

Meeting	Risk, Audit and Compliance Committee	Date	Monday, 6 th December 2021
Location	Virtual Meeting via Microsoft Teams	Time	2.30 p.m.
Membership of the RAC Committee	Peter Goldsack (Chair), <i>Peter Troke (PT)</i> , Graham Razey (GR) <i>Italics indicates did not attend</i>		
In Attendance	<p>Tammy Mitchell (CEO), Chris Legg (CFO), <i>Sharon Hollingsworth (DG)</i>, Claire Edgeworth (CE) - Notetaker</p> <p>Guest – Duncan Cochrane-Dyett, McIntyre Hudson joined meeting at 2.30 p.m.</p> <p>Michael Ashley (MA); Jonathan Clarke (JC), Patrick Hollis (PH), Sem Ozyurt (SO), Beverley Aitken (BA), Chris Argent (CA)- joined meeting at 3 p.m. for item 5.</p> <p>Stephen Whybrow (SW) joined meeting at 3.30 p.m. for item 7.</p>		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	<p>The Chair welcomed members to the meeting.</p> <p>Apologies were noted from SH and accepted.</p>	
2	Declarations of Interest	There were no additional declarations to the meeting other than those declared as standing items.	
3	Independent Meeting with the External Auditors <i>Officers not in attendance</i>	<p>The CEO and CFO left the meeting at 2.36 p.m. for item 3.</p> <p>The Chair welcomed DCD to the meeting. The Chair advised this was the opportunity for the Trustees to have a one to one with the Auditor before we formally go through the report.</p>	

	<p>DCD advised that the Financial Report, controls and processes are on a reasonable gradient year on year and had moved from an adequate to nearer a good based on the points being picked up. The challenge for the Trust is the amount of detail that is required by the Auditors. The requirements are well stipulated in the Academies Handbook but there are new requirements brought in yearly and standards are increasing.</p> <p>DCD advised that although that the Auditors were intending to sign a clean report on regulatory, there are a couple of areas that need to be dealt with but are not an indicator of any substantial weaknesses that Trustees should be aware or concerned about. The Committee queried if these had been discussed with the CFO and DCD advised this had happened, but the timetable had been very tight, so in the final stage there was not a lot of time before they were due to be presented to the Trustees.</p> <p>The Committee queried how DCD would benchmark against similar institutions and DCD advised he mentally benchmarks but not formally. DCD advised that as a small Trust, it is in good order and there has been a significant amount of hard work to get it into shape. DCD suggested that as the Internal and External Auditors raise points, they are actioned and there is feedback at Trustee level to look at those recommendations after 6 months, to make sure they have been implemented. DCD also suggested that Trustees might want Internal Auditors to retest these areas. The areas in the report are small bits and pieces e.g., no management accounts for one month, but this needs to have been done and we need to make sure it is done in future.</p> <p>The Committee queried whether the Senior Leaders had been responsive to the audit process and was there an openness to improve the way they are operating. DCD advised they were very co-operative during the process and acknowledged as the</p>	
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4	RAC Committee Development session	<p>DCD had summarised the changes to the Financial Academies Handbook (September 2021) in a word document, which he shared with the meeting. The document will be circulated with the minutes (Appendix 1).</p> <p>DCD advised that the Financial Academies Handbook is a one stop shop and puts everything into one place.</p> <p>GR queried where the section on "The DfE strongly prefer no employee as a trustee / no trustee in unpaid voluntary staff role (except carrying out internal scrutiny)" had been published and the CEO advised it was in the Handbook. This is a preference and not a must. After the meeting, DCD circulated the word document and the relevant section from the handbook. The reference is paragraph 1.23 of the Handbook that states:</p> <p><u>1.23 From 1 March 2022 any newly appointed senior executive leader can only be a trustee if the members decide to appoint them as such, the senior executive leader agrees and the trust's articles permit it. The Department's strong preference is for no other employees to serve as trustees, nor for trustees to occupy staff establishment roles on an unpaid voluntary basis, in</u></p>	

		<p><u>order to retain clear lines of accountability</u>. This does not prevent trustees from carrying out internal scrutiny as described in paragraph [3.17].</p> <p>The Chair queried in terms of the updates, whether they are circulated routinely or whether it is up to the individual to check for changes. The CEO advised that they are sent out yearly and these had been sent to Trustees at the end of September by the DG.</p>	
5	<p>Annual Report and Financial Statements for Year Ended 31st August 2021</p> <p>Audit Findings Management Letter</p>	<p>This item was considered confidential and will form Part A Confidential Minutes.</p>	
6	<p>Minutes of the meeting held 14 June 2021</p>	<p>The minutes of the meeting held on the 14th June 2021 were circulated prior to the meeting.</p> <p>APPROVED – The meeting approved the minutes.</p>	
7	<p>Matters Arising not covered by this agenda:</p>	<p>SW joined the meeting at 3.35 pm.</p> <p><u>Health & Safety Compliance update</u></p> <p>The H&S Compliance update was circulated prior to the meeting.</p> <p>The Chair queried that in the last update there had been a clear distinction between landlord and school responsibilities, and this had not been included in the current</p>	

<p>update. SW advised he had used the EKC Group template and this was a list of where we are currently and is RAG rated. The Chair queried if the test date showed February 2021 did this mean it had been undertaken and SW confirmed it had.</p> <p>SW advised that Bysing-Wood have outstanding CCTV and aircon but is working with Bysing-Wood and this was due to a change in Business Manager.</p> <p>The Chair queried what SW's overall assessment of the whole compliance and where schools were, and SW advised he felt the schools were in a good position but is different for each school. All the schools need to undertake remedial work. Schools have put in a Condition Improvement Fund (CIF) bid and this closes on the 15th December. Queenborough have submitted a bid to look at fire safety and boilers, Bysing-Wood for heating and cooling, Briary for fire safety and Holywell for fire safety and safeguarding. Once the outcome of the CIF bids is known, SW will make a clear action plan to cut down on remedials.</p> <p>The Chair queried that legionella was marked amber but with a test date of 2020 and SW acknowledged this needs amending. The tests are booked in and due this month.</p> <p>The Chair asked from a control perspective whether the outstanding items could be brought back to a future meeting. The CEO clarified that the RAC Committee wished SW to produce a report for the next meeting, showing what action has been taken for those items currently red or amber. The Chair confirmed and asked for it to show landlord/school responsibilities.</p> <p>GR advised for the minutes that there is currently an improved position since the last meeting. The meeting agreed that this is a huge improvement especially with the challenges around Covid and that some contractors could not or would not attend the site.</p>	<p>SW</p>
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		<p>SW left meeting at 3.51 p.m.</p> <p>The CEO agreed that there would be an annual report however SW will update the CEO re the red and amber items and he does not need to attend every meeting.</p>	<p>SW</p>
		<p><u>Estimated cost of the support functions provided by the Group and estimated revenue from Schools</u></p> <p>The CEO mentioned that this item will come back to the RAC Committee, however this needs to be shared with the EKC Group Governing Body first and they are due to meet on the 14th December.</p> <p>This will come back on the agenda for the next meeting.</p> <p>ACTION – DG TO ADD TO NEXT AGENDA.</p> <p><u>Cyber security arrangements in the schools</u></p> <p>The CEO had brought this back to the meeting but suggested that at the third RAC Meeting, there is a formal update paper about where the Trust are.</p> <p>ACTION – CEO to produce a formal update paper for the third RAC Committee Meeting due to be held 26th May 2022.</p> <p>The Director of Operations has circulated significant resources to the schools. The CEO feels the Trust are currently in a safer position, due to the schools not sharing a Trust network and using a different network to the Group. In case of cyber-crime,</p>	<p>DG</p> <p>CEO / DG</p>

other schools can support with IT in the interim. Free training has been provided which has been taken up. Education Services are rolling out a cyber security awareness event which will take place end January / beginning of February. There have been a lot of promotional leaflets and posters shared to encourage staff. Staff have access to the online cyber module and they have also had presentations from Cantium and the Police around cyber protection and it is a monthly agenda item on the Business Manager's meetings. The biggest vulnerability is that the Trust do not have multi-factor authentication which the schools are exploring. The RPA scheme are looking at how they cover cyber security and the Trust continues to be part of that. The CEO has looked at the mitigating risk and controls. The CEO advised that the pupil data is around learning and is not business critical to the organisation. The main risks are around payroll but this is a Group risk and staff personnel data which is a GDPR risk.

GR advised that EKC Group are cyber essential plus accredited so from a group perspective are significantly more advanced in cyber security than most of our peers, so the Trust info is protected as much as possible. The Trustees agreed that at primary level the data collected is not very commercial so people would not pay a ransom for it. The CEO advised that we have mitigated risk as much as possible but we need to build staff awareness.

The Chair questioned that previously the RAC Committee had discussed data back-up. The CEO advised that all schools have a contract with other data providers and it is with the individual provider how often they back-up data. The CEO has been advised that Cantium no longer undertake tape back-ups so they are only ever an hour from a clean piece of data. The meeting acknowledged our biggest risk is payroll and whether this affected the monthly payroll. The Group have daily back-up and this is off site.


		<p><u>Scrutiny of Safeguarding Arrangements in the Schools</u></p> <p>The CEO advised that training had been provided to the Local Governing Boards in June. The DG has conducted joint single record audits with the Safeguarding Governors and the Trust now host the single central record centrally to ensure compliance. Website compliance was undertaken and LGBs received a full report. The CEO reviews this at every visit and it goes on the note of visit, which goes to the Governors. There is a full safeguarding visit annually and the Safeguarding Lead network is set up and meets three times a year to share best practice and training.</p>	
8	Terms of Reference for the Committee	<p>The Terms of Reference for the Committee need to be approved annually. There are no changes and the meeting approved the Terms of Reference. PG agreed to continue as Chair for the next year and the meeting were in agreement.</p> <p>APPROVAL – the Terms of Reference for the Risk and Audit Compliance Committee were approved.</p> <p>AGREED – PG to remain as Chair for 2021/22.</p>	
9	Annual Report to the Board of Members and Trustees for the year ended 31 August 2021	<p>The Annual Statement was circulated prior to the meeting and the RAC Committee agreed to recommend this to the AGM.</p> <p>ACTION – The Chair to recommend the approval of the Annual Report at the Annual General Meeting.</p>	Chair
10	Internal Scrutiny Annual Report year ended 31 August 2021	<p>The Internal Scrutiny Annual Report was circulated prior to the meeting and the Committee were given the opportunity to discuss the report.</p> <p>NOTED – The contents of the Report were noted.</p>	

11	Draft Internal Audit Plan 2021-22	<p>The CFO advised that currently the Trust employ William Giles as Internal Auditors and he had been investigating whether the same internal Auditors as EKC Group could be used for the same price. The CFO has been advised this is possible but there would need to be a separate Letter of Engagement, as they cannot provide assurance to the EKC Schools Trust as they would not be employed by the Trust. The CFO has not yet managed to obtain a price to compare whether this would be a saving to the Trust. There would still be some additional costs involved as the Trust would need a separate report.</p> <p style="text-align: center;">ACTION – The CFO to obtain a quote and bring back to the next meeting.</p>	CFO
12	Key statistics on Teacher Performance Related Pay	<p>The CEO had circulated the paper prior to the meeting. This item was delegated to the RAC Committee from the Trustee Board and Trustees will receive a copy of the minutes. .</p> <p>The report showed an overview of how the spread is across all schools currently. The CEO is currently going through the Performance Management Policies for each school and tightening up the pay scales and who can go through the threshold. The CEO advised that once staff have gone through the threshold, it is harder to move jobs unless you want to become a leader. GR agreed but also felt that staff need to be motivated and the meeting agreed we need to look at cultures and how to develop staff. The Chair advised this is a local Board responsibility. Currently, staff have to apply to go through the threshold.</p> <p>The meeting discussed the need not to have an excess of staff in the upper pay scale and the need to make sure pupils do not miss out because the pay costs are too high across all the staff.</p>	

		The CEO advised that Palm Bay is full and East Stour have strong recruitment and have good pupil numbers. Briary and Bysing-Wood have growth plans in place.	
13	Risk Register to include deeper dive	<p>The Risk Register update paper was circulated prior to the meeting focusing on the three risks that had been identified to be looked at further. The CEO, CFO and DG met with AG, Director of Corporate Services, to look at the Risk Register.</p> <p>The Chair advised that he had struggled to find the changes as they had not been marked separately. The CEO advised that one of the Trustees had asked not to have track changes. The CEO will circulate a version with tracked changes and a clean version.</p> <p>The Chair queried that based on the narrative, the probability had changed for what was mentioned but the impact of risk had not really changed. The CEO advised that they are on the Risk Register because they are high risk but the mitigation has brought down the probability. GR advised that the only way risk can be mitigated is to transfer the risk to someone else.</p> <p>The Chair questioned that as some of the scores had changed for the impact of the risk, the risk is still the same as it was a year ago, but as we know the controls are working, the probability will have gone down but the impact of the risk is still there.</p> <p>The meeting discussed the different view points and GR agreed that if this was the case, the original risk needs to change but if the residual risk has gone down then we need to reflect this. The meeting agreed that in terms of business continuity unless the Trust have an insurance policy that pays out, the impact is still going to be the same.</p> <p>The CEO agreed to take another look at this from a different angle.</p>	<p>CEO</p> <p>CEO</p>

		The Chair questioned whether there was an update on Brazel vs Harpur and whether this had been factored in the financial risk. The CEO advised that when the report was completed, we were still waiting for the Supreme Court outcome. The CEO feels that if it comes in, it will be challenged and there would need to be a national response. As there is nothing the Trust can do at this time, we cannot mitigate against it but it would be catastrophic for every academy.	
14	Review of Internal Audit and External audit services	The CEO will follow up with DG when she has returned to work. CEO to format a response to the Auditor and send round for feedback.	CEO CEO
15	Any other business	Nothing declared.	
16	Matters considered confidential	Item 5 was considered confidential and will form Part A Confidential Minutes.	
17	Date and time of next meeting	The next meeting is the 31 st March 2022	

There being no further business the meeting closed at 16.45 pm

Signed: 

Print: Peter Goldsack

Date: 22/3/22