

## MINUTES

### Spring term 2018 meeting of the Audit and Risk Committee

Held at Bridgewater High School (Upper School) on 7 February 2018, 3pm

<b>Present:</b>		<b>In attendance:</b>	
Alan Farquharson	AF	Bev Scott-Heron (Sir Thomas Boteler High School)	BSH
Matthew Grant	MG	Kirsten Riley (Clerk)	KR
Howard Platt	HP	Damian McGuire (Priestley College)	DMc
Linda Waterson	LW	Mike Benson (Murray Smith - Auditor)	MB

### Part One – Confidential Business

#### 1. Welcome

The committee were informed that G Johnson was unable to make the meeting therefore AF agreed to chair the meeting.

AF welcomed everyone to the meeting.

#### 2. Absence/Apologies

The clerk confirmed that she had received apologies from G Johnson and P Dyke.

BSH informed the clerk that C Findlay sent apologies for the meeting.

Committee members **accepted** the apologies.

There was no contact from G Stuart.

#### 3. Declaration of personal interests

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

#### 4. Minutes

##### a) Matters Arising

Consideration was given to the minutes from the meeting on 11 October 2017.

Committee members **accepted** that the minutes are an accurate reflection of the meeting.

A committee member noted that the minutes of the meeting state that the committee is an advisory group. MG clarified that the particular meeting on 11 October 2017 was not quorate therefore it could not continue as a committee.

b) Action Log & Recommendations

Committee members noted that the Trust Board agreed the Audit and Risk Committee's recommendation to have a minimum of three members and a maximum of five members (with the majority being Trustees).

As there were a number of apologies at the meeting, the committee **agreed** that a conversation is required at the next meeting to determine who will continue as an observer, and who will continue as a committee member.

**Action: Committee to determine who will continue as a committee member and who will continue as an observer at the next meeting of the Audit and Risk Committee.**

Committee members were reminded that observers are unable to vote.

**5. External Audit**

a) TCAT 2016/2017 End of Year Accounts

DMc advised that the Audit and Risk committee has not yet reviewed the actual account as the committee met before the accounts were prepared. The accounts were considered by the Trust Board on 13 December 2018 and subsequently signed off. The annual accounting return has now been submitted.

DMc advised that the Trust received a comment that Beamont Collegiate Academy should have been disclosed as an 'asset under construction'. DMc will respond to this as the construction is complete and the building was in use long before the transfer.

**A committee member asked** if the build has been paid in full. DMc confirmed that all has been paid apart from retention.

b) 2016/2017 Audit Management Letter

MB reported that the Audit Management Letter will be more informative next year; given the time constraints it was better to have all relevant documents submitted to the Education and Skills Funding Agency (ESFA).

MB explained the importance of assessing the 'going concern' position of the organisation. The management letter outlines that the auditors agree with the

assessment that the Trust will continue as a going concern for a period of at least 12 months.

The Trust is not at the stage of having all the correct systems and controls in place therefore MB did not feel it would be productive to list the Trust's weaknesses. The auditors will visit in May 2018 to complete a report ready for the summer term Audit and Risk Committee meeting. MB advised that it would be beneficial to determine how much responsibility each finance person will have and how they will report to the central finance team.

MG highlighted that the Central Executive Team continue to meet to discuss operations and rationalising work across the trust; this is an opportunity to make efficiency savings.

MB advised that it is crucial that individuals are aware of their responsibilities and gave an example of a structure that could be used within the academies.

The management letter outlines the plan to appoint a specialist firm to provide an internal audit function and will invite tenders in early 2018.

In discussing the End of Year Accounts, MB highlighted the fixed assets (£85,883,000); this amount could change next year given the timing of the property valuations. MB asked that the committee note the net current assets (£4,365,000). MB explained that the defined benefit pension scheme liability is a number of relevance (£7,725,000); MB reassured committee members as payments for pensions are paid over the longer term and can change over time.

**A committee member asked** if the pension scheme is the Cheshire Local Government Pension Scheme. MG confirmed that the Cheshire scheme is followed for business support staff.

DMc explained that there was an issue with regards to Bridgewater High School as the school is carrying an insurance value permitted valuation; this will mean that the valuation will be slightly higher than the ESFA's valuation.

**A committee member asked** if a more consistent approach will be considered over the next 12 months. DMc confirmed this will be an exercise over the next year.

c) Academy Trust Accounts submission coversheet (2016/2017)

Committee members noted the cover sheet and acknowledged that the annual return had been submitted on time.

**5. Internal Audit**

A draft internal audit tender document was tabled at the meeting.

Committee members were asked to consider the document and provide feedback to DMc.

**Action: Committee members to provide feedback to DMc on the internal audit draft tender document.**

DMc asked for volunteers for the presentation process and final recommendation to the committee.

A committee member recommended that the full committee be invited to the process.

**Action: DMc to invite all Audit and Risk Committee members to the Internal Audit process.**

## **6. Risk Management/Risk Register**

MG advised that he added a cover sheet to the risk management action plan.

Committee members thanked MG for adding the cover sheet as it provides a clear view of where the key risks are.

MG reported on the following risks

***National Initiatives: The Trust is destabilised by local developments regarding academies, Free Schools and the UTC.***

It was reported that the Warrington UTC has offered places to current Year 9 pupils for a January 2018 start.

Members of the Central Executive Team are concerned about the students' wellbeing as they are unsure if the correct curriculum is being delivered to support their needs. A meeting took place on 23 January 2017 with local headteachers, the local authority, and UTC; the local authority and department for education have agreed that support should be put in place to work with the UTC to address concerns raised. Local headteachers are ensuring that the pupils' transitions are appropriately managed.

Local headteachers have been assured that this will not happen again.

Committee members were very concerned that the Year 9 students have been offered an accelerated learning programme, and have been invited to complete their GCSE's by 2019.

**A committee member asked** how many TCAT students moved to UTC. MG advised that approximately 10 students moved to UTC.

**A committee member asked** if the DFE have provided assurances that schools affected will not be required to pay back any funding. The committee were informed that the loss of students will not impact funding for 2018-2019, but will have an impact for 2019-2020.

Committee members discussed the repercussions for the students who have been promised accelerated progress at UTC.

***Funding Contracts: Underachievement of pupil/learner numbers***

It was reported that there are ongoing concerns with the early indications of pupil numbers. Ongoing monitoring of the local scene will continue. MG advised that Priestley College are 28 below target however this is fair given the demographic decline.

**A committee member asked** if the numbers will impact any deficit reduction. MG advised that some of the deficit will be paid this year and it is hoped that the rest will be paid the following year. The committee noted it would be worthwhile to invest in Penketh High School to improve the estate and to address the concerns about the footpath that runs through the school site.

***Human Resources: Industrial Action disrupting teaching and learning***

MG advised that a report with regards to Teacher's Pay will be presented to the Finance, HR and Operations Committee on 7 February 2018. Discussions continue to take place.

***Human Resources: Failure to attract teaching and other key staff of a suitable calibre***

MG advised that there is a national issue for under recruitment of teaching staff. The development of 'Learning at TCAT' will help to ensure access to professional development opportunities and new recruits. Interviews for prospective candidates are taking place. SLE training has been offered to staff across TCAT before offering it externally to generate income.

***Legal and Insurance: Tribunal Claims***

MG reported that the ongoing grievance at Priestley College has now concluded.

***Legal and Insurance: Claims arising from breaches of legislation including that relating to Data Protection***

General Data Protection Regulation (GDPR) training has been undertaken by key personnel and the Trust is in the process of developing a Trust wide response to the requirements. The action plan will be presented to the Finance, HR and Operations Committee on 7 February 2018.

The committee thanked MG for the clear and concise report.

## **7. Any Other Business**

A committee member noted that through the hard work of DMc and his team, there is an opportunity to rationalise how certain functions (such as finance) are supported.

MG advised that an online purchasing system is part of the next phase for the Trust. DMc advised that this system would benefit a central function. DMc explained the system to the committee.

MB advised caution about a central function as those currently responsible for finance may not wish to cooperate. The committee acknowledged that a central function would be a supportive feature for the academies as it is unlikely they would receive this financial expertise elsewhere.

DMc advised that a manual will be created for all the academies that will explain all features and ensure that the same procedures are followed. DMc acknowledged there will always be a need for a member of staff who handles the collection of money within school.

DMc reported that he has discussed stationery requirements with a company who wish to be the preferred supplier across the trust; streamlining services such as stationery and utilities would be beneficial to those staff members who currently manage this in house. A representative from each school will meet with the stationery company.

MB advised that a large connection within the Trust is finance. If changes are made too quickly it could cause problems in other areas; personal connections could be affected. A committee member advised that while staff members' financial duties may be reduced; there is an opportunity for a change in responsibilities.

MB advised that he will go to each school during the audit visit in May 2018 to gain assurances around the internal controls that feed into the accounts.

**A committee member asked** if the academies will still be in control of their own budget. The committee were informed that the academies will continue to be in control of their own budget.

**8. Proposed future meeting dates**

Summer 2018:      Wednesday 20 June 2018, 3pm

*The meeting closed at 16.28pm*