

BOARD OF TRUSTEES – AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the meeting held at 5.00pm on 23 November 2020

Present: J Wakelam, Chair
J Gazzard, Vice Chair (part) A Maltpress
R Inman (part)

In Attendance: S Jones, SAT Chief Financial Officer
S Graham, SAT Group HR Director
J Raffel, Group Director Finance
C Bundy, Finance Manager
A Lynch, M & A Partners
S Holborough, MHA Larking-Gowen (part)
G Kerkham, MHA Larking-Gowen (part)
T Elkin, Clerk

Apologies: There were no apologies

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

Action

1 Apologies for Absence
There were no apologies.

2 Minutes of the meeting held on 05 October 2020
The minutes of the meeting were agreed as a correct record, with the amends below:

Remove the text: “The impact of closures were originally noted as being high on a reputational scale but this is now accessed nationally as a possibility.”

The Clerk was asked to remove ‘H Lewis’ from the attendance list.

3 Matters Arising from the meeting held on 05 October 2020
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.

ALynch provided clarification the timetable for internal scrutiny and will feedback to the Audit Committee. It was agreed that this will be an action for the next meeting by FShippam. FShippam

4 Audited Accounts for the year ended 31 August 2020
Audited Accounts were presented in support of and discussed in conjunction with the Audit Findings Report in item 5

5 Audit Findings Report
GKirkham provided a summary of the findings. Overall the process has been smooth and efficient. The accounts are showing a surplus and the accounts now feature One and Abbeygate Sixth Form Colleges.

Abbeygate issues: asset transfer will not happen until January, so is not showing as a donation of an asset in these accounts. How do we account for the rental? The rental is £500k; £400k is paid for by the ESFA and GKirkham explained this further.

GKirkham explained the lease agreement further. As Abbeygate is no longer in the Gateway building, there are discussions between SJones and the DfE. SJones advised that there is money that will go to WSC by ESFA but is being held up by VAT liabilities. SJones has sought further clarification on signing.

Historically, there have been discussions regarding the payment of a consultancy fee for an employee. The Trust Board minutes from December 2019 refer to the procedure clearly. It was found in the audit that there is a regularity breach. SJones advised that GKirkham's point is correct but recollected that the matter was discussed at last year's Audit Committee and agreed at Board level. NSavvas and SJones had discussed this staff member's work and did not feel that had to go back to the Board for approval at every stage. Would consider changing the policy if required. GKirkham noted that the policy was clear, and the minutes confirmed the policy.

The policy was discussed at the Trust Board meeting and approved. This was explained further. Individual ongoing payments to the person need to be approved. There should have been a specific authorisation to pay out by Trustees to the person doing the work. GKirkham advised that authorisation has to go to the Board. It is an exceptional arrangement.

NSavvas advised that the situation was made clear to the Trust Board about the individual and agreed that it was right, and the Chair was satisfied too. The policy said that any member of Executive Team's additional work needs to be approved by the Board, but the minutes confused the situation. The Board was content to pay the extra and the approval was there. The individual could then have that benefit.

JWakelam recalled that this issue was raised before at the Audit Committee – can we not have generic approval for Ofsted payments to be made? GKirkham advised that the Board could make a judgement, GKirkham quoted from the Board minutes.

GKirkham advised that these payments do not have to be made, the Board could decide that they do this work as its good for the Trust but there is no extra payment, it's the payment to the individual that is unusual. AMaltpress thought that it had been agreed that it could continue but the Board would have to approve it every time?

SJones noted that the minutes (December 2019) are approved but will have to be taken to the Board again to agree a pragmatic decision going forward. This was agreed. GKirkham advised that a maximum value of income could be agreed. This is a disclosure, how will the ESFA approach this? GKirkham advised that they may ask questions about the £1,300. SJones to provide a report to the December Board.

SJones

Auditors are reviewing that Covid-19 has been treated correctly. It has created pressure on the workings of the Trust along with additional costs.

Pension liability has increased by £1million. It's a combination of factors: actuary charges, discount rate has changed. Payments will go up in the future.

GKirkham explained the 'Funds' disclosure to the committee.

GKirkham asked for an update on the SLA of ECG? JRaffel explained the arrangement lodged with the ESFA to prompt them into a discussion of shared services of WSC and SAT. The ESFA has removed this from the Related Party Transactions log.

JRaffel noted that Abbeygate spending is being reduced, in relation to a question from ESFA. GKirkham asked if there were any ESFA events we are not aware of? No.

Management letter

Will continue to talk with JRaffel and SJones about disclosures and the final lease sign off. SJones is happy to share what is finalised. GKirkham asked, will it be signed before the accounts are finalised? Yes, we assume so.

JWakelam thanked GKirkham for his report.

6 Schools Choice Internal Audit Report and Action Plan

SJones presented a summary of the report. The report reflects the work undertaken by Schools Choice. Overall grading for the Trust was 'good' SJones has disagreed with auditors on some of their findings but they refuse to change their report. This will not be a major issue for the ESFA. Will accept 'good'

JWakelam noted, on payroll transactions, there is a 'red' under Abbeygate? SJones explained that it's about the set-up of the payroll at Abbeygate, but this will change due to centralised HR team. SGraham confirmed that this is correct. There is now a Trust HR and WSC HR team.

JWakelam questioned whether there were recording issues? SJones explained further. There is a 'red' about goods and services purchases not being recorded. CBundy explained that if something is purchased there should be an order on the system. SJones noted that when the audit was undertaken the college was very new and there will now be centralisation. We will look at why things are not always put on the system. ALynch added that the document refers to trips and services, CBundy advised that it relates to three large cost centres where orders are not put on the system for these or trips. JWakelam accepted the idea of M&A looking at this to avoid further burden on staff. SJones and the team will review and report back to the next meeting.

SJones

SJones noted that there were comments in the report that were not incorrect, it's just that Schools Choice would advise doing it differently. JWakelam agreed that this will be noted when its reported to the Trust Board that we are working on this.

GKirkham & SHolborough left the meeting at 6pm.

7 2019/2020 Audit Committee Annual Report

SJones provided a summary. Reviewed the accounts direction and the Academies Financial Handbook. This will be reported to the Trust Board. The report incorporates the new Terms of Reference. The report requires agreement by the committee.

RInman noted that ESFA may require a greater level of detail and advised that the Trust may get “pushback”.

JRaffel asked, do we need to include regularity in section 8 of the document? JWakelam agreed and the committee supported this. ALynch proposed it's included in Section 7. This was agreed and SJones agreed to amend the paragraph and send to JWakelam for agreement before being submitted to the Trust Board.

SJones

8 Internal Tracking Report

SJones advised that there is very little change since the last meeting. JWakelam was concerned about the completion of personnel records? SGraham confirmed that we are looking at digitising the records and using the kickstart scheme and can draw on individuals to help this. WSC has bought a new HR system but are in process of trying to get I-trend to go across the entire group which is a better alternative. Would aim to achieve this over a six-month period.

Note: the order of the agenda changed at this point.

10 Risk Management Update

SJones presented a summary of the paper. Now there is a focus on changes that have been agreed. Risk appetite statement has been included which can be reviewed annually. RInman noted that the risk appetite should be taken to the Board for discussion. This was **agreed**. SJones to action.

SJones

RInman noted that the risk register and risk assurance – are part of an excellent report. The objective is to complete this by the February meeting – ideally, it will be approved at the December SAT Board meeting. RInman noted that the abandonment of the risk assurance report is unwise. RInman referred to page 80 and quoted the text: be aware that they are ‘control measures’ and not ‘assurance measures’. SJones expressed concern that the current Board assurance map is not giving governors what they are seeking, in danger of putting the assurance in 2 separate locations and with register proposals its clear who is doing it. RInman agreed that it is ‘muddled’. RInman proposed splitting out ‘assurance’ into 2 sections. RInman agreed to share an example with SJones.

RInman

SJones proposed that the internal audit programme is driven by the risk register and could add a column to grade items from the internal audit. RInman agreed with this.

SJones

RInman proposed SJones sending the spreadsheet and RInman will share some examples outside the meeting. JWakelam thanked RInman for his support. ALynch agreed with this approach. Some assurance may be from documents elsewhere or if the ESFA have approved it, there is a high level of assurance. ALynch advised that if there are specific risks, can these be annotated to prove that there is no evidence/assurances missing? This was **agreed** as an approach.

RInman

RInman left the meeting at 6.27pm

JWakelam noted the role of ‘Group Director of Finance’ and was impressed with the clarity. JWakelam questioned the use of words “as appropriate”. SJones confirmed that it is not an attempt to cover up, if we take these words out, we'll have to report everything. JWakelam asked, how does this look to the outside world? ALynch advised that it refers to non-compliance to the risk management policy, SJones provided examples. ALynch did not have an issue with the words “as appropriate”.

JRaffel undertook a review of the Risk Register in October and this has been updated. There has been a slight shift. Have removed 2 risks from the register, 13 and 15 were explained further: Sixth Form and pension liability.

JWakelam questioned the Shared Services Strategy why is it orange going into red? SJones advised that the Trust is trying to work with WSC but the ESFA is very cautious about such arrangements. Having been trying to facilitate things with the ESFA.

9 GDPR Update

SGraham confirmed that he controls GDPR for the group. There have been no breaches and no freedom of information requests. There is a GDPR policy across the group. Will review the reporting and actions. Has been in touch with the DPO (Data Protection officer) for harmonisation. Will be online training for staff to ensure they understand their role in GDPR. SGraham will continue to lead on this.

AMaltpress asked, hasn't everyone had GDPR training? Yes, they get training and updates but WSC use online Silex training, accessed by Trustees and SGraham wants to implement this across the entire group.

11 Review of Risk Management Arrangements – to approve

SJones confirmed that he will amend the report and JWakelam will approve. It will then be presented to the SAT Trust Board. It will be recommended to the Board for approval – this will be discussed with RInman tomorrow, 24th November, and will brief JWakelam afterwards, this was agreed.

SJones

12 Any other Business

There was no other business declared.

Date of next meeting

Monday 8 February at 5.00pm.