking investments in the future. We’ve also been able to dedicate significant “man-hours” to analysing the composition and status of our bad debts, personalising our communication with borrowers with missed payments and being more pro-active in seeking arrangements with accounts that are in default. The time investment in this exercise is really important – it will lead to improving the effectiveness of our credit control activities and I’m quite sure will result in reducing our delinquency rates going forward.

It’s already been explained that our financial results for 2017/18, and the extent of the deficit, are largely the result of a one-off adjustment following changes to accounting policies and therefore don’t reflect the true financial standing of the credit union on an ongoing basis. Nevertheless, we are keenly aware that in order to achieve a break even position, which we aim to do in the next (2019/20) financial year, we have to work very hard to grow the loan book by attracting more borrowers and issuing larger loans AND reduce our bad debt rates by being more proactive in the early stages of repayment problems and actively chasing down those that refuse to pay. These two objectives remain the top priorities of our current business plan – and of the performance objectives of my role, and I look forward to reporting improvements in both at next year’s AGM.

Appendix E – Supervisory Report – Anthony Kamps

Supervisory Committee

Annual Report: April 2018 – March 2019

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 Union's 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, and through attendance of 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 2018/19 the Supervisory Committee has comprised 2 voluntary Members. Russell Heppleston, who was elected to the Supervisory Committee in 2016, and became Chairman of the Committee in January 2018, has continued to Chair the Committee over the course of year.

Anthony Kamps was elected to the Committee at the AGM in May 2018.

We continue to seek additional expertise and have a vacancy. If you have specific finance, audit or governance related skills and expertise, and would like to learn more about what the Committee does, then please contact the Credit Union.



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?
24 April 2018	<input checked="" type="checkbox"/>
23 May 2018	<input checked="" type="checkbox"/>
03 July 2018	<input checked="" type="checkbox"/>
31 July 2018	<input checked="" type="checkbox"/>
28 August 2018	<input checked="" type="checkbox"/>
28 September 2018	<input checked="" type="checkbox"/>
30 October 2018	<input checked="" type="checkbox"/>
27 November 2018	<input checked="" type="checkbox"/>
18 December 2018	<input checked="" type="checkbox"/>
19 January 2019 (Board away day)	<input checked="" type="checkbox"/>
29 January 2019	<input checked="" type="checkbox"/>
26 February 2019	<input checked="" type="checkbox"/>
26 March 2019	<input checked="" type="checkbox"/>

The Board met 13 times during the year, including a Board Strategy Day in January 2019. The Supervisory Committee, either as a group or individually, has attended all meetings. The papers have been made available to the Committee for each meeting, and during the meeting the Committee has provided oversight and challenge where it was felt necessary.

In addition, for 2018/19 the Committee met 3 times independently. The purpose of these meetings was to discuss and develop the approach and direction of the Committee. For instance, to discuss the audit plan, and to develop templates and approaches for conducting audit work. The Committee has also tried to reach out to other Supervisory Committees to establish sharing of approaches and knowledge. This is something that will continue to be developed over the coming year.

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 continued to focus efforts on recovery and management of bad debt, have been working on improving budgeting, and reporting better financial management information over the year. The Board has had a full understanding of their obligations, and decisions have been suitably ratified and challenged.

The continual focus on the capital ratio and subordinated loan treatment has meant that at times the Board has had to be wary and work hard to improve governance over the loans being issued. At the beginning of the year this was a significant challenge, as resources were limited. Yet, with the induction of new Board members over the last half of the year there has been a re-energised

approach, and an obvious increase in momentum, this has been helped by the Board setting a clearer strategy and establishing supporting work streams with Board ownership and oversight.

Duties & Responsibilities

The remainder of this report sets out how we feel we have been doing against each of our duties and responsibilities over 2018/19. 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>	In April 2018 we refreshed and 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. Unfortunately we were unable to complete the plan this year	Given the significant changes to the Board composition and the developing work streams to develop the Credit Union, the audit plan will be updated to cover the period 2019 to 2021 and will include a ‘compliance’ check which can be conducted more regularly.
<i>Report the findings and conclusions of any Internal Audit review to the Board and follow-up on the implementation of recommendations</i>	The following documents have been reported to the Board over the last year: <ul style="list-style-type: none"> • Internal Audit Plan 2018 • Revised Risk Management Policy & risk register <p>Internal Audit reviews will also be reported as and when completed</p>	Following adoption of the risk management policy, the Committee will support and assists with risk management support during the coming year. Outcomes of audit reviews and compliance checks will be reported to the Board and any related actions will be tracked and reported.
<i>Undertake the procurement and appointment of suitable External Audit for the Credit Union, and provide oversight and support where necessary</i>	A full procurement exercise was conducted 2016/17 and auditors were appointed April 2017. The next exercise will be due in April 2020.	The Committee 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>	The annual report will be presented at the AGM in April 2019.	Subject to Member comments, an annual report will be presented each year 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 2018/19.	The Committee will continue to provide this role as and when it is necessary.

Key Responsibilities	How did we do?	Future work
<i>Consider relevant matters referred to them by the Board</i>	This year the Committee worked closely with the Chief Executive and Board to implement the risk management policy and risk register. This has been well received, and will continue to be enhanced over the next year to provide greater insight and ownership of risks and risk issues.	As we seek the fill the vacancy, this should increase the flexibility of the Committee and allow for greater support to be given to the CU as and when issues arise. This will mean the Committee can provide more reactive support over the coming year.
<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, with Committee attendance at every Board meeting.	As we seek to fill the vacant role on the Committee, we will endeavour to keep a good presence at Board meetings throughout 2019/20
<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>	The revised Terms of Reference for the Supervisory Committee were agreed by the Board in April 2018 and there have been no proposed changes during the year.	As the Board progresses a number of key work streams the work of the Supervisory Committee will be aligned to provide assurance over any associated changes and update the Credit Union rules, policies and procedures.

Conclusion

Based on the work undertaken during the year, it is our conclusion that we have progressed and demonstrated work in accordance with our Terms of Reference. However, while we have maintained a consistent presence at Board meetings and provided regular challenge and oversight, our progress in delivery of the audit plan has not been as far as we would have hoped. The approach to providing this vital assurance function is something that the Committee will review and refresh in early 2019 to ensure that future audit plans and work are programmed in and delivered in accordance with our Terms of Reference.

Report on specific other regulatory items

We are required by the Prudential Regulatory Authority (“PRA”) to report on the following items:

Key Requirement	How did we do?	Future work
<i>Kent Saver’s compliance, or otherwise, with PRA rules concerning Depositor Protection: Rules 11, 12, 14, 15 Protection 49 to 51, as applicable</i>	As demonstrated in a regulatory return submitted to the PRA in April 2019, Kent Savers is able to complete the necessary analysis of its depositor base to provide the required Marking, Single Customer View and Continuity of Access analysis as	To continue to streamline our analytical process regarding such returns.

	required under these PRA requirements.	
<i>Whether Kent Savers has maintained at all times a policy of insurance complying with PRA rule 2.10</i>	K ent Savers maintains a policy of insurance in regard of any loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its officers or employees.	To assess and monitor the specific cover required under PRA rules, in relation to the then current total value of deposits and loans under the management of Kent Savers.
<i>Any additional activities as described in PRA rules 3.3, 3.5, Chapter 4, 6.4 or Chapter 7 that Kent Savers is carrying out and whether or not these are in compliance with any requirement of the PRA rules applicable to those additional activities</i>	Kent Savers believes that it does not currently offer any products (such as mortgages or secured loans), or carry out any type of business or have any ratios that would constitute Additional Activities.	To continue to monitor the specific lending criteria and ratios required for effective management of the risks that we undertake, and to apply continued controls and governance concerning the range of products that we offer.

Russell Heppleston
Chairman of the Supervisory Committee
Kent Savers Credit Union