

Risk, Audit and Compliance Committee Minutes

Meeting	Risk, Audit and Compliance Committee	Date	Tuesday 21 st March 2023
Location	PDR, Yarrow Hotel	Time	11.00 am
Membership	Peter Goldsack (Chair), Peter Troke (PT), Alan Horton (AH)		
In attendance	Tammy Mitchell (CEO), Chris Legg (CFO), Sharon Hollingsworth (DG), Claire Edgeworth – Notetaker; Barry Boden (BB)- Group Director of Digital (item 5 only)		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	There were no apologies for absence.	
2	Declarations of Interest	PG advised he is a Director of CaCot and the Register of Interests has been updated.	
3	Minutes of the meeting held 29 November 2022	The Minutes from the meeting held on 29 November 2022 were an accurate record of the meeting and were duly signed by the Chair.	
4	Matters Arising not covered by this agenda:	<p><u>Representation on Committees</u> This was brought to the Trustee meeting as there is a vacancy on the Finance Committee and the Trustees need to look at whether we need to increase the membership of the Trust Board from 10 – 12 Trustees, to provide extra capacity and whether we should include secondary experts. Expansion of Trust Board will be added as an agenda item on the July meeting for discussion. DG to include this on the agenda.</p> <p><u>Draft Internal Audit Plan</u> The Chair advised he felt it would be helpful for the RAC Committee to understand how the Audit Plan will be covered during the year so it can be monitored. The CFO advised that there are some cyclical things but we need to be careful about overplanning for the budget. The Trustees discussed</p>	DG

		<p>the need to set the plan and commission the firms to do the delivery but need reassurance it is being done. A suggestion was made that this could be included as a standard agenda item and the CFO suggested a cycle of looking at each one and this would be good practice. It was agreed that this should be a standard agenda item and Trustees will review the plan. DG and CFO to work together to draft a plan.</p> <p style="text-align: center;">AGREED – DG and CFO to draft the Internal Audit plan.</p>	DG/CFO
5	<p>Internal Audit Review of Cyber Security arrangements</p>	<p>BB joined the meeting at 11.17. Committee Trustees acknowledged that BB had gone above and beyond to get his report turned around so quickly and he was thanked by the Committee. The report was circulated prior to the meeting.</p> <p>BB highlighted a few areas that need to be looked at further e.g., whether cloud services provide a backup. BB advised that Arbor probably have a solution but this was not clear. BB recommended that schools need to look at email security settings and BB offered assistance with this. BB discussed multi-factor authentication (MFA) and the benefits. One concern was that schools do not allow mobile phones in the classroom but BB felt there was a way that MFA would only arise if the person was working off-site.</p> <p>The Chair queried if there was anything that BB was concerned about and BB advised he had not completed a physical audit. One concern was that BB was given the main password instead of a guest one at a school. BB is happy for the report to be shared with the schools and he will support them as required.</p> <p>The Trustees discussed the risk if the schools do not have online back up. BB advised that one school has a server that is backed up, but there is a risk if someone forgets to back up. The scaling cost for online backup is unknown.</p> <p>The Chair queried if there was a view how the schools would action the plan. The CEO advised this would be via the Termly Operations Group and a report will be sent to Headteachers, Chairs and Business Managers. It was agreed that BB would not undertake any work but would support the</p>	

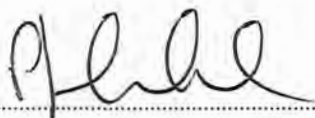
		<p>schools. The CEO advised a key recommendation that there will be a 12 month plan to complete the work. This will be a strategic priority for next year.</p> <p>Trustees queried if the Trust had looked at vulnerabilities of staff rather than systems. It was acknowledged that this was down to staff training and the CEO suggested a short module could be developed and played every year to the schools. BB will advise the CEO what needs to be in the module.</p> <p>The Chair queried if this would be part of due diligence when looking at new schools. The CEO advised this will be taken forward.</p> <p>BB suggested undertaking an exercise on how they would recover e.g., if the phone system went down. The CEO advised this is part of the BCP/Disaster Plan but acknowledged there were plans in place but not enough scenario planning.</p> <p style="text-align: center;">NOTED: Internal Audit Review of Cyber Security arrangements</p>	BB/CEO
6	Long-term Financial Planning	<p>The CFO shared a presentation of the Long Term Financial Plan and advised this now goes to 2027. The plan includes everything that we know now and there is nothing predictive.</p> <p>The presentation showed the predicted amounts up to 2027. This is based on GAG funding and ignores inflationary price structure.</p> <p>The CFO advised that in cash terms it showed the income coming in from the schools. The core expenditure was predicted and non-pay was expected to remain consistent throughout. The contribution given by the Group will tail off. The CEO will continue to work with the nurseries and this will form an income from the Group. The CFO advised that even with the schools we have now, the Trust would be self-sufficient.</p> <p>The school reserves are based on a fixed element of £25,000 per form of entry and there is a further expectation based on a percentage of GAG funding. The CFO advised that the target reserves are what the Trust will be judged on and this will remain consistent. The CEO advised she felt that</p>	

		<p>around 7% was the right place for the Trust to be holding reserves as we want to spend the money on the children. This gives the Trust emergency money if needed to rescue a school and each school will have funds they can access. It was acknowledged that in 2025/26 there could be a problem for short period of time when the Group contribution stops but this is the worst-case scenario. The CEO advised that the RAC Committee needed to also consider the contribution levels, our contribution is significantly lower than the average at 3%, the national is 8%. This is a challenge for those schools who are not paying the 3% at the moment. Queenborough are already putting in the 3% and two other schools would not struggle if they needed to pay the 3% early. It was acknowledged that due to the Education Bill not going through, this had impacted on the growth plan of the Trust.</p> <p>The CFO shared the opening reserves and Q2 reforecast and reserves analysis. Bysing Wood's forecasted reserves are the only significantly behind target, but they have £300k extra GAG funding next year, but the pupils are at the school already and incurring cost to provide for.</p> <p>The Trustees advised that they thought we would be in a more challenging position and agreed they were pleasantly surprised.</p> <p>East Stour has grown by 68 new pupils since joining the Trust. They are going to recruit a new Business Manager. Palm Bay are always full and have surplus reserves.</p> <p>The CEO advised that she does not want to go to the Local Governing Boards to ask for more money, but if needed, she hoped that the schools would understand that things are beyond our control.</p> <p style="text-align: center;">NOTED: Long-term Financial Planning</p>	
7	Financial Regulations	<p>The CFO advised there were two changes proposed:</p> <p><u>Authorised Signatories</u> Replace the Director of Finance & Business Improvement (post redundant) with the Head of Financial Planning & Analysis</p>	

		<p><u>Authority Limits</u> Add Finance Committee delegated authorisation limit of £50,000 - £100,000 Increase Trust Board authorisation limit from £100,000</p> <p>It was acknowledged that any authorisation requests, would go to either the Trust Board or Finance Committee, depending which meeting was first.</p> <p>The CFO requested Finance Committee to recommend approval of the updated Financial Regulations to the Trust Board.</p> <p style="text-align: center;">RECOMMEND: Financial Regulations to Trustees for approval</p>	
8	MAT Risk Register	<p>The Risk Register was updated and shared prior to the meeting.</p> <p>The CEO advised that herself, CFO, DG and the Director of Corporate Affairs had met to review the Register. The CEO is aware there are some high-level risks due to so many unknowns, however the Register will be reviewed again in the summer term. It is felt the level of risks will come down given that the Trust has assurance and controls in place to mitigate.</p> <p>It was agreed that the Register will be reviewed before the next RAC Meeting on the 25 May. The Trustees had a deep discussion around the risks being presented as financial or reputational and the reasons around this. The CEO advised that this is the format every Trust uses. The Trustees queried that the 1-5 rating was subjective and the CFO advised he felt if we tried to create something scientific, we would be missing our duty to provide assurances to the Trustees. The CEO advised that two of the risks, cyber security and long-term financial planning had been covered in detail today. The Trustees agreed that they would like a deep dive at the next meeting, and it was agreed that the CEO would bring a Safeguarding and Headteacher Wellbeing report to the next meeting.</p> <p>The Trustees acknowledged that managing staff is a strength for the Trust. The CEO advised that staff surveys are being undertaken at the moment and has been working with Headteachers around roles and responsibilities and people feel valued.</p>	CEO

		AGREED – CEO to bring a Safeguarding and Headteacher Wellbeing Report to the next meeting.	
9	Any other business	<p><u>EKC Group Nurseries</u> The Chair wished the RAC Committee to be made aware that the CEO will continue to support EKC Group Nurseries. The CEO advised that it is currently part of her job, but when she moves into the Trust on 1 April 2023, this will bring in additional income. The CEO advised the risk is just the CEO's time. The Trustees acknowledged that the CEO's capacity needed to be looked at if we continue to grow. Currently the Trust do not pay for Group services and the Trustees queried whether the Committee needed to look at the impact if the position changed and Trust was required to pay for the services. The CEO advised that the two services are together and there was always a plan for this to be managed.</p> <p>Part of this item was considered confidential and will form Part A of the minutes.</p>	
10	Matters considered confidential.	Part of Item 9	
	Date and time of next meeting	Thursday, 25 th May 2023	

There being no further business the meeting closed at: 12.30 pm

Signed: 

Print: P Goldsack

Date: 25/5/23