

Minutes of meeting

Audit and Risk Committee meeting

Date:	Wednesday 25 November 2020	Time:	10:00 – 12:00
Location:	Teams	Clerk:	Jennie Gardner
<p>Present: Andrew Jones, Trustee (AJ) Frances Hall, Trustee (FH) Ian Brookman, Trustee and Chair (IB)</p> <p>In attendance: Nick Hudson, Chief Executive Officer and Trustee (CEO) (NH) Jo Dawson, National Director of Finance (NDoF) (JD) Mark Lunn, Internal Auditor, Mazars (ML) Paul Oxtoby, External Auditor, RSM (PO) Paul Foster, External Auditor, RSM, (PF) Claire Lovell, Head of Compliance (CL) Sarah Vout, Head of Finance (SV)</p> <p>Apologies: None</p>			

	Item	Action
1.	Welcome and apologies	
1.1	IB opened the meeting as committee chair.	
2.	Approval of minutes from previous meeting	
2.1	The minutes from the previous meeting on Wednesday 23 September 2020 were marked as approved.	
3.	Matters arising from previous minutes	
3.1	None were noted for discussion.	
4.	External Audit Update (RSM)	
4.1	<p>PO provided the committee with a verbal overview of RSM's Audit Findings Report.</p> <p>PO noted that, at the planning stage, RSM and the trustees had discussed the feasibility of performing a fully remote external audit during Covid limitations. PO explained that, while there were lessons learned, remote working had been generally successful.</p> <p>PO began a discussion on the OAT finance system and the difficulties encountered when extracting data. PO noted that, having been able to extract consolidated data, the firm were able</p>	

<p>to use data analytics during the audit for the first time this year, allowing a more targeted, risk-based testing approach.</p> <p>The trustees questioned the testing of journals in relation to the timing journals were inputted. PO explained that the data analytics system applies 36 risk factors when selecting items for testing, one of which is timing of postings.</p> <p>This committee discussed the suitability of the trust's finance system. The trustees queried the performance capability of it and whether processes need to be sharpened to move forward. PO advised that in his opinion, the finance system works as a database but there are issues with reporting functions. He noted that processes can be inconsistent at academy level, and the use of multiple databases means there can be a lack of oversight of processes, with the structure meaning that the system is not as tightly controlled at the centre as it could be.</p> <p>The trustees asked which MAT finance systems are considered best, based on client experience. PO answered that lack of development of the education-specific software means that some MATs are turning to commercial system options. He noted that there is not really a product that matches well to the academy sector, and that many MATs are "making do".</p> <p>NDoF highlighted the vision for the OAT finance system's capability: one single ledger rather than 40 and for planning and reporting processes to be integrated within the finance system. NDoF discussed a five-year solution and a long-term solution.</p> <p>PO then discussed outstanding items, key risks and additional matters.</p> <p>The trustees asked PO to clarify the classification of properties section of the report, including the Ormiston Forge Academy Mountain centre. PO explained the adjustment made to correct the freehold/leasehold disclosure split and background to the Forge mountain centre was discussed.</p> <p>The committee, NDoF and PO discussed the Enhanced Pension Provision at length and debated the valuation of and potential adjustment to this provision within the financial statements, including the assumptions which had been applied. It was agreed that no adjustment would be made, and noted that the value of the provision and assumptions used would be reviewed at least annually. A full review of all payroll reports was carried out to identify any additional individuals who just receive a pension payment and no salary. This work concluded that no further cases were identified.</p> <p>The difficulties in obtaining data from EPM were discussed and it was agreed that the management response on the 'Data extraction from EPM' finding in the AFR would be extended.</p> <p>IB noted that the trustees had already been given the opportunity to provide feedback on the financial statements. NDoF confirmed that final amendments were being made to reflect comments, and responses to queries would be provided. NDoF to issue a draft version of the accounts to the committee ahead of the board meeting on Thursday 10 December 2020. NDoF outlined that no substantial changes are expected.</p> <p>The trustees questioned the length of the trustee report in relation to other large MATs. CEO and NDoF committed to review the length of the document.</p> <p>PO explained the extended audit procedures required around going concern due to the risks related to the Covid pandemic. FH requested that NDoF provide a briefing paper for Board to explain work undertaken in this area and to provide support for going concern.</p>	<p>SV</p> <p>NDoF</p>
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	<i>All employees in attendance were asked to leave the meeting whilst the committee members and all auditors discussed the working relationship with OAT. No issues were reported.</i>	
5.	Internal Audit Update (Mazars)	
5.1	<p>ML presented the Internal Audit Annual Report.</p> <p>The Trustees questioned ML on why the overall ‘substantial assurance’ rating was considered appropriate, given the ‘adequate’ rating for procurement. ML explained that the overall opinion considers the outcome of all internal audit work undertaken during the year, noting that the recommendations on procurement don’t reflect an audit issue and so the overall rating of substantial assurance is considered appropriate.</p> <p>The Trustees requested that compliance with processes during remote working is monitored now that remote working has been extended into Spring 2021. Consideration to be given to lessons learned around remote approval, and where changes have been made due to Covid which should be made permanent and incorporated into policies. Agreed that NDoF and ML would review the 20/21 Internal Audit plan to incorporate work on the Covid response, and KPIs work which was postponed in 19/20 due to Covid. The Trustees approved the Internal Audit Summary document, which will be reported to the board and the ESFA.</p> <p>ML presented two academy reports and a follow up report. The trustees asked if there is a plan to ensure follow up recommendations will be completed and commented on how both academy reports had no compliance issues, therefore thanked the OAT finance team for the work on this. Agreed that Mazars would update the reports to reflect current staff names.</p>	<p>NDoF/ML</p> <p>ML</p>
6.	Academies Financial Handbook/Governance	
6.1	<p>The committee discussed the NDoF’s ‘Musts’ document and praised the usefulness of this. CEO commented on how OAT can use this document to reflect on performance. The trustees asked for the ‘Musts’ document to be re-presented at the next Audit and Risk meeting.</p> <p>NDoF to send the in-progress ‘Musts’ document to the board with a cover note.</p> <p>The trustees queried the number and timings of board meetings. Agreed to review timetable and dates for meetings to ensure sufficient time is allocated.</p> <p><i>ML, PO and PF left the meeting.</i></p>	<p>NDoF</p> <p>NDoF</p> <p>NDoF</p>
7	Risk	
7.1	The risk register was reviewed and it was confirmed that there were no changes since the September Board meeting.	
7.2	<p>The trustees asked for the risk register to be updated to reflect prioritisation of risks, and for colour coding to be added to reflect status of progress towards target risk level.</p> <p>Academy specific risk registers are with academies to complete.</p>	NDoF
8	AOB	

8.1	The committee noted that Peter Murray stepped down from his role as member of the Audit and Risk on the 14 th October. The members recognised the significant contribution that Peter Murray had made as a member of the committee and wished to thank him for this.	
9	Date of next meeting	
9.1	Wednesday 24 February 2020.	