

Minutes of meeting

Audit Committee

Date:	27 November 2019	Time:	10:00
Location:	RSM, 25 Farringdon Street, London EC4A 4AB	Clerk:	Claire Lovell
Attendees:			
Peter Murry	PM	Founding Chair and Trustee (by phone)	
Frances Hall	FH	Trustee	
Andrew Jones	AJ	Trustee	
Nick Hudson	NH	Chief Executive Officer and Trustee	
Joanne Dawson	JD	National Director of Finance	
Claire Lovell	CL	Head of Compliance and Reporting	
Sarah Vout	SV	Head of Finance	
Sam Thomson	ST	Head of Academy Finance (S/E)	
Paul Oxtoby	PO	Partner, RSM	
Rachael Wright	RW	Audit manager, Mazars	
Apologies:			
Ian Brookman	PM	Trustee	

	Item	Action
1.	Welcome and apologies	
	PM welcomed the committee members. Apologies were received from IB.	
2.	Approval of minutes of meeting held on 15 May 2019	

	<p>The minutes of 15 May 2019 were confirmed as approved. It was also confirmed that the minutes of the previous meeting in February 2019 had been updated for the required changes noted at the May meeting.</p>	
3.	<p>Matters arising form previous meetings</p>	
	<p>The action log in relation to matters arising was reviewed.</p> <p>The Trustees queried the number of outstanding issues but it transpired that this related to the Financial Oversight and Risk tracker. JD explained that there were head office (HO) capacity issues and that further discussion would be included in the OM update.</p> <p><i>It was agreed that for the next meeting JD is to prepare a list of short term priorities. A 6-12 month action plan will be agreed that will address any capacity issues within HO finance.</i></p>	<p>JD</p>
4.	<p>Accounts and audit findings report</p>	
	<p>PO presented the main findings surrounding the financial statements and the external audit. He stated that RSM are behind on the audit process due to internal processes.</p> <p>No significant audit issues have been identified.</p> <p>It was agreed that there is now more overall control at the centre but there are still issues around data collection. JD confirmed that we are looking at working towards a single ledger which will improve the process. It was discussed that this was considered as part of the overall move to a single chart of accounts in 2018/19 but at the time it was considered too big a move to do both at the same time. PO noted the tight timetable that Head Office currently work towards in order to meet final deadlines.</p> <p>The Trustees queried why the audit was not as far advanced as in previous years. PO stated that this was due to the internal processes that needed to be followed.</p> <p>PO discussed the audit findings report.</p> <p>Pensions –the audit work was carried out in accordance with the plan.</p> <p>It was agreed that going forwards OAT needs to examine LGPS contributions.</p> <p>It was confirmed that from a completeness point of view they are currently collating responses with regards to whether or not any other enhanced pension payments exist in the Trust.</p> <p>Valuation of school buildings</p> <p>The Trustees expressed their frustration over the fact that the issues surrounding Fair Value (FV) had been raised over a year ago and had still not been resolved and requested to know what the plan is going forwards. In 12 months time we cannot be in the same position. It is an expensive resource and the individual needs to be qualified to perform the role.</p> <p>JD stated that alongside the Exec and linked to the Operating Model work, FV's role will be reviewed and the risk will be negated. NH stated that the Trust needs to regularise estates</p>	

	<p>staff, address HO capacity issues and reduce the use of consultants. PO stated that due to the fact that external benchmarking of the properties was carried out this year, RSM are happy with the existing valuations for the current year.</p> <p>Bushfield extension</p> <p>SV stated that the property review position needs to be provided to RSM.</p> <p>JD stated that going forwards there would be an improvement in finance joining up with other functions at Head Office. Monthly meetings with Estates have been organised. The Executive are also meeting with the Local Authorities so they become aware at an earlier stage of any new building proposals.</p> <p>PM noted a potential rebuild at Sudbury but as of yet there is no Department of Education approval.</p> <p>Regularity</p> <p>The regularity issues that were identified will be addressed in early 2020. The Trustees noted that the control over the purchase to pay was a key driver of the Ops Model work.</p> <p>Internal control deficiencies</p> <p>There is currently no control in place to stop academies transacting with related parties. However, under a single ledger this can be addressed. A complete list of related parties within the Trust needs to be obtained.</p> <p>PO highlighted the risk surrounding employee bank detail changes. It was agreed that this will be discussed with EPM as to how they mitigate this risk.</p> <p>PO stated that there were inconsistencies in payroll controls. Standardisation and review of the process is required to ensure all procedures are correct and aligned with appropriate segregation of duties.</p> <p>PO stated that the overall process was successful and clean. The Trustees queried the next steps due to the issues that happened last year. RSM stated that there were happy with the figures.</p> <p>It was agreed that the Trustees would send back comments on the financial statements in order that they can then be amended and sent to the full Board ahead of 12 December 2019.</p> <p>The Trustees invited a separate discussion with RSM, however PO stated that there is nothing that he would not raise in front of the team. He highlighted the journey that we are currently on and how we are trying to centralise the process within the constraints of the system.</p>	
5.	<p>Internal Audit Report</p>	
	<p>RW ran through the Internal Audit Plan for 2019/20 and onwards and confirmed the compliance reviews are now to be carried out by Mazars</p>	

	<p>The Trustees queried the timing of the safeguarding reviews given the change in staffing. NH suggested that this is moved to the end of 2019/20. <i>RW to amend the report to reflect this.</i> It was agreed to review the plan during the year to confirm on track.</p> <p>CL presented the compliance reports on Ormiston Sir Stanley Matthews (OSMA) and Thomas Wolsey (TWOA).</p> <p>With regard to TWOA, the Trustees queried the induction process was for new academies and asked who owns this process. <i>JD stated that the overall conversion process is being reviewed and this will be incorporated.</i></p> <p>ST stated that the pre conversion process is better than the post conversion process, and due to capacity issues, consistent training is ad hoc. There is also more challenge surrounding this when more than one academy converts at a time.</p> <p>JD stated that the documentation of processes needs to be improved. The Trustees stated again that the risk surrounding the purchase to pay points must be a top priority going forwards.</p> <p>Risk management</p> <p>AJ asked for an overview of the reports surrounding risk management and Head Office compliance. RW stated that this was Stage 1 of the overall risk plan for the Trust and that significant issues were raised.</p> <p>The Trustees queried whether risk should sit in Finance. PO stated that the responsibility should sit with National Finance Director but the work should be delegated. It was all agreed that this was a capacity issue.</p> <p>The Trustees asked whether we need a specific individual to look at risk and JD stated that this would be covered within the Ops Model section. It was agreed that this was a high priority that needs to be addressed.</p> <p>Governance</p> <p>The Governance report was tabled at the meeting. The Trustees queried whether the findings are accurate. RW stated that although the processes are in place, they may not be formally documented.</p> <p>The Trustees queried whether the Clerk to the Trustees, SYP, had seen the report and it was confirmed that she had. It was agreed that this document needs to be considered with all of the other areas within the Trust.</p> <p><i>It was agreed that RW will amend some responses following discussion and then this will be sent to PH for review.</i></p>	<p>RW</p> <p>JD</p> <p>RW/PH</p>
6.	Any other business	
	None.	
7.	Date of next meeting	

	12 February 2020	
--	------------------	--

Table of action points		
3.	It was agreed that for the next meeting JD is to prepare a list of short term priorities. A 6-12 month action plan will be agreed that will address any capacity issues within HO finance.	JD
5.	Internal Audit - The Trustees queried the timing of the safeguarding reviews given the change in staffing. NH suggested that this is moved to the end of 2019/20. RW to amend the report to reflect this. It was agreed to review the plan during the year to confirm on track.	RW
5.	With regards to TWOA, the Trustees queried the induction process was for new academies and asked owns this process. JD stated that the overall conversion process is being reviewed and this will be incorporated.	JD
5.	It was agreed that RW will amend some responses following discussion and then this will be sent to PH for review.	RW/PH