

**BOARD OF TRUSTEES – AUDIT COMMITTEE**

**Minutes of the meeting held at 4.00pm on 23 June 2016**

**Present:** A Whatley M Humphreys

**In Attendance:** S Jones, Chief Financial Officer  
J Bridges, Clerk to the Trustees

Trustees confirmed that they had no conflicts of interest to declare in relation to the items of the agenda.

**1 Election of Chair**

Trustees had deferred the appointment of the Chair at the last Committee meeting as not all Trustees were present and/or interest to take the role was not expressed. A Whatley confirmed that she was willing to assume the role if supported by the Committee. M Humphreys cast a vote in favour and in the absence of a quorate vote the Clerk will contact absent Committee Trustees for their support and vote. In the absence of an appointed Chair it was agreed that A Whatley would act as Chair for the meeting.

**Action**

JBridges

**2 Apologies for Absence**

Apologies for absence were received from H Lay and C Gibson.

**3 Minutes of 26 November 2015 meeting**

The minutes of the meeting were agreed as a correct record.

**4 Matters Arising**

The matters arising from the meeting were summarised in the report and all actions reported had been completed or, where appropriate an update had been provided on progress elsewhere on the agenda.

**5 Financial Management Governance Statement (FMGS)**

The EFA Validation Visit concerning the Trust's submission of the Financial Management Governance Statement (FMGS) took place on 15 April 2016. The official feedback letter from the visit was short because verbal feedback at the visit indicated that everything was well organised and the lead auditor was very positive and happy that the evidence was accurate.

The lead auditor took a copy of the Financial Report which he thought was very good together with the Trust's Financial Administration and Control Handbook as he felt that these were exemplars of good practice. In conclusion the EFA agreed with all 32 responses provided by the Trust to the specific questions set out in the FMGS return.

**6 Schools Choice**

**i. Audit Summary Report**

The Committee reviewed the summary report and action plan arising from the internal audit work completed by Schools Choice in the year. They concluded that there were no areas of concern. The report puts forward a number of ideas to add value rather than recommendations to address high risk findings.

ii. ***Recommended Action Plan Update***

There are a number of governance, planning cycle and budgetary associated recommendations to fulfil. There is no requirement to report back to Schools Choice when actions have been completed but progress will be reported back to the Committee. Trustees were encouraged to see that there are no major issues of significance found from the internal audit work undertaken.

The Committee asked if auditors could provide a progress report rather than issuing the full recommended action plan. The progress report should identify only the outstanding actions and the progress that has been made since the Committee last received the report. The Chief Financial Officer will convey the request to the Auditors.

SJones

7 **Preparation for 2015/16 Financial Statements**

The Audit Planning Memorandum for the year ended 31 August 2016 has been shared with the Committee. The plan has been discussed and agreed between external auditors, Larking Gowen, the Chief Financial Officer and A Whatley, who in the absence of a Chair to this Committee, attended the discussion meeting.

The focus and scope of the planned work were detailed on page 2. The following areas assessed as giving rise to significant risk of material misstatement and special emphasis will be placed on the following areas during the audit; revenue recognition, management override, conversion balances, funds, payroll, provisions and related party transactions. Particular attention will also be paid to non-education income.

It was noted that auditors have asked to see a signed copy of the Service Level Agreement between the Trust and West Suffolk College and the dates of the Committee meetings planned for the 2016/17 academic year in order that audit field work and the preparation of the annual report and financial statements can be aligned to the business cycle of the academy and the Trust.

JBridges

8 **AAR Return**

The Chief Financial Officer confirmed that as a new Academy, One is required to submit an Abbreviated Accounts Return (AAR) for the period September 2015 to March 2016 which is to be used as a representation of the accounts. They are unaudited but prepared in conjunction with Schools Choice. The Chief Financial Officer reviewed the data prepared by the Finance Manager before these were signed by the Chief Executive Officer of the Trust, N Savvas. The AAR was submitted to the EFA by the deadline at the end of May 2016.

9 **Risk Registers of:**

i. ***Suffolk Academies Trust***

The Committee received and considered the risk register of the Trust. A new risk has entered the top of the register which Trustees asked to be amended to reflect that the risk was about the failure of the application rather than failure of the Free School. On that subject Trustees were pleased to learn that a decision on the application is expected at the end of July 2016. A successful interview has been held with the DfE and further evidence of need has been submitted supported by Suffolk County Council who inflated the student numbers projected in the bid as they were, in their opinion, considered to be on the conservative side and should be more representative of the likely enrolment numbers to the new school.

JBridges

Trustees agreed that the reputational risk to the Trust if the application were to fail therefore would be minimal and asked that the risk scores on the register be adjusted to reflect a low (score of 1) financial, reputational, operational and compliance risk element. The likelihood Trustees confirmed should remain at 2. The overall risk rating score therefore would fall from 22 (medium risk) to 8 (residual risk).

It was noted that further to review of the register the movement of all other risks had either stayed the same or had reduced minimally in score.

**ii. Suffolk One**

The Chief Financial Officer reported no significant changes to the register since the last report in November. The third risk (refurbishment and replacement costs not met due to financial constraints) is now not considered a significant risk given the changes in governance that enable effective and efficient financial approval routes for procurement.

The register details the concern of the Academy regarding potential incorrect electricity charges. A contingency has been built into the budget and this issue is being closely monitored by the Finance Committee of the Trust and Senior Leadership Team of the Academy.

The Committee discussed the second risk on the register concerning student recruitment and recognised that a drop in student numbers can significantly impact the budget and cost base for the new academic year. When student numbers are known in September an MTP (Medium Term Plan) will be prepared, actioned and monitored. It was noted that the Senior Leadership Team and Governors of the Academy are acutely aware of student numbers, tracking applications and looking to extend the geographical catchment area to attract more students. The staff of the Academy are equally aware how critical enrolment and increased student numbers are.

Trustees were pleased to learn that the sixth risk on the register about not delivering the budget and the deficit not being paid back has also been downgraded as the Academy is forecasting to achieve a surplus at the year-end, so what was considered to be a higher risk at the start of the year can now be moved further down the risk level scale on the register.

**10 Any other business**

None.

**Date of next meeting**

Date to be confirmed (November 2016)

The meeting closed at 4.50pm