

Minutes of meeting

Audit Committee

Date:	Wednesday 13 May 2020	Time:	10:00 – 11:30
Location:	meeting via Teams	Clerk:	Sarah Vout
Apologies:	Frances Hall, Trustee		
Present:	Ian Brookman, Trustee and Chair Peter Murray, Founding Chair and Trustee Andrew Jones, Trustee	In attendance:	Nick Hudson, Chief Executive Officer and Trustee Joanne Dawson, National Director of Finance Claire Lovell, Head of Compliance & Reporting Sarah Vout, Head of Finance Paul Oxtoby, Partner, RSM Paul Foster, Manager, RSM

	Item	Minutes	Action
1.	Welcome and apologies		
2.	Approval of minutes from previous meeting	<p>Typographical errors were noted for correction.</p> <p>Add clarification to point 3 that the Head of Compliance and Reporting role encompasses the Risk and Compliance Manager role which had been discussed.</p> <p>BHOA EBM meeting date to be corrected – should be 26 January 2020.</p>	SV
3.	Matters arising from previous minutes (tracker)	<p>Item 6 – The Trustees queried status of plan for training of Trustees. JD noted that Mazars had provided risk training to the Executive team in May 2020, which is intended to be rolled out across head office and Local Governing Boards. JD will review how this and any other training will be provided to Trustees. Trustees asked to see the overall governance framework, detailing what it includes and who is responsible, and which decision frameworks sit beneath this. JD noted that the draft decision framework is shared in the FOR meeting to be held today and will develop further over the next month.</p> <p>The Trustees requested that completed actions are removed from the tracker.</p>	<p>JD</p> <p>CL</p>
4.	Presentation of 2019/20 external audit plan	PO introduced PF as the new audit manager.	

	<p>PO presented the 2019/20 external audit plan and explained that work will be done remotely as far as possible. The Trustees queried whether the whole audit can be done remotely if COVID-19 circumstances prevent onsite work being undertaken. PO confirmed that this is possible and highlighted that the limiting factor is the client's access to physical documents so that they can be provided to RSM via the online portal. PO's approach to this will be dictated by OAT's own policy on staff access to sites. The Trustees noted that the current lockdown guidance would permit staff to enter sites to access information if this cannot be done from home.</p> <p>The Trustees queried why COVID-19's impact on the audit approach was not included in the audit plan and asked for the plan to be revised to include reference to remote working.</p> <p>There was a discussion around the impact of COVID-19 as on-going concern. PO highlighted that although forecasts show a strong cash position, there is uncertainty around government's future spending plans and the overall economic impact of the pandemic and this will need to be built into going concern discussions in Autumn 2020. PO also noted that he expects that COVID-19 will be a key theme in the Trustees' Report and that additional disclosures are likely to be needed in the statutory accounts.</p> <p>The Trustees observed the period of time between year-end and the accounts being signed in December and queried whether this could be reduced. PO noted that, the further we progress through the pandemic, the more information we may have in relation to future funding etc. which will inform the going concern review.</p> <p>PO highlighted that there is pressure on DfE to extend the 31 December accounts deadline but that the audit firms are concerned of the bottleneck that would then be created in Spring 2021. All agreed that we should continue to work towards audit sign-off prior to 31 December.</p> <p>PO confirmed that there would be no physical regularity visits to academies, and that the approach would be to select the regularity samples for remote testing, across the whole trust population.</p> <p>PO explained that RSM are working with Hoge to explore how data can be extracted and how data analytics can be used and that this will be used to inform the more detailed planning work. PO will work with SV/CL as the audit plan evolves.</p> <p>PO outlined the key audit risks and when asked by IB clarified that "significant" risks are as defined by ISAs (International Standards on Auditing), where specific audit tests are designed to mitigate the risk. Standard audit tests are designed to mitigate the "Higher assessed risk" areas.</p> <p>IB queried whether the whole population of journals, rather than a sample, can now be reviewed, for example to review those posted by senior members of the finance function. PO confirmed that, if data extraction can</p>	<p>PO</p>
--	---	-----------

		<p>be provided by Hoge than the use of data analytics will allow for the review of journals based on who posted, and when the journals were posted.</p> <p>PO outlined the proposed fees and explained that the increase relates to the three schools which joined the Trust during the year, plus an inflationary rise. PO explained that a more detailed breakdown has been provided to management. IB queried what grant reporting costs relate to and who these reports have been provided to. PO confirmed that these reports related to teaching schools and ad hoc ESFA grants, with the reports having been provided to the relevant funding bodies.</p> <p>The Trustees queried the adequacy of OAT's processes and controls to address the increased risk of cybercrime as a result of the pandemic. JD explained the work already being done in this area. It was agreed that a report would be provided to June FOR meeting explaining BAU on ICT approach to cybercrime risk and exploring the proposed "fake phishing email" approach. The Trustees noted that we should have a regular counter-fraud programme which is part of BAU, and this should be reviewed by internal audit. It was agreed that a review of the BAU approach to cybercrime risk would be included in the 2020/21 internal audit plan.</p>	<p>JD</p> <p>CL</p>
5.	Update on internal audit plan	<p>CL presented an update on the internal audit plan. It was noted that planned internal audit compliance visits would now take place remotely in June/July. CL noted that the HR and procurement/VFM internal audits would take place remotely in June. The safeguarding audit will be completed remotely in July, with a potential reduction in scope due to the challenges of doing this work remotely. CL highlighted that the review of the risk management framework has been delayed to 2020/21 due to the ongoing work in this area.</p> <p>The Trustees queried whether the planned work will give Mazars sufficient evidence for the ESFA report which is needed for 31 December. CL noted that Mazars have provided confirmation that they will be able to deliver this report based on the planned work.</p> <p>The Trustees queried when the internal audit service is due to go to tender; CL to confirm.</p>	<p>CL</p>
6.	AOB	Date and time of next meeting TBC.	JD