

Meeting	MAT Risk, Audit and Compliance Committee	Date	Wednesday, 30 th September 2020
Location	Virtual Meeting via Microsoft Teams	Time	2.00 p.m.
Membership of the RAC Committee	Peter Goldsack (Chair), Peter Troke (PT), Summer Macer (SM)		
In Attendance	Tammy Mitchell (CEO), Jonathan Cresswell (CFO), Sharon Hollingsworth (DoG), Claire Edgeworth (CE) - Notetaker		

	ITEM	COMMENTS	ACTION
1	Appointment of the Chair	The DoG asked for nominations for the Chair of the RAC Committee. PG nominated himself and the other Trustees were in agreement so PG was formally elected as Chair of the RAC Committee. The DoG handed over the meeting to the Chair.	
2	Welcome and Apologies for Absence	The Chair welcomed everyone to the meeting and noted there were no apologies for absence.	
3	Declarations of Interest	The Chair asked if there were any Declarations of Interest and none were declared.	
4	Terms of Reference for the Risk, Audit and Compliance Committee	DoG presented the Terms of Reference to the Committee which outlined the Committees authority and duties and how the Committee will operate going forward. The RSC have already approved the Terms of Reference and they are in line with the Financial Handbook. The Committee approved the Terms of Reference and they were adopted.	
5	Risk Register	The CEO had circulated the Risk Register prior to the meeting. The Risk Register enables the RAC Committee to keep up to date and review any risks. The CEO, CFO, DoG and Director of Corporate Services review the register and this links into the EKC	

		<p>Group Risk Register. Any risks highlighted in the EKC Group are then looked at to see if this would be a risk to the EKC Schools Trust and vice versa.</p> <p>The CEO had highlighted areas that were at risk and asked the Trustees for any questions. The Trustees highlighted that there were a number of areas on the estates report that had cost implications and queried if KCC had been contacted to do the outstanding work. The CEO advised that there were three items outstanding at conversion a) the veranda at Queenborough b) the fire alarm at Briary c) subsidence at Holywell. The conversion had gone ahead as it was agreed we would take on the level of risk. The veranda is out to tender at the moment and the EKC Group Director of Estates is managing the risk. KCC have been contacted regarding the subsidence at Holywell as the CEO had been advised that as KCC were aware and monitoring the situation, their Insurance Company were liable. The CEO will however put this on the bid list for a Capital Project bid to try to have some of the costs funded.</p> <p>The Trustees queried the boiler at Queenborough as KCC were aware of problems with it, however the CEO advised that a landlord can keep mending the boiler as long as it is working. However, we can no longer obtain the parts to mend it so this has been put on the Capital Bid list.</p> <p>The Chair queried that the Risk Register had not been approved in the July meeting and the DoG will check this.</p> <p>The CEO explained how the assessment of risk was worked out. The Trustees queried how the rationale for the template was reached and the CEO advised this approach is similar to that used by other educational settings, including EKC Group. The Trustees were happy to use the same template as EKC Group to enable cross-referencing of risk from the MAT to the Service Provider. The CEO advised that she was happy to present the information in a different format if the Trustees wished her to or present different information.</p>	<p>DoG to check if Risk Register was approved at the July meeting.</p>
--	--	---	--

		<p>The Trustees discussed the reputational risk and how the failure to implement the strategy affects our reputation. A scenario was given that if we did not grow, the current schools would discuss this and this would affect our reputation not only locally but possibly with the DfE, so we have to assume that any small thing could cause a reputational risk.</p> <p>One Trustee advised he would like to see the units broken down from time to time, as in most cases the risks will stay amber or red and it would be interesting to see where progress is being made and what is outstanding. The CEO advised that only significant risk would be on the register and as soon as it is no longer a risk and turns green, it would be taken off. Any risks that are being managed are not included on the register. The Trustees acknowledged that high level risk and sub risks may go green at some stage but when you look at the overall risk it will stay amber.</p> <p>The Trustees queried if the CEO considered people risk and regulatory risk or is this included in reputational risk? The CEO advised it does come under reputational risk but if Trustees were concerned we could look at specific risk. The CEO asked SM from her HR background if she felt we captured people risk and SM advised she felt we did cover this.</p> <p>The Chair suggested that each risk was looked at on the register.</p> <p>Risk 1 – Failure to successfully implement + embed processes, procedures & systems for the MAT:</p> <p>The Trustees queried why the risk had changed and did we consider the impact was reduced. The CEO advised that as we have now built a relationship with the schools, the impact is not so great than it was at the beginning and it is easier to address the issues so the consequences are reduced.</p>	
--	--	---	--

		<p>Risk 2 - Failure to enrich the curriculum in the Academies through Partnership + collaboration</p> <p>The CEO advised that this is one she is concerned about as Covid has impacted on our achievement and we now need to reignite this and continue with what we had started. If Covid continues this could result in needing to start again and this could be a risk. The Trustees agreed that Covid also impacted on areas like recruitment and queried if the CEO had plans in place and this was discussed. The Principals will be planning with the school's activities for the coming year, but due to Covid this might not happen.</p> <p>Risk 3 – Failure of the MAT to add value to the Academies + meet our core purpose.</p> <p>The Trustees were in agreement with this Risk.</p> <p>Risk 4 - Failure to deliver the Trust Improvement Strategy:</p> <p>The Trustees felt this was the risk that aligned to Covid the most and was a challenge. The Chair identified that the risks had not increased but if Covid continues this risk could increase.</p> <p>Risk 5 – Financial Risk</p> <p>The Trustees queried what controls we had in place as if the finances fail as we carry the risk. The CFO advised that the schools are unable to raise anything without first putting it on the system which then feeds into the central team. The schools do not have access to cash or bank accounts and there is a monthly allocation on the credit</p>	
--	--	--	--

		<p>cards. This has been put in place to protect them as well as the Trust. This also ensures that the schools are not picking up a bill from another school.</p> <p>The Trustees identified that the impact has been reduced and queried why this has changed . It was agreed that the probability may reduce and could reduce further after the EFSA Audit. The CEO will take this forward at the next Leadership Group but felt this was down to interpretation.</p> <p>Risk 6 – Failure to ensure a safe culture and safe learning environments across the Academies in the Trust:</p> <p>The Trustees were happy with this risk.</p> <p>Risk 7 – Failure to provide sustainability to the effectiveness of the Trust and its Academies:</p> <p>The Trustees discussed that if there was not enough demand for the school this would affect the budget and were aware that one school was not full. The CEO explained the school had to change to a two-form entry however planned building work had not yet been completed. The school has a falling role due to the area it covers and parents are choosing schools in another demographic and the CEO is working with the schools to change local perceptions. The school now has a stable Head Teacher and Deputy Head Teacher and the schools is in a better place.</p> <p>Risk 8 – Failure to ensure the premises across the Trust are effectively maintained and meet all aspects of premises compliance.</p> <p>The Trustees highlighted that the Landlord Report details areas which are a high risk and this needs to be kept a close eye on.</p>	
--	--	---	--

		<p>Risk 9 – Governance:</p> <p>The Trustees identified that the risk had gone down a lot and felt that this was down to processes now being embedded. The CEO agreed that they had to build the Trustee Board up from scratch at every level and felt we had done well in the 6-month period and we had strong Local Governing Boards and strong Trustee Board.</p> <p>Risk 10 – Failure to ensure Business Continuity in the event of a critical incident:</p> <p>The Trustees agreed that this was still a high risk.</p> <p>Risk 11 – Effective implementation of the Trust Growth Strategy:</p> <p>The CEO felt this risk was constantly changing as the growth plan kept moving due to changing circumstances and until the schools actually sign there is a risk. It was identified that previously the RSC had only allowed 4 schools in an area to convert so this could also be a factor.</p> <p>The Trustees questioned whether another column could be added for the next period and we could still see October and the CEO agreed. One Trustee asked if units could be broken down into more detailed explanation and maybe we could look at one or two at each meeting. The CEO asked the Trustees to decide which ones they would like to review and the Trustees agreed to meet outside the meeting to select them and will email the DoG direct.</p>	<p>CEO to add extra column.</p> <p>Trustees to meet to decide which units to be broken down and will contact DoG</p>
6	Appointment of the Internal Auditor	<p>The CFO advised that there had been an update to the Financial Regulations and we now cannot use the same auditor for external and internal audits. As part of the original audit process we went out to tender and the CFO has approached the Auditor that was closest to the one that was appointed and who had good knowledge or</p>	

		<p>internal audit work. The CFO had sent round prior to the meeting their proposal and pricing structure of £3200 plus VAT.</p> <p>The Trustees queried if they would need to go into the schools and the CFO advised that they will only need access to the central finance team. Currently the Auditors are working remotely and we have ways to allow them access to the relevant screens and scanned invoices. The Trustees questioned whether anyone from the Trust went out to do checks and the CEO advised that everything is now electronic so there would be nothing to go out to check. The CEO feels that this has been a challenge for the schools.</p> <p>The Trustees felt this was a reasonable cost but queried how the structure was arrived at in terms of how many days they would need to undertake the audit and whether there would be a cost implication. The CFO advised he had gone through everything with them and the structure was their recommendation but there could be a risk if something was not available that it might take longer. The CFO advised that the EKC Group central finance team are used to sharing their screens and functions so this should not be a problem.</p> <p>The Chair proposed that William Giles were appointed as internal auditors and the Trustees unanimously agreed.</p>	
7	Internal Audit Plan	<p>The Internal Audit Plan was sent round prior to the meeting and concentrated on financial elements of the internal audit plan so were recommendations from a finance point of view.</p> <p>The CFO recommended that the audit looks at systems and scrutinise key finance functions to make sure that they are doing what they should be doing, and that this ties back to finance regulations are being used. Another area would be work around</p>	

		<p>Covid as this is a hot topic for internal auditors. These could be three key areas that we need to look at for internal auditors to review.</p> <p>The Trustees queried that the proposal from William Giles highlighted a list of things that should be audited and some are a requirement of the ESFA annually and we need to make sure these are covered. The CFO advised that these are the areas they will look at but we can be more specific and we need to instruct them what we want them to look at.</p> <p>The CEO felt it would be helpful to get a benchmark audit from their historical work with other Trusts. After the ESFA Audit Trustees might want to look at something different as this might uncover something we did not realise we should be doing.</p> <p>The DoG queried if we wanted to see if we wanted to wait for the ESFA Audit to see what comes out of it as the audits will be running concurrently. The Trustees were in agreement that this would be discussed further after the ESFA Audit when we know what the outcome is otherwise we will be duplicating work. The CFO advised that there are no timescales to undertake the internal audits and CEO suggested that the internal audit was held after the EFSA Audit and the external audit that was taking place on the 9th November.</p> <p>The Trustees agreed it would be helpful if the internal audit could be undertaken before the RAC Committee meeting on the 14th June with a caveat that this could be revised after the ESFA Audit and external audit. It was agreed that this could be formalised at the meeting on the 9th February.</p> <p>The Trustees passed the Resolution that we would appoint William Giles to undertake an internal audit in May 2020.</p>	
--	--	---	--

8	Landlord Responsibilities and Compliance for Estates	<p>The CEO advised that EKC Schools Trust commission the EKC Group Estates Department as an advisory service under a Service Level Agreement. The Director of Estates, Stewart Haywood (SH), has prepared a paper for the meeting today and this was circulated prior to the meeting. The paper outlines the compliance work for landlord responsibility and a check and balance around school compliance. There are two levels, big ticket items which as landlords we are responsible for and smaller items e.g. PAT testing that the schools are responsible for.</p> <p>SH keeps a check on school level compliances and makes sure Head Teachers and the Local Governing Boards are aware of whether the schools are compliant. The CEO explained that as we delegate responsibilities to the Local Governing Board to makes sure health and safety is met, it does mean Trustees do not have a tight handle on this, which is why SH has submitted a report.</p> <p>The Chair queried in terms of items in red, whether it was the school's responsibility, then the Local Governing Boards and then the Group level in terms of hierarchy and what is the process. The CEO explained that there is an annual plan and we commission the appropriate body where it is the landlord responsibility. SH will contact the Business Manager if a school level responsibility and ask for evidence that the work has been completed. If that evidence is not provided, SH will contact the Chair of the Local Governing Board and CEO to advise that they are not compliant, to make sure we are holding them to account. The CEO will also visit the Local Governing Boards if they are not compliant and ensure feedback to the Trustees to fulfil accountabilities.</p> <p>One of the Trustees queried the development work at Briary Primary School. The CEO explained the details of the land swap which will mean additional housing in the area and currently we have exchanged but not completed. There is also expansion work planned for the school and the CEO discussed this and this could mean the school become a three-form entry to cover the building of new housing. KCC are still</p>	
---	--	--	--

		<p>responsible for commissioning and there are currently no timeframes been given. The CEO advised that although this is a positive for the school, there is a risk around trying not to spend money, unless health and safety critical, on the part of the school which will be form part of the building work. The Chair advised he was aware that there has also been access roads in the equation and this has caused problems as the situation keeps changing and it has been difficult to plan pupil numbers. The positive is that the land will now be next to the school rather than adjacent to it and under 1106 the developer is responsible for funding significant amount of the new infrastructure. KCC are the broker in this situation and we are the client.</p> <p>The Chair queried how often this information would be presented and the CEO is happy to submit a short report at the first meeting of the academic year annually. The Health and Safety Audit will have taken place by the next meeting and a report will be submitted.</p> <p>The Trustees queried if there were any health and safety issues would it come to the meeting and the CEO advised it would and she will ask SH to use the report to add any updates, however some health and safety sits with the schools and if it was a disaster would sit with the insurance company.</p>	
	<p>ESFA Financial Management and Governance Review Update</p>	<p>The CEO advised that we have been selected to undertake an ESFA review and there will be two element – finance and governance. This review will be a desktop exercise. The CEO explained the process and the information requested. The information has to be with the ESFA by the 6th October but we have not been informed of an exact date for the audit.</p> <p>The Trustees felt it would be good to have a clean bill of health and the CEO agreed it will be good to know if there is anything missing at this stage that we were not aware of as key documents could be open to interpretation. The CEO acknowledged that with the current situation around Covid, the schools, teams and schools have not</p>	

		welcomed this as it has added extra pressure but that despite the implications of COVID all statutory duties had been fulfilled. The ESFA have not requested to talk to the Trustees.	
	Any Other Business	There being no other business the Chair closed the meeting at 15.35	
	Matters Considered Confidential	There were no matters considered confidential	
	Date and time of next meeting	The next meeting is scheduled for the 3 rd November 2020 to approve the draft financial statements. Due to Covid calendars are being aligned so this will not be a full meeting.	

Approved Minutes

Remote approval received from the Chair by e-mail on 18th November 2020

Print: Peter Goldsack

Date: 18th November 2020