



THE CHALLENGE ACADEMY TRUST

DRAFT Minutes of the meeting of the Audit and Risk Committee

Thursday 30 June 2022

Time: 4.31pm – 5:50pm

Venue: TCAT Personal Development Centre, Bridgewater High School

Attendees	
Andrew Moorcroft	CEO – apologies given
Howard Platt	Trustee – Chair for the meeting - attending
Linda Waterson	Trustee, Committee Chair – apologies given
Stephen Whatmore	Trustee – attended remotely
John Cartwright	Trustee – attending
In Attendance	
Adrienne Laing	Operations Director
Damien McGuire	Finance Director
Lara Jacob	Clerk
Katie Whitmore	Clerk (shadowing)
Philip Dyke	Associate - absent
Neil Clark	Internal Auditor
Mike Benson	External Auditor

Documents Circulated prior to the meeting

Draft Minutes of the committee meeting held 11 March 2022
 TCAT Due Diligence Report (final)
 TCAT Follow up Report (final)
 TCAT Internal Audit Plan 2022-23 (Draft to client)
 T193 TCAT Audit Strategy Memorandum 2022
 Financial Regulation Review 2022
 TCAT Financial Regulations v4 draft
 TCAT Financial Regulations v4 draft without track changes
 TCAT Risk Management Action Plan 21-22 June 22 update

Part one – non confidential business

The meeting opened at 4.30pm The meeting was quorate	
1	Welcome HP opened the meeting and welcomed all in attendance. John Cartwright was welcomed as a new Committee member.
2	Absence/Apologies Apologies had been received from Linda Waterson. Phillip Dyke was absent with no apology received. Resolved: Trustees accepted the apologies.
3	Declaration of personal interests There were no personal interests to declare.



4	<p>Minutes - To confirm the minutes from the meeting held on 11 March 2022</p> <p>a) Matters arising Mike Benson is not an Associate of the committee, but the External Auditor.</p> <p>b) Action log The first action had been completed and JC is now a committee member; the appendix to the Risk Management Plan was in hand; LW was absent so it could not be ascertained if thanks had been offered to AF.</p> <p>Resolved: The minutes, with an amendment to show Mike Benson as External Auditor rather than Associate, were accepted as an accurate record of the meeting held on 11 March 2022.</p>
5	<p>Internal Audit Reports</p> <p>NC reported to the committee on the following:</p> <p><i>Due Diligence</i> The report focussed on the processes and controls in place to ensure the sustainability of the Trust with regard to growth opportunities. The report concluded that the processes and controls overall were strong, identifying seven areas of good practice.</p> <p>A Trustee commented that the report provided reassurance. A Trustee observed that the Trust is strong on analysing its processes and transferring good practice across systems and that government guidance in documents such as the Academies Handbook and on their website is lacking with regard to Due Diligence. DM – good practice has also been brought forward from staff experience in the private sector.</p> <p>A Trustee queried whether the Trust would accept an application from a school with a deficit. AL – explained that if the transfer was forced then any deficit would remain with the local authority. If the transfer was voluntary then the deficit would be passed to the Trust and cautioned that a deficit as defined by the local authority did not necessarily indicate a “real” deficit position as it depends on the timing within the budget year as all schools balances fluctuate from month to month.</p> <p>NC was thanked for the report.</p> <p><i>Follow up Audit</i> The review assessed if the Trust has appropriately implemented the internal audit recommendations made in 2020/21 and earlier years and the overall conclusion gave a grading of “substantial”, with six of the eleven recommendations fully implemented and five partially implemented with plans in place for full completion.</p> <p>A Trustee asked for more detail on those items that were not yet complete. DM – the Financial Regulations were being presented for approval later on this agenda and also to the Finance Committee who meet directly after this meeting. AL – with the newly appointed Head of IT due to take up post later in July, two items are in hand but not yet completed – Change Management and Vulnerability. The aim is that these items will be completed by January 2023. HR policies are being scrutinised by the trades unions prior to adoption and are due to be presented for approval in the autumn term.</p> <p><i>Internal Audit Annual Report</i></p>



	<p>NC reported that the Trust has adequate and effective risk management, control and governance processes to manage its objectives.</p> <p>Plan for the coming year There will be three visits as follows: October with the focus on Estate Management; January on cyber security; May to review catering arrangements and also to carry out a follow-up audit. The objectives of the visits are detailed on pg. 4-5 of the report.</p> <p>Trustees asked for additional detail on the catering-focussed visit. NC/AL/DM – the visit will be in May to allow the new contracts to settle; student voice will be incorporated into the visit; the timing of the visit will also coincide with decisions on catering contracts at four academies which are due to expire in December 2023; the decision on whether these contracts will be brought in-house will be a local matter.</p> <p>A Trustee asked if the cyber security focus would be on the central function only or cover specific schools and cautioned that the scope needed careful thought. AL – it is expected to have a central focus but also to include inspection of a sample of academies. Liaison with the auditor will take place on the scoping of the exercise. The Trust is going through Cyber Essential Accreditation so a lot of work is progressing and the audit will be timely and provide reassurances and recommendations for further work.</p>
6	<p>External Audit</p> <p>MB presented information: Audit Strategy Memorandum Provided the scope and timeline for the External Audit process. Fee will increase by 2% on last year.</p> <p>A Trustee commented that the deadlines were challenging but that the Trust manages the challenge well. DM – work that can be progressed in advance of 31st August has already begun MB – reinforced that ongoing preparation was key to meeting the deadlines, which are statutory.</p> <p>A Trustee commented that procurement and investment of reserves were key areas for the Trust to focus on. DM – new appointments of Head of It and Head of Facilities Management will assist in streamlining the procurement process. AL – it is recognised that there is a need for academies to take ownership of some of the procurement issues that exist as there is a degree of delegation and independence to academies. However, the focus centrally is to identify those areas where common procurement will bring financial and service advantages. DM – the photocopier procurement had been a good example of bringing academies together under one contract, reducing the number of copy devices and reducing costs but also bringing the benefits of cross-site “follow me” printing.</p> <p>A Trustee asked if the Trust’s approach to procurement was replicated in other Trusts. MB – the appointment of an “expert” in procurement is not always the best approach and an approach which involves training to achieve a culture of procurement processes with standardised rules and procedures could also be a good practice approach.</p>



	<p>A Trustee came back to the question of investment. MB – with the changes in interest rates there may be opportunities for to gain benefit from investing funds and Trustees may wish to look at alternative institutions.</p> <p><i>Appointment of external auditors and agreement of fees</i></p> <p>A Trustee asked for clarification on the appointment process – how long can the Trust remain with the same external auditor. DM – advised that the Trust’s relationship with the External Auditor is entering its fifth and final year and that best practice is to tender every five years. If a tender process is to be conducted then the Trust Board would need to be advised in December, or at the very latest March as the Trust cannot be without an external auditor.</p> <p><u>Resolved</u> – the appointment process of the External Auditor for the next contract period should begin in the September term with the appointment of the auditor scheduled to be approved in the December 2022 meeting.</p>
7	<p>Financial Regulations DM – outlined the key changes, which served to incorporate some academies that had not been included since the last review; incorporate changes in the UK’s status in relation to the EU and strengthened the use of the Academies Handbook.</p> <p><u>Resolved</u> - to approve the revised regulations</p>
8	<p>Risk Management Plan AL presented the monthly update to the Risk Management Plan.</p> <p>A Trustee asked if there was an explanation of the Risk Model. AL – the Risk Policy is held on GovernorHub and includes the approach to the risk management framework.</p> <p>A Trustee asked if the Risk Management Plan is written from scratch again for September. AL – the process does not start from scratch but the Plan is reviewed by AM in the summer and a new version is presented in September. The process of review is an executive function, the process of scrutiny is a matter for Trustees. MB commented that an approach might be for Trustees to focus on three or four key priorities and then question whether the Plan provides an adequate level of mitigation.</p> <p>A Trustee commented that the use of the Risk Matrix sometimes results in a risk which would be a High Risk being minimised through the Likelihood multiplier to a lower risk and that there will always be High Risk categories. AL – the Trust does not use a multiplier approach to risk calculation.</p> <p>A Trustee mentioned that the area of recruitment was currently a risk to the Trust as it was becoming difficult to attract high quality candidates to vacancies. AL – one mitigation was for the Trust to grow its own leaders through Continuing Professional Development. The Trust was also diversifying its recruitment strategy to incorporate networked advertising using platforms such as LinkedIn and social media and by calling upon the assistance of recruitment specialists.</p> <p>ACTION – AL has uploaded the Risk Management Policy to the meeting folder for this meeting on GovernorHub</p>



9	Any other business There were no items.
10	Proposed future meeting dates The next meeting of the Audit and Risk Committee was agreed as 1 December 2022 at 4:30pm

The meeting closed at 5:50pm

Action Log

Agenda Item	Action	Owner	Due Date
8	Upload the Risk Management Policy to the meeting folder on GovernorHub	AL	Completed 30/6/2022