

MINUTES

Autumn term 2018 meeting of the Audit and Risk Committee

Held at Sir Thomas Boteler Church of England High School, Wednesday 5 December 2018, 4.30pm

Present:

Philip Dyke
Alan Farquharson
Howard Platt*
Matthew Grant*

**denotes Trustee*

In attendance:

PD	Bev Scott-Herron (Sir Thomas Boteler High School)	BSH
AF	Damian McGuire (CFO - TCAT)	DMc
HP	Mike Benson (Murray Smith, External Auditors)	MB
MG	Nicola Tucker (Murray Smith, External Auditors)	NT
	Graham Gillespie (Wylie & Bisset, Internal Auditors)	GG
	Kirsten Riley (Clerk to Governors)	

Part One – non-confidential business

1. Welcome

HP welcomed everyone to the meeting. As the chair of the committee, L Waterson sent apologies, it was **agreed** that AF would chair the meeting.

2. Absence/Apologies

Apologies were received from C Findlay, G Stuart, L Waterson, S Whatmore, V Briggs and A Grace. The committee **accepted** the apologies.

3. Minutes

The chair asked that two grammatical changes be made to the minutes of the previous meeting held on 20 June 2018. The clerk confirmed that the changes would be made.

Subject to the above, the minutes of the meeting held on 20 June 2018 were confirmed as a correct record.

a) Matters Arising

There were no matters arising from the minutes.

b) Action Log

The committee **agreed** that all but the below were complete.

Action carried forward: MG to circulate Lord Agnew's letter to the audit and risk committee members.

4. Internal Audit

a) Corporate Governance

GG presented the internal audit report for Corporate Governance completed by Wylie and Bissett in October 2018. It was reported that the overall conclusion of the audit is 'Strong', with 10 areas of good practice and 0 recommendations.

BSH advised that the report states that Sir Thomas Boteler High School joined the Trust on 1 July 2017, this is incorrect and the school joined on 1 June 2017. GG confirmed that this would be changed.

b) Safeguarding

GG presented the internal audit report for Safeguarding completed by Wylie and Bissett in October 2018. It was reported that the overall conclusion of the audit is 'Strong', with 16 areas of good practice and 2 recommendations:

Recommendation 1

'We recommend the Trust produces an overall Trust Policy and Strategy around safeguarding that can be used across the Trust, and supplement the detailed documentation already in place at each school'

Management Response: The Trust agrees with the recommendation and will look to have a Trust Safeguarding Policy in place within the next 12 months.

Recommendation 2

'We recommend that CEPOMS is fully installed at the two schools (Sir Thomas Boteler High School and Penketh South Primary School) as soon as possible, in line with plans outlined by management.

Management Response: The Trust agrees with the recommendation and has already begun the installation of the system in the two schools. It is expected that they will be fully operational in both schools by May 2019.

The committee were pleased with the conclusion of both reports.

MG advised that the audit was positively received by colleagues across the Trust and it was a good opportunity for dialogue with colleagues.

5. External Audit

a) Year End Accounts

DMc presented his report on the financial statements, along with the TCAT Annual Report and Financial Statements for Year ended 31 August 2018.

It was noted that schools are continuing to hit as close to the 'bottom line' as possible. The Trust will need to review the operation of finances moving forward.

A deficit of £270,000 on a cash basis has been identified. There has been a significant impact due to the FRS17.

MB reported that there were concerns regarding the difference between 2018 and 2017 cash and cash equivalents; this has decreased from £5.4 Million to £4.4 Million. MG expressed concern about the net current assets decrease from £4.4 Million to £2.7 Million.

DMC advised that schools are driven by their budget and their spend limit. If schools continue in this vain, cash will begin to deplete, the focus is to change attitudes towards budget setting moving forward.

MB advised that the forecast for 2019 is £100,000 cash surplus (not taking into account fixed asset purchases) across the Trust. This is a small margin on a turnover of £30 Million.

MG felt this was an interesting point, as the Department's view was that the Trust should have used its net assets to subsidise another school joining. MG agreed that it is essential that reserves are gradually built up over a number of years.

HP noted that Beamont Collegiate Academy will receive lagged funding for the next 3 or 4 years (£120,000) and have made the decision to purchase an asset from their surplus (£400,000).

DMc advised that schools still work on the local authority model that clearly shows the money available and what can be spent. This way of thinking needs to be changed as schools need to provide for their future. **PD asked** if this message is being heard by schools. DMc does not feel schools are receiving this message at the moment.

MB advised that if the culture is to operate at 0, there will be no money for additional fixed assets and no money if there is a problem in one school or another; this will be clearly communicated within the Management Report.

MB reported that a second recommendation from Murray Smith is that there is a central finance team for the Trust; a competent management accountant is required to work with DMc to prepare the consolidation and provide the monthly management accounts. MG advised that DMc has been given a target to create a structure for a central finance team.

HP asked if the TCAT headquarters would be used to house the central finance team. MG advised that the TCAT headquarters at Bridgewater High School are being used for school improvement and professional development. The building does not have the space to accommodate a central finance team.

HP asked who the current finance team is. NT advised that it would seem that DMc is working alone. DMc plans to look into potential job share opportunities for TCAT employees.

The committee **agreed** with the MB's recommendation for a central finance function.

MB advised that the final Annual Report and Financial Statements will be presented to the Trust Board on 12 December 2018.

The committee went through the Annual Report and Financial Statements and suggested a number of amendments to DMc.

The committee were asked to inform DMC if they had any further observations about the Annual Report and Financial Statements ready for the Trust Board meeting on 20 December 2018.

Action: DMc to make recommended amendments before presenting the Annual Report and Financial Statements to the Trust Board on 20 December 2018.

PD noted that the report on the financial statements highlighted that the depreciation is charged against buildings that the Trust does not own. DMc advised that the buildings are on leasehold and are not owned.

PD asked if the forecast for 2018-2019 includes Padgate Academy. DMc advised that the budget will be set based on the information that has been provided.

Following the approval from the Trust Board, MB will sign off the Annual Report and Financial Statements.

b) Teacher's Pensions

The committee were informed that the Teachers' Pension contributions for the financial year 2017/2018 were audited and submitted in September 2018.

7. Policies

After reviewing the Value for Money Policy, the committee made a **recommendation** to the Trust Board for approval.

8. Risk Management Plan

a) Risk Management Plan Update 2017-2018

MG presented the final report as of 26 November 2018.

University Academy Warrington (UAW) – now Padgate Academy

It was noted that during initial conversations with the Department, it was expected that TCAT "share the risk" by taking on 50% of Padgate Academy's deficit. This was not felt to be an acceptable position. The Trust has now secured £1.83 Million to address immediate health and safety issues within Padgate Academy.

DMc was able to secure the 'buy out' of the photocopier and printer contracts; this is likely to save £10,000 each year.

MG wished to credit DMc and A Laing, along with all colleagues who worked on the re-brokering of Padgate Academy.

Pupil Numbers

Pupil numbers have grown across the Trust. Indications from this term's open events are that growth is expected in 2019 at Sir Thomas Boteler Church of England High School and Penketh High School. Applications for Padgate Academy are also indicating growth.

School Condition Improvement

The Trust has secured two years in year funding for Padgate Academy and in year funding for Sir Thomas Boteler.

Safeguarding

The Trust has commissioned a Trust wide condition survey that will be undertaken by E3 Cube in early 2019; a 10 year plan for the Trust will be completed following the work. This will enable the Trust Board to make decisions about where the money should be invested.

Pay

MG reported that there were no issues following the recommendations made by School Teachers Review Body. The government have agreed to partially fund the recommended increases via the School Pay Grant.

There continues to be a national conversation regarding teachers within sixth form colleges.

b) Risk Management Plan 2018-2019

MG presented the Risk Management Action Plan for 2018/2019. The committee reviewed the plan.

Brexit

It was noted that the failure of the government to secure a Brexit will impact on services and functions across TCAT. A number of Priestley College's employees are European Citizens; they will need to go through a process in order to remain employed at the College.

Pupil Numbers

Pupil numbers will continue to be monitored however the improvement in performance, in particular for Sir Thomas Boteler, has made a difference to numbers. MG wished to note this fantastic achievement.

Inspection

MG reported that the local authority is having a Special Educational Needs and Disabilities inspection; two organisations from TCAT have been selected (Priestley College and Padgate Academy).

A potential risk for schools will be the new Ofsted framework that will be subject to consultation from January 2019.

Padgate Academy

At the time of writing the original Risk Management Plan, there was uncertainty about the percentage of Padgate Academy's deficit that the Trust would be expected to take. The Trust did not take on any of the deficit and secured capital investment.

School Improvement

The committee noted a risk regarding poor academic performances that could impact on the Trust as a whole. MG reported that the Executive Leadership team is in a strong position; A Moorcroft (Beamont Collegiate Academy's Principal) has been appointed as the Academy Improvement Lead and will work with Padgate Academy two days a week.

The committee were informed that the Audit Management Letter will be presented at the next meeting of the Audit and Risk Committee in spring 2019.

MG noted that Lord Agnew had questioned the frequency of the committee meetings, and suggested that more meetings take place. GG felt that 3-4 times a year was sufficient. MB agreed that once a term would seem appropriate; the critical part of the committee is to take on their areas of responsibility and to report back to the Trust Board for an overview.

HP reported that a separate remuneration committee will be set up.

9. Any other business

There were no further items reported.

10. Proposed future meeting dates

Spring 2019: Wednesday 6 March 2019, 4.30pm

Summer 2019: Wednesday 19 June 2019, 4.30pm

The meeting closed at 5.45pm