

MINUTES

Autumn term 2017 meeting of the Audit and Risk Advisory Group

Held at Priestley College (Room-P1:16) on Tuesday 11 October 2017 at 3pm

Present:

Linda Waterson - Chair (LW)
Matthew Grant (MG)

In attendance:

Alan Farquharson (AF)
Gary Stuart (GS)
Claire Findlay (CF)
Beverley Scott-Herron (BSH)
Damien McGuire (DMcG)
Kirsten Riley - Clerk

Part One – non confidential business

1. Welcome

MG welcomed everyone to the meeting.

2. Absence/Apologies

The clerk confirmed that apologies were received from Philip Dyke.

There was no contact from G Johnson.

AGREED: Apologies were accepted.

3. Election of chair

MG informed the committee that the Trust does not require a separate Audit and Risk Committee at this stage (according to the Academies financial handbook 2017). When the Trust has a turnover of £50 Million there will then be a legal requirement for an Audit Committee. In the meantime, the Finance, HR and Operations Committee can carry out the functions of an Audit committee.

MG advised that Trustees are required to be majority members of the Audit and Risk Committee. At present LW serves as the only Trustee on the Audit and Risk Committee. Additional Trustees will be nominated at the Trust Board meeting on Wednesday 15 November 2017.

When forming the Committees, it was understood that those Trustees on the Finance, HR and Operations Committee could not be members on the Audit

and Risk Committee; this is not specified in the Academies financial handbook 2017.

Committee members **agreed** that the meeting move forward as an advisory committee.

It was noted that volunteers from local governing boards are encouraged to attend the Audit and Risk Committee as Observers in order to ensure that the Trustees maintain the majority membership.

MG asked that the committee agree for LW to be the chair, given her position as Trustee.

Committee members **agreed** for LW to chair the Audit and Risk Advisory Committee.

4. Declaration of personal interests

Committee members were reminded of the requirement to declare any interests, pecuniary or otherwise pertaining to the meeting. No personal interests were declared.

5. Committee membership

The committee membership was addressed within Item 3.

6. Terms of Reference

GS arrived at 3.09pm

Recommendation 1:

The committee **recommended** that the Trust board agree the following membership structure:

The Audit and Risk Committee shall have a minimum of three members and a maximum of five members. A majority of the Committee members must be Trustees (minimum of three).

Further volunteers from local governing boards are welcome to attend the Audit and Risk Committee as an Observer.

DMcG **asked** what the quorate would be. MG confirmed that the quorate would be a minimum of two Trustees.

ACTION: Clerk to make suggested amendments to the Terms of Reference.

7. Risk Management Action Plan

MG presented the Risk Management Action Plan to the committee.

The 'draft' Risk Management Action Plan has been developed by the Central Executive Team and the Director of Finance. It is seen as best practice and is based on a format traditionally used by Priestley College.

The objectives within the report will continue to be 'draft' objectives until the document has been reviewed by the Trust Board.

GS **asked** if there is an independent audit function for the Risk Management Action Plan. MG confirmed that internal and external auditors will report on the Risk Management Action Plan. Peer to peer reviews will also take place with a support advisor.

The committee were informed that there will be an update on the progress of the plan at each Audit and Risk Committee meeting.

DMcG confirmed that the external audit will look at specific governance and management that will relate back to risk management; the action plan will be reviewed to ensure it has been updated and actions have been addressed to ensure validity.

DMcG confirmed that two audits will be undertaken, the Standard Financial Audit and the Regularity Audit. The Regularity Audit is more specific to the Education Funding Agency and will review evidence of good governance.

As a new Multi Academy Trust, a number of risks have been identified as high. The committee were informed that the Regional Schools Commissioner does not view the Trust as high risk. It is important that financial security is sound; the Trustees will receive score cards from each academy in order to monitor this.

MG verbally outlined the areas within the Risk Management Action Plan that have been identified as a risk to the Trust.

The chair **asked** if there could be a front sheet on the Risk Management Action Plan that outlines the number of risks under each area and the amount of 'high' risks.

ACTION: Front sheet to be added to the Risk Management Action Plan to outline amount of risks and those that are high.

AF **asked** if there is a linear agreement with regards to the finances. DMcG advised that traditionally it is based on student numbers. In the case of

insurance, an overall premium has been provided by Zurich (insurance company), and each institution will pay for the actual building risk, then all other risks will be shared amongst the group.

8. External Audit

Following a thorough tendering, shortlisting and interview process the interview panel (LW, MG, DMcG) recommend the appointment of Murray Smith as the External Auditors.

It was reported that eleven applications were submitted, two were removed as they did not meet the requirements. The two shortlisted had a similar fee; others were approximately £6,000 higher.

Recommendation 2:

The committee **recommended** that the Finance, HR and Operations Committee agree the appointment of Murray Smith as the external auditor.

9. Internal Audit

The tender document is due to be sent. DMcG confirmed he wishes to view further examples from other MATs to ensure the specifications are well refined.

MG requested volunteers to support the internal audit appointment process. GS **agreed** to be involved.

10. Policies

a) Operations Report

The committee noted the report.

b) Whistleblowing Policy

The policy will be submitted to the Finance, HR and Operations Committee for agreement.

MG advised that the Whistleblowing policy is a requirement for the Trust. All institutions within the Trust currently have their own policies.

CF **asked** if there are any conflicts between the Trust policy, and the institution's policies. MG advised that, in time, there will be one policy for all however it will take time to evaluate each policy. It is important that the Trust has a whistleblowing policy therefore this will be used in the interim.

GS **asked** if an opening paragraph could be added within the policy to explain the interim arrangement.

ACTION: Opening paragraph explaining the interim arrangement will be added to the Whistleblowing policy.

ACTION: Whistleblowing policy to be submitted to the Finance, HR and Operations Committee for agreement.

c) Financial Management and Governance Self-Assessment (FMGS)

Following instruction from the Department for Education MG advised that the FMGS report has been amended to include Bridgewater High School, Beamont Collegiate Academy and Penketh High School.

The committee received the policy and acknowledged that the action plan is reasonable.

ACTION: Financial Management and Governance Self-Assessment to be submitted to the Finance, HR and Operations Committee for agreement.

11. Any Other Business

There were no other items for discussion.

12. Proposed future meeting dates

Spring 2018: Wednesday 7 February 2018, 3pm

Summer 2018: Wednesday 20 June 2018, 3pm

MG informed the committee that the appointed Auditors will be present at the upcoming meetings.

MG advised that as an employee of Priestley, normal practice would be that he present at the beginning of the meeting then would leave the meeting in order for further discussions to take place.

MG requested that the Clerk provide all committee members with a copy of the new Academies financial handbook 2017.

ACTION: Clerk to circulate a copy of the Academies financial handbook 2017 to committee members.

The meeting closed at 3.51pm