

Minutes of meeting

Audit and Risk Committee meeting

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| Date: | Wednesday 29 September 2021 | Time: | 09:00 – 10:30 |
| Location: | TEAMS | Clerk: | Jennie Gardner |
| <p>Present: Ilan Brookman, Trustee and Chair (IB) Andrew Jones, Trustee (AJ) Frances Hall, Trustee (FH)</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) Claire Lovell, Head of Compliance (CL)</p> <p>Apologies: Sarah Vout, Head of Finance (SV)</p> | | | |

| | Item | Action |
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| 1. | Welcome and apologies | |
| 1.1 | IB, the Committee Chair, opened the meeting. ML confirmed that the IT audit paper will be covered by ML, due to Mazars staffing. | |
| 2. | Approval of minutes from previous meeting | |
| 2.1 | The Trustees asked point 4.1 of the previous minutes are changed to read "Health and Safety Audit" for clarity. Once this change has been made, The Trustees approved the minutes of the previous meeting as an accurate and true reflection. | CL |
| 3. | Matters arising from previous minutes | |
| 3.1 | The Trustees asked to see progress on long-standing items of Payroll and Purchase to pay. The NDoF assured trustees that progress is being made with payroll and purchase to pay processes as part of the One Ledger project and the HR and Payroll Project and that a more focused update would be provided at the next meeting. The Trustees noted that in Item 8, it is not detailed what the risks are that need to be addressed, or how significant they are. | NDoF |

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| | <p>The NDoF advised that the risks focus on resource capacity issues in some parts of the central team.</p> <p>The Trustees expressed concerns around the capacity of the central team and dependence on certain individuals.</p> | |
| 4. | <p>Compliance/ Internal Audit Update</p> | |
| 4.1 | <p>Performance Management (KPIs/ Information for Governance purposes)</p> <p>The NDoF advised that the Health and Safety audit was deferred and that this audit was brought forward, at late notice, as a replacement.</p> <p>The NDoF advised that the executives recognised that this was an area requiring improvement and had already, prior to the audit, developed a plan to take a more standardised approach to governance across the Trust.</p> <p>The NDoF advised that, due to the limited time given to perform the audit, it was agreed that a two-phase approach would be taken with phase one auditing Governance Information (Performance Management) in July 2021 and phase two auditing decision-making in July 2022.</p> <p>ML gave key headlines from the Internal audit report “Performance Management 20-21” and confirmed there is limited assurance in “effectiveness of internal controls” relating to performance management.</p> <p>The trustees asked if this was driven by inconsistencies or gaps.</p> <p>ML advised that it was both.</p> <p>The NDoF and others are working on a number of initiatives to address these issues including, but not limited to, the implementation of Governor Hub and frameworks/ templates for meeting agenda’s, principal reports, and data sets.</p> <p>The NDoF highlighted that the feedback from Mazars together with recent guidance issued by the DfE and ESFA regarding Data for Governors and Trustees would feed into and be considered as part of this work.</p> <p>The trustees asked if there had been progress in recent years.</p> <p>The NDoF replied that good progress had been made in recent years and that the Strategic Progress Boards had been a positive and impactful addition. However, there was a recognition that a more standardised approach would be beneficial.</p> <p>The CEO highlighted the need to take a more structured and consistent approach to integrating the Strategic Progress Boards into the Governance Structure.</p> <p>The Trustees asked if LGB minutes are centrally reviewed.</p> <p>The NDoF responded that this was not performed consistently due to the pressures on the central team which had not grown in size despite the growth of the trust and the centralisation of work e.g., policies.</p> <p>The Trustees stressed that they were concerned by the ‘limited assurance’ outcome from the internal audit and stated that this needs to be a high priority for OAT.</p> | |

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| | <p>The NDoF will bring an update on what is being done to address the recommendations coming out of the audit at the next Audit & Risk Meeting.</p> <p>The Trustees stated that this could not fall to one person and that everyone must take responsibility to ensure that the quality of information feeding into governance meetings is fit for purpose.</p> <p>The CEO acknowledged this and stated that he was taking ownership for this matter and re-emphasized that progress had already been made and that further improvement work was underway.</p> | NDoF |
| 4.2 | <p>Risk</p> <p>ML gave key headlines from the Internal audit report “Risk Management 20-21”.</p> <p>ML confirmed there is adequate assurance in “effectiveness of internal controls” relating to risk management.</p> <p>The internal audit had identified good progress had been made with the implementation of risk management framework. The report recommends actions that could be made to further strengthen the process including embedding regular reviews of risks at an academy level.</p> <p>The NDoF advised that many of the actions coming out of the review had already been completed. This included the updated Risk Management Policy which had been approved by the Board of Trustees earlier in the month.</p> <p>The NDoF highlighted the inter-dependency between good risk management and governance information and that risk together with standardised templates for principal reports and data sets would become part of the structured agenda at all levels of governance.</p> | |
| 4.3 | <p>Cyber</p> <p>ML gave key headlines from the Internal audit report “IT Audit 20-21”. ML confirmed there is adequate assurance in “effectiveness of internal controls” relating to IT services noting that sensible steps were being taken to address risks in this area.</p> <p>The committee discussed that OAT is on a journey with IT and whilst there are ‘red’ rated recommendations within the audit report, OAT is in the process of addressing these.</p> <p>It was agreed that Cyber would be further discussed in the Finance and Capital Committee which was due to take place immediately after the Audit & Risk Committee.</p> | |
| 4.4 | <p>Internal Audit Plan (including Academy Reviews)</p> <p>CL presented the timelines of proposed academy visits, within the 21/22 internal audit plan.</p> <p>ML noted that the Health and Safety audit is now due to take place November 2021 (amended from 5 October 2021).</p> <p>The Trustees asked on the plan for internal audits for OAKS and TBAP.</p> <p>CL advised that both the OAKs and TBAP were managed centrally from a Finance perspective and that the normal process was to audit newly incorporated schools one year after joining.</p> | |

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| | <p>The Trustees requested that an audit of a sample of these schools be performed within the 21/22 academic year.</p> <p>CL agreed to adjust and update the audit plan accordingly.</p> | CL |
| 5. | <p>Policies</p> | |
| 5.1 | <p>The NDoF gave credit to CL for the work done on the Financial Delegation of Authority. This work had highlighted gaps in policies which have since been addressed and opportunities for improving efficiency which have also been addressed through a more integrated, cross-functional, approach to process management.</p> <p>The NDoF highlighted that this document is evolutionary and will change as necessary to reflect further improvements to governance, information, data, systems, and processes. On this basis, the NDoF requested approval to issue this document to academies.</p> <p>The Trustees asked who and how the document would be communicated.</p> <p>The NDoF answered that this document will be placed internally on OATnet, available to all OAT staff.</p> <p>The trustees asked what the consequences are if academies fail to comply and that if this is built into performance management processes. Is this document for guidance or compliance?</p> <p>The NDoF answered that it is for compliance and that there is a policy attached to most lines of the document.</p> <p>The Trustees approved the issue of the Financial Delegation of Authority document noting that the document could and should evolve.</p> <p>The Trustees requested that the document be issued with clear guidance that it should be adhered to with immediate effect and that feedback was welcome.</p> <p>The Trustee discussed further improvements to the document and requested that the following items be added/amended:</p> <ul style="list-style-type: none"> - A review of hospitality expenditure by Trustees - Report to the Audit & Risk Committee of any waivers re. procurement processes. - Review of aged debtor write-off approvals <p>The Trustees questioned if ‘insurance’ sits in Audit and Risk or Finance and Capital and discussed the messaging to academies.</p> <p>The NDoF suggested that this was one of many areas that crossed over two of the sub-committees. The NDoF suggested that the contractual review of insurance sat with the Finance & Capital Committee and the Audit & Risk Committee were required to monitor insurance from a risk mitigation perspective.</p> <p>The Trustees gave thanks to The NDoF and CL on their efforts behind this piece of work.</p> | <p>NDoF</p> <p>CL</p> |
| 6. | <p>Risk</p> | |
| 6.1 | <p>The NDoF presented the Risk Register with an introductory summary which focused on the “red-risks” and their underlying root causes.</p> | |

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| | <p>The NDoF highlighted the inter-dependence between risk management and strategic planning at a Trust, academy, functional, process and project level and the inter-dependence between detailed strategic plans and effective resource planning. The NDoF also highlighted the inter-dependencies between these risks and culture (values and behaviours) and structure (ownership).</p> <p>The Trustees agreed with the NDoF and briefly discussed the importance of having complete strategic plans, including People and Operational plans that were designed to support the delivery of the Educational Strategy within the constraints of the Financial Strategy. The Trustees noted that the People Strategy would be discussed at the next People Committee and that elements of the Operational Strategy were due to be discussed in the Finance & Capital Committee.</p> <p>The Trustees praised the progress of Risk Management and its direction of travel.</p> <p><i>ML left the meeting.</i></p> | |
| 7. | Any other business | |
| 7.1 | <p><u>External audit extension</u></p> <p>The NDoF highlighted that this paper had been previously approved at the last Audit & Risk Committee and taken to the Board in July. The Academy Trust Handbook, which had been issued at the beginning of July and in-between the Audit & Risk Committee and the Board meeting, had introduced new guidance around the use of external auditors. This change in guidance had been highlighted to the Board and the Audit & Risk Committee had been asked to formally review their decision with the new guidance in mind.</p> <p>The Trustees discussed that the new guidance was a “should” versus a “must” and that the justification for the previous approval were unchanged.</p> <p>The Trustees asked the NDoF to speak with RSM before making a final decision, however, approve the use of RSM until the recommendation of retender in 2022.</p> <p><u>Date of next meeting</u></p> <p>The Trustees and members of the committee agreed to meet in person for the next meeting on 24 November 2021. The location will be London.</p> <p>IB, the Committee Chair, closed the meeting.</p> | NDoF |
| 9 | Date of next meeting | |
| 9.1 | Wednesday 24 November 2021 | |