

Minutes of meeting

Audit and Risk Committee meeting

Date:	Wednesday 9 June 2021	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 Forster, 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, the Committee Chair, opened the meeting.	
2.	Approval of minutes from previous meeting	
2.1	The Trustees approved the minutes of the previous meeting (24 February 2021) as an accurate and true reflection, with no corrections.	
3.	Matters arising from previous minutes	
3.1	<p>The Trustees expressed their surprise that the tracker does not include the Estates discussions from the previous meeting.</p> <p>The Trustees also asked for colour comments to be differentiated more clearly so that updates for each meeting have a different colour in order to assess progress.</p> <p>These will be addressed ahead of the next meeting.</p> <p>The Trustees expressed their concern at the number of items that have not yet been addressed and are beyond their original deadlines and queried whether this was due to a COVID-19 impacted issue or a resource issue.</p>	CL

	<p>The NDoF agreed to replicate the process performed for the Finance & Capital committee and look across the actions outstanding across the F&C, A&R and People committee. The NDoF reassured the committee that good progress was being made across many areas including but not limited to a full review of all finance policies – they had been updated and were ready to launch in September. The Finance Delegation of Authority work, together with other work e.g., insurance reviews, had highlighted the need to review policies that sat outside of finance historically e.g. asset management.</p> <p>The Trustees asked if action point 4, relating to risk management training for Trustees, is ready to be prioritised.</p> <p>It was confirmed that this is something that will be discussed at the July Board</p>	<p>NDoF</p>
<p>4.</p>	<p>Compliance Update</p>	
<p>4.1</p>	<p>ML gave key headlines from the Internal Audit report and highlighted that since the last Audit and Risk committee, Mazars have issued the final payroll audit reports of seven academies, with draft reports being issued to two academies. The Estates and CLFP report have also both been issued in final. ML confirmed the Health and Safety audit has been deferred to October 2021.</p> <p>The Trustees expressed concern in delaying the Health and Safety.</p> <p>The NDoF confirmed that the Health and Safety audit was planned to take place in Autumn 2021.</p> <p>The OAT Executive Team are continuously reviewing upcoming priorities and risks (internal and external).</p> <p>ML confirmed that IT: Cyber Security audit is planned for the end of academic year 2020/2021.</p> <p>The Trustees queried when performance management comes into play, to ensure basic financial processes are completed correctly, when weaknesses are identified through internal audit.</p> <p>Since Autumn 2019, all FDs/ Business Managers have a dotted line into the NDoF.</p> <p>As part of the changes to the performance management processes, the NDoF will feed into their performance reviews going forward.</p> <p>Improvements are being made with regards to the 'OAT' way, and in conjunction with this, the FD's will be provided with the correct guidance and training to perform these functions in accordance with OAT policies and procedures.</p> <p>The Trustees discussed the balance between academy autonomy and more centralisation of financial processes and policies, as the number of payroll issues seems to have increased and they were unclear if this was due to weaker processes or improved auditing.</p> <p>The NDoF reassured trustees that processes had not worsened, that some audits were targeted at areas of concern, so it was not surprising to identify some issues. The NDoF highlighted that solutions were been identified and implemented more quickly and that also these were of a trust-wide approach vs just at an academy level.</p>	

	<p>PO expressed the difficulty in changing cultures and behaviours regarding payroll process in isolation and that this will require system changes. The clear direction of travel is to have a centralised payroll directed policy.</p> <p>The Trustees also stated that it was clear that there were a number of projects that are inter-dependent and need to be managed holistically to deliver optimal benefit e.g. OAT Behaviours, Payroll, OAT way, 1 ledger etc, Performance Management etc.</p> <p>If there is a link within all of this to performance management then it needs to be a very definitive piece of framework. FH will take this to People Committee.</p> <p>The CEO (NH) agreed to discuss this with CB and ensure that it was discussed at the next People Committee.</p>	NH
4.2	<p>Within the OAT Audit Operational Plan 2021/22, the Trustees queried ‘wellbeing’, suggesting it should be assigned to the National Director of HR and Operations, instead of the National Director of Finance.</p> <p>The Trustees also discussed the link between fraud awareness and cyber-security and requested a bit more clarity surrounding the content of the wellbeing audit.</p> <p>The NDoF confirmed that OAT will release a staff wide survey in November 2021 and a wellbeing audit will be performed shortly after this.</p> <p>ML suggested focusing on the following: what structure is in place to successfully implement wellbeing strategies, how is OAT receiving feedback from staff and how can OAT use data to achieve the former.</p> <p>Cyber Security focuses on systems, whilst fraud awareness is behavioural. It was also discussed that phishing emails should be incorporated into the cyber security review.</p> <p>Following the above changes, the Internal Audit Plan for 2021/22 was considered to have a good spread of assignments and was therefore approved.</p>	CL
4.3	<p>CL confirmed that 76% of audit recommendations are now closed.</p> <p>The Trustees commented on the good progress being made to resolve issues</p>	
5.	<p>External Audit</p>	
5.1	<p>PO temporality left the meeting at 10:50. PF presented the external audit plan 2021, including a review of the timeline changes. The ESFA submission of accounts and audit findings report is due on 31 December 2021, but the Annual Accounts Return deadline has returned to January 2022.</p> <p>The Trustees expressed concern in the wording of and asked for clarification regarding the ‘Going Concern’ risk that is rated at high. PF confirmed that this is a high risk due to the new auditing standards and the impact of COVID-19 only and is focused on going concern being a key audit risk. It should be emphasised that the auditors do not consider OAT to be at a high risk of not being a going concern. PO was able to later confirm PF’s comments and RSM will change the language of this risk to provide more clarity on its context.</p> <p>PF expressed that RSM will work in a hybrid audit risk model, with some on-site audits and others carried out remotely.</p>	PO

	<p>IB, the Committee Chair, thanked PO and PF for the external audit work and recommends that both the external audit plan and the emerging issues are presented to all Trustees at the July Board meeting.</p>	<p>NDoF</p>
<p>6.</p>	<p>Risk</p>	
<p>6.1</p>	<p>The NDoF presented a paper on the following:</p> <ul style="list-style-type: none"> - Requirements per the Academy Financial Handbook - Progress made by OAT around Risk Management during the last 18 months since the audit by Mazars. - Latest Trust Level risks - Proposed next steps. <p>With regard to the Trust level risks, the Trustees asked for clarification on the complaint’s personnel vacancy.</p> <p>The CEO confirmed that the complaints personnel is still in post and despite resignation, there is not currently a gap.</p> <p>The NDoF re-iterated that the associated risk had been increased due to a number of factors including but not limited to the following: the reason resignation; the need to review the associated policy and procedures; monitoring controls, training and support.</p> <p>The Trustees reflected on the also “Risks Extract from Sir David Carter” paper in agenda item 6.4) and, in particular, the appetite for more growth to exceed the capacity of the organisation.</p> <p>Trustees asked if there is a master plan of priorities for upcoming years.</p> <p>The NDoF answered that OAT had an educational strategy and a financial strategy and that they were both delivering in line with expectations. The NDoF highlighted that, in order to optimise educational outcomes from the financial strategy, the operational and people strategies needed to be accelerated. The NDoF stated that, as part of the top-down/ bottom-up integrated strategic planning, work was underway on plans to do this including, but not limited to, detailed lifecycle planning for Estates and ICT.</p> <p>The Trustees asked if the above will mitigate risks.</p> <p>The NDoF confirmed that lifecycle planning (ICT and Estates) will have been conducted for all 40 academies by January 2022.</p> <p>Similarly, executive level planning around an integrated approach to SEND, mental health, behaviour, inclusion was being developed.</p> <p>Trustees queried whether the Director of Education, should attend future meetings and join the discussion, as the top risks seem to include estates, finance and educational needs. Should there be a separate strategy around SEND, mental health and inclusion?</p> <p>Risks should be discussed routinely within each sub-committee e.g., Estates and ICT within the Finance & Capital Committee and the Integrated Education Strategy within the SIS. However, the Trust level review of risks should prompt such discussions in the Audit & Risk/ Board as appropriate.</p>	

	<p>The CEO will present on the strategic priorities for 21/22 and longer term strategy planning at the Board meeting in July ahead of the NDoF presenting on the budget/ financial plan to support the delivery of the strategy.</p> <p>The Trustees reflected positively on the risk register and asked that risks are ranked, to clearly identify key areas of concern.</p>	NDoF
7.	Assurance/Policies	
7.1	<p>The NDoF confirmed that finance owned policies will be presented in the Audit and Risk Committee in September 2021.</p> <p>The Trustees asked if OAT is moving to a centralised policy model.</p> <p>The NDoF confirmed that Principals will appreciate a centralised policy approach where appropriate. However, there are some areas, such as Behaviour, where it is appropriate to allow localised amendments.</p>	
8.	AOB	
8.1	<p>IB, the Committee Chair, thanked PO, PF and ML for their contributions. PO, PF and ML left the meeting at 11:55.</p> <p>The Trustees approved the auditor reappointment paper in agenda item 8.1.</p> <p>The Trustees asked the NDoF to review the timeline of Audit and Risk committees against Finance and Capital committees.</p> <p>IB, the Committee Chair, closed the meeting at 12:00 and thanked all for their attendance and discussions.</p>	NDoF
9	Date of next meeting	
9.1	Wednesday 22 September 2021	