

Risk, Audit and Compliance Committee Minutes

Meeting	Risk, Audit and Compliance Committee	Date	Tuesday 29 th November 2022
Location	Broadstairs Executive Boardroom	Time	2.30pm
Membership	<i>Peter Goldsack (Chair)</i> , Peter Troke (PT), Alan Horton (AH)		
In attendance	Tammy Mitchell (CEO). Chris Legg (CFO), Sharon Hollingsworth (DoG), Claire Edgeworth – Notetaker Finance Committee: Chris Argent (CA); Michael Ashley (MA) Guest – Duncan Cochrane-Dyet, (DCD), MHA MacIntyre Hudson (Items 3,4 and 5)		

Italics indicates absence

	ITEM	COMMENTS	ACTION
1	Welcome and Apologies	<p>Apologies were received from PG. The DoG asked for a nomination for Chair for the meeting and PT agreed to be Chair and everyone was in favour.</p> <p>The Chair welcomed everyone to the meeting. The Finance Committee joined the meeting for Item 3.</p>	
2	Declarations of Interest	There were no additional declarations to the meeting other than those declared as standing.	
3	Independent Meeting with the External Auditors <i>Officers not in attendance</i>	<p>The CEO and CFO left the meeting for Item 3.</p> <p>DCD introduced himself and explained the Audit process and the areas covered by the Audit. DCD presented the Audit Findings Report and ran through the accounts.</p> <p>DCD drew the Trustees attention to the Reserves Policy and advised that if unrestricted funds fell below £100,000-£200,000 then this would be a cause for concern. The unrestricted funds are currently £508,859 so there are no concerns. DCD advised that Trustees are required to approve the accounts and policies in the Academy Trust.</p>	

<p>DCD advised that the Audit Report is a clean report and there is nothing of concern to report.</p> <p>DCD drew the Trustees attention to the net movement in funds and there is a large movement of actuarial gains. Capital grants are a one off, but fixed assets are affected by annual depreciation.</p> <p>Pensions are subject to an actuarial gain and DCD explained how this had been calculated. The pension scheme is re-evaluated every three years. The Trustees queried this as it is a one off gain. If this was stripped out, what would the situation was for the Trust. DCD advised that the Trustees should look at the cashflow. This figure is operating cash, so there is an outflow of £495,000 and this takes us to £11,757,096 surplus for the year and an operating deficit of £475,826.</p> <p>The section on Trustees Remuneration and Expenses shows the CEO as an employee.</p> <p>Statement of Funds shows the opening position, income and expenditure and movements between funds, gains, and losses, then the closing figure at the end of the year. Unrestricted funds have built up considerably, but this all looks correct and normal.</p> <p>The Trustees advised that they wanted to avoid the Trust building up funds unnecessarily as the money should be spent on supporting children, but also want to make sure there is money for unexpected items. DCD advised that looking at the reserves was the best way to monitor this, but it did not look like the Trust was holding money back unnecessarily and money is coming in and being spent for its purpose. DCD is aware that the ESFA will look closely at Academy Trusts where reserves are building up and this might be redistributed.</p> <p>The Audit looks at any irregularities and any errors and DCD advised that the amounts they had to readjust were very small.</p> <p>The Chair felt that it would have been useful for the findings to have been in the conclusions and DCD agreed to amend this. The Trustees felt that the explanations had been useful but were mindful that parents wanting to know how the Trust is run, would find it difficult and a summary at the end would be useful. DCD advised that any findings would be on the regulatory report. DCD will</p>
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		<p>update the report and send it back through today, as the documents need to be sent to the Members and Trustees for the AGM.</p> <p>The Trustees queried if the Auditors looked at the Group and Trust transactions and DCD advised this would be at the back of the report.</p> <p>Officers came back into the room at 15.10</p>	DCD
4	<p>Trustees Report and Financial Statements for year ended 31 August 2022</p> <p>Audit Findings Management Letter</p>	<p>This item was deemed confidential until the Financial Statements are signed and will form Part A of the minutes.</p> <p>DCD went through the Audit Findings Management Letters.</p>	
5	RAC Committee Development session	<p>DCD highlighted some changes in the Academies Handbook.</p> <ol style="list-style-type: none"> 1. Removal of the requirement to submit a Budget Forecast Return Outturn in May each year. 2. Clarification on staff severance payments. 3. Confirmation that Trusts will be able to enter into indemnities which are in the normal course of business without seeking approval. 4. Extending the scope of paragraph 5.57 from the diocese to all religious authorities. This is not relevant to the EKC Schools Trust and not a matter for the Financial Regulations. <p>There have been no changes in law, but the Schools Bill 2022 is still to come out.</p>	

		DCD left the meeting at 15.30	
6	Minutes of the meeting held 26 th May 2022	The minutes of the meeting held on the 26 May 2022 were agreed as an accurate record and were duly signed by the Chair.	
7	Matters Arising not covered by this agenda:	<p><u>Feedback from School Visits on Safeguarding.</u></p> <p>The CEO undertook a full safeguarding audit at Palm Bay in May, and this was also attended by Barbara Conroy. Palm Bay were fully compliant, and it was a very successful audit. There were a couple areas of best practice noted but no areas of concern.</p> <p>There have been new Safeguarding modules for the LGBs, and all website requirements and Single Central Records have been undertaken. At the Safeguarding Networking Meeting it was noted that there has been a change in the views of Ofsted around safeguarding and it is becoming a tick box exercise. The CEO is aware of some schools dropping to inadequate due to safeguarding and form filling. The CEO has undertaken extra visits to the schools to look at the paperwork.</p> <p>The Governor's Conference will have some workshops on safeguarding.</p> <p>Item 7, Health and Safety CIF Bid for Bysing Wood is on the agenda.</p> <p>No other questions were raised.</p>	
8	Terms of Reference for the RAC Committee	<p>The Terms of Reference (ToR) for the RAC Committee were circulated prior to the meeting.</p> <p>The DoG advised that 4.9 states that – <i>'The Board will review these terms of reference and request the Risk, Audit and Compliance Committee to self- assess its performance against these terms of reference on an annual basis and feedback to the Board'</i>. The RAC Committee have not undertaken this previously and the DoG questioned how the RAC Committee wished to complete this. The Trustees advised that they were surprised at the lack of emphasis of risk in the ToR and this was discussed. The DoG advised this is based on the Scheme of Delegation and this should be taken to the Trustee Board to look at whether risks are being properly managed, and mitigations being</p>	

	<p>applied. The CEO advised that risk is delegated, and the RAC Committee normally reviews expectations of what is acceptable risk and what is not. The appetite for risk will be around borrowing and Growth, and is not around safeguarding or trips, as they are decided at local level.</p> <p>The Chair queried 3.10 – <i>‘Establish and monitor KPIs with regard to the performance of the external auditor, internal auditor or other assurance provider’</i>. The CFO advised that they needed to complete a form and the CEO agreed that the wording needed to be changed as we do not use KPIs but use a review process.</p> <p>The Trustees discussed 3.11 - <i>‘Review the Trust’s fraud response plan and ensure that all allegations of fraud or irregularity are managed and investigated appropriately’</i>. It was agreed there were a lot of processes in place and they are in our financial regulations, and this needs amending.</p> <p>The Trustees looked at 3.12 - <i>‘Consider any additional services delivered by the external auditor, internal auditor or other assurance provider and ensure appropriate independence is maintained’</i>. It was agreed that ensuring appropriate independence needed to be its own point.</p> <p>The Trustees discussed 4.1 – <i>‘The Risk, Audit and Compliance Committee (RAC) will meet at least 3 times per year. The Chair or any two members may call a meeting’</i>. Currently there are three members on the RAC Committee and the Committee queried whether to maintain quoracy more members were needed. The CEO advised that currently there was nobody else who could join the RAC Committee. There is the option to co-opt someone, but two members have to be Trustee Board members.</p> <p>CA had previously expressed his view that he would like to change the constitution as we are lacking commercial background skills. If we advertised for someone we could ask for someone with RAC experience. CA feels the Board are educational heavy, but CEO does not agree.</p> <p>The DOG will amend the above points and send back out for comment. The paper will be taken to the March Trustee Board meeting for adoption.</p>	<p>DoG</p>
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		NOTED – Terms of Reference for the RAC Committee to be updated and presented to the Trustees Board in March, for approval	DoG
9	Draft Internal Audit Plan 2022-23 Cyber Security Arrangements	<p>The CFO advised that this goes through the usual cycle of business and the internal and external Auditors dovetail. This is on a three year cycle of items that they look at. The CFO will ask Azets to provide a quote for a review of Cyber Security arrangements within the Trust. The Trustees expressed concern regarding an increase in schools joining the Trust, noting that more controls need to be in place. The CFO advised that we have expertise in the Group and the informal view is that schools are a lower-risk target, but they do not have an external network to attack so it is not so easy. It was acknowledged that the bigger the Trust grows, the bigger the risk. The CEO advised that schools are autonomous, but we can support a school if they were attacked. The risks have been mitigated where we can and we are working with the schools.</p> <p>The CEO advised that during discussion at the Kent MAT Association, it would appear that only the Trust and one other MAT use internal auditors. AH advised that in terms of RAC Committee being able to assure the Trustee Board, this is an important piece of evidence and worth pointing out.</p> <p style="text-align: center;">APPROVED - Internal Audit Plan 2022-23</p>	CFO
10	Internal Scrutiny Annual Report	<p>The DoG shared the Internal Scrutiny Annual Report and advised that this will go to the next Trustee meeting on the 6 December. The report is a requirement under the Academies Handbook. The report sits with the statements and will be presented to the ESFA.</p> <p>The Trustees requested an annual update on security arrangements in May.</p> <p style="text-align: center;">APPROVED: The RAC Committee agreed with the Annual Internal Scrutiny Report for presentation to the Trustee Board on 6 December 2022.</p>	DoG
11	RPA Desktop Audit: Queenborough	Alison Gray (AG) had provided the full report to Trustees which will go to the LGBs.	

	Holywell	<p>The report shows that the schools are in a good place. AG gave support in both audits and assured Trustees that everything is in place. It was acknowledged that Stephen Whybrow's (SW) audits have been impactful.</p> <p>AH advised that he sat in the Holywell inspection, and they were green across the board but there is one blue, so felt the summary is incorrect in the report.</p> <p>It is clear from the reports that both schools are running well and that the basic systems are in place were very sound.</p> <p>The Chair queried if a similar inspection would be undertaken at the other schools. The CEO advised that the systems and procedures are standardised so felt reassured where we are as a Trust. AG and SW are in discussion whether the template should be shared with the Chairs of the LGB. AH advised that there is a part two of the inspection in four months, to check that everything has been put in place and the report could be upgraded.</p> <p style="text-align: center;">NOTED - RPA Desktop Audit: Queenborough and Holywell</p>	
12	Single Central Record update	<p>Summer Macer undertook a full audit at all 6 schools. Last year there were concerns in a couple of the schools, so the Single Central Record was centralised and is held on individual Teams sites. All Single Central Records are in a good place, and anything picked up is quickly and dealt with.</p> <p>AH sat through some of the Audits. SM picked up that there was not an individual name who appointed the Governor, and an individual name was required, so the Chair's name was added.</p> <p style="text-align: center;">NOTED - Single Central Record update</p>	
13	Medium term Financial Risk Mitigation Plan	<p>The meeting discussed the news that FE Colleges were moving back into the public sector and the impact on the Trust. The new Colleges Financial handbook will be available next Autumn so there is time to look at the challenges and unpick from the Trust perspective.</p>	

		<p>It was acknowledged that the risk has been discussed previously and the SLA will not be impacted but the challenges will be around the cash. The CFO advised that we have until 2024 before this comes into force. It was acknowledged that there is a sliding scale of funding from the Group to the Trust.</p> <p>The CEO advised that the immediate challenges are around teacher pay awards, national living wage and general inflationary costs including utilities.</p> <p><u>EKC Schools Trust Energy Update</u> AH expressed his concerns around using Laser and the CEO advised that they have the contract for all schools in Kent. KCC negotiates the contract so historically schools have much better deal and there is a risk of us doing a separate contract. When the contract is up for renewal, we will be contacted, and we will need to make a decision at this time. The CEO advised that schools could apply for help if they do not have reserves and smaller schools in the Trust will struggle as the Trust has reserves. Steve Whybrow is undertaking a project for the Group and the CEO will examine the findings.</p> <p style="text-align: center;">NOTED - Medium term Financial Risk Mitigation Plan</p>	
14	Any other business	<p>CIF Update – The RAC Committee asked for an update on the CIF application for Bysing Wood. The school is in the process of reapplying and the sticking point is the contribution they need to make. They will gain more points for the more they contribute in 5% increments. The school were unsuccessful last time, due to their contribution. The CEO is considering accrued reserves to help them with their bid, as they have massively grown this year and GAG funding is going up by £200,000. This will be a formal process if they go ahead.</p> <p>The other schools were successful in their CIF bids, but due to increased costs, less work has been undertaken as they have run out of money. This has meant that none of the projects have been fully completed. Carre have managed the projects and have got us the bids, but they have not project managed well. We would need to review this for future CIF bids. The CEO has raised a complaint.</p>	

		AH queried whether the money could be loaned to Bysing Wood as a spend to save initiative. The RAC Committee wished to send their best wishes to PG who was unwell.	
15	Matters considered confidential	Item 4 was deemed confidential and will for Part A of the minutes.	
		Date and time of next meeting 21 March 2023	

There being no further business the meeting closed at: 16.34

Signed: 

Print: P. GOLDSAEK

Date: 21/3/23