



TRUST BOARD AUDIT & RISK COMMITTEE

Minutes of a Virtual Meeting of the Audit & Risk Committee of the Trust Board of South East Cornwall Multi Academy Regional Trust held on Wednesday 14th July 2021 at 6.00 pm.

Present	Yes/No	In attendance	Yes/No
Mr B Cook	Yes	Mr D Buckley, CEO	Yes
Mr L Hallam	Yes	Mrs J Lumbard, CFO	Yes
Mr C Piper, Chair	Yes	Mrs K Williams, Clerk to Trust Board	Yes
Mr Newton Chance	No	Mr Kevin Connor, Bishop Fleming	Yes

Summary of matters for the Trust Board

- a) Financial Statements and Trustees report for the financial year 2019/20 that were submitted to the ESFA in advance of the deadline of 31st December 2020 and have been filed at Companies House prior to the deadline of 31st May 2021.
- b) The AAR (Academy Accounts Return) based on the year end accounts to August 2020 was prepared and returned to the ESFA in advance of the deadline of 23rd February 2021.
- c) Trustees were content to approve the Audit plan for 20/21 as presented.
- d) Trustees have agreed the internal scrutiny testing for 2020/21.
- e) Trustees have agreed the schools' Business Continuity Plans.

25. Welcome and Format of Meeting

The Chair welcomed everyone to the meeting.

26. Declaration of Business or Pecuniary Interest and Academy-related parties - update on any changes since completion of written declaration

None.

27. Apologies for Absence

Mr Newton Chance had sent his apologies in advance of the meeting and these were received and accepted by the committee.

28. Approval of the minutes of the previous meeting held on 03-03-2021

The minutes of the meeting held on 3rd March 2021, having been circulated in advance, were agreed as an accurate record and will be signed by the chair.

14. Strategic Risk including Risk Register

c) A Trustee suggested that ICT risk should be a 5 and not a 3 as there is significant impact. Mr Buckley advised that we do have back up plans and a 5 is classed as extreme risk. Trustees agreed that the level should be changed to a 4.

Update: Complete.

e) Trustees reviewed the risks assigned to the committee and requested one change as detailed above. The dates of review can be updated.

Update: Complete.

M6. Matters Arising

M17. ESFA Funding Statements – For information

Following the usual checks carried out by the Finance team, a comparison had been circulated detailing the October 19 census to the ESFA funding statements for 2020/21 to check that student numbers, which are the basis for funding, were in alignment. Mrs Lumbard explained there is a slight difference at Saltash which she is checking with the ESFA. Mrs Lumbard has contacted the ESFA but has not had a response.

Update: Mrs Lumbard advised that she has now had an answer and we have had the correct funding in line with the census report issued and explained that the issues were due to dual registered students.

29. **Risk Register in line with Strategic Plan - no change to Risk Register from update of strategic plan**
- a) Mr Buckley advised that the Strategic Plan is in its fifth year and the risk register will be changed once the new Strategic Plan is in place.
 - b) Mr Hallam noted that he has not had a copy of the Risk Register and Mrs Lumbard advised that she will send Mr Hallam the link to the document which is held on SharePoint.
- Action: J Lumbard**
30. **Accounting Officer report to include any irregularity and proprietary issues and matters referred to the AO for guidance**
- a) Mr Buckley advised that the Financial Statements and Trustees report for the financial year 2019/20 were submitted to the ESFA in advance of the deadline of 31st December 2020 and have been filed at Companies House prior to the deadline of 31st May 2021. The Financial Statements contain a statement regarding Regularity, Propriety and Compliance which Mr Buckley has signed as Accounting Officer.
 - b) The AAR (Academy Accounts Return) based on the year end accounts to August 2020 was prepared and returned to the ESFA in advance of the deadline of 23rd February 2021.
 - c) The budgets for 2021-22 have been prepared and an initial draft presented to the relevant LGCs across the Trust. An overview of the initial budgets will be shared with the Resources Committee 10th June. The final draft of the budgets will be discussed at the Resources meeting on 14th July and then to the Trust Board on 20th July to be ratified. These documents will then be returned to the ESFA on the BFR (Budget Forecast Return) in advance of the deadline of 27th July 2021.
 - d) Arrangements for the internal assurance testing are currently in progress. The testing programme will need to be agreed by the Audit Committee.
 - e) The proposed intake numbers for September 2021 for primary, 11-16 and post 16 has been completed.
 - f) Trustees accepted Mr Buckley's report.
31. **Agree Audit Plan for 2020/21**
- A document had been circulated in advance of the meeting. From this:
- Kevin Connor joined the meeting at 18.16
- a) Mr Connor introduced himself as Audit Partner at Bishop Fleming. Mr Connor advised that he has looked at last year's audit and the management letter which was clean and noted that very few points had been picked up so a great starting point for this year.
 - c) Key themes for this year are; revised audit standards this year which companies must comply with. The audit report will have a new explanation of the work of the auditor in terms of irregularity opinion and there will be tailored wording for your Trust (wording will be circulated to Audit committee). There is a change to the section regarding going concern and the audit

report will ask auditors to agree with the Trust's conclusion and so this requires some additional work for auditors. These changes are not thought to be a concern.

- d) Mr Connor explained that in terms of the approach to the audit and materiality, all auditors apply materially based on applied threshold and how they are calculated. These are consistent with what is applied across the educational sector. Risk Assessment is a key part of how the audit is set up. Section 1.7 of the Audit Plan details the significant areas which need to be identified. These include management override, income recognition and Covid and the impact on the Trust.
- e) The timetable has been agreed with Mrs Lumbard with the annual audit field work starting on 01-11-2021 with an Audit Committee meeting date in December.
- f) **A Trustee queried the materiality criteria for professional judgement and asked if there is any common or regularity best practice on how this is judged.** Mr Connor advised that guidance gives ranges of percentages that can be applied. The way this is applied in academies, is the land and building figures are higher than anything else and so Bishop Fleming would be applying a higher materiality rating to this, and less for everything else to ensure the work is robust.
- g) **A Trustee noted the ESFA have removed "financial" from much of the wording and asked if this is a change of emphasis as a whole.** Mr Connor noted that this is an interesting point and explained that the ESFA are slightly broadening their view on Trustees and not focusing on financial.
- h) **A Trustee asked if we have other audits on controls in broader areas.** Mrs Lumbard advised that we need internal scrutiny testing as well as the annual audit and there is other information that she can provide to Mr Hallam
- i) Trustees thanked Mr Connor for his time and attending the meeting. Mr Connor left at 18.32.
- j) Trustees were content to approve the plan as presented.

32. **Agree internal scrutiny testing for 2020/21**

A document was circulated in advance of the meeting. From this:

- a) Mrs Lumbard advised that we need internal assurance and scrutiny testing. The AFH (Academy Financial Handbook) states that this needs to be completed by someone independent and there is now a change of regulation which means that Bishop Fleming cannot undertake this for the Trust. Mrs Lumbard explained that we have been able to recruit a new accounting firm, Kreston Reeves and so this will be completed remotely. Kreston Reeves have provided a schedule for this year.
- b) Mrs Lumbard has been in touch with them since sending the basic assurance as this should cover other areas over and above finance. Mrs Lumbard has asked for it to also cover governance and strategic review. Internal assurance test specification for future years will be increased. This year they are hoping to complete testing in September. We do also have our own internal testing within all the schools and we have report each term for this for both finances and H&S and Premises. Mrs Lumbard added that internal checks happen during the year to ensure compliance. Once the assurance programme has been undertaken, a report will be shared with Trustees and the report forms part of the return with financial statements in December.
- c) **A Trustee noted that this schedule does still have an emphasis on finances.** Mrs Lumbard advised that in previous years, the additional tests were included but this has been impacted by the need to change auditors and their capacity.
- d) **A Trustee queried if there is a range of topics which must be covered by internal audit over a certain period and asked how is this managed.** Mrs Lumbard advised that the AFH has set out what these tests should look like and the majority are financial but cover many other areas and

look at what assurances we have in place to mitigate risk but we should be looking to increase the level of review.

- e) **A Trustee asked how the extra areas to be tested will be decided.** Mrs Lombard advised that this will be a recommendation and the Trustees can have input into these choices. Trustees agreed that was the right approach.
- f) **A Trustee noted that there is increasing amounts to cybercrime and asked to what extent we need external organisations to check the robustness of the systems in place.** Trustees thought this was a significant risk and this would need to be an additional outside agency to review this. Mrs Lombard and Mr Hallam will look for recommendations of an outside agency to support this.
Action: J Lombard/L Hallam
- g) **A Trustee referred to the document and queried the ticked boxes and asked if any work has taken place.** Mrs Lombard advised that this is a pro-forma and no work has taken place.
- h) Mrs Lombard advised that the company need to do some background checks on Mr Cook, Mr Buckley and Mr Newton Chance as we have not used them before. Mrs Lombard wanted to reassure Trustees that any communication is via a secure portal.
- i) Trustees were content with the plan as proposed.

33. **Finance report to include finance policy changes and a budget update for significant changes that may impact on risk**

A document was circulated in advance of the meeting. From this:

- a) Mrs Lombard advised that her finance report details the changes to policy to ensure that we are fulfilling our obligations.
- b) Trustees were assured by the information provided.

34. **Report of any novel or contentious transactions to consider risk**

A document was circulated in advance of the meeting. From this:

- a) Mrs Lombard advised that she has taken the section from the AFH. This is a declaration for when we sign the annual accounts. This is a review to confirm that there have not been any novel or contentious transactions and there have been none.
- b) Trustees were assured by information provided.

35. **Business Continuity Plans**

Documents were circulated in advance of the meeting. From these:

- a) Mrs Lombard advised that the BCP (Business Continuity Plans) have been agreed by the LGCs (Local Governing Committees) and they identify the risks which are similar across the Trust. Each school has specific information for contact details. It was noted that the format of the Liskeard plan is in a different to the other schools and moving forward, this may be used as a layout for the other schools.
- b) **A Trustee asked is there is assurance that these are tested.** Mrs Lombard advised that we were hoping to do this but Covid has impacted this. It is hoped that post Covid, these will be tested by the schools.
- c) **A Trustee asked to what degree of scrutiny the plans get at CBU (Central Business Unit) level after they have been recommended by LGCs.** Mrs Lombard advised that operations managers are tasked with drafting these and Mrs Lombard discusses this with them throughout the drafting process. **A Trustee asked how we are assured that these are properly put together before coming to Trustees.** Mrs Lombard advised that they go to both the CEO and herself. Covid has made things tricky and the BCPs are out of sync and she would be keen to enhance this process next year. It was suggested that a summary of key risks might be useful to add to the review

process. Trustees were keen for a robust review process and it was suggested that a timetable would be useful which is RAG (Red, Amber, Green) rated and a management comment added.

- d) Mr Buckley noted that the reality of Covid was that the Trust needed to provide a trust wide document which then allowed individual risk assessments whilst ensuring a Trust wide approach. It was queried if a trust wide principals document should be put together but it was not sure how much work this would entail in a short period of time.
- e) A Trustee noted that TBC had been used on Trewidland plan and that needs to be corrected.
- f) Trustees were content with the BCPs as proposed with the minor change suggested to Trewidland's.

36. **Agreements made by email – For information**

- a) None.

37. **Summary of matters for the Trust Board**

- a) Financial Statements and Trustees report for the financial year 2019/20 that were submitted to the ESFA in advance of the deadline of 31st December 2020 and have been filed at Companies House prior to the deadline of 31st May 2021.
- b) The AAR (Academy Accounts Return) based on the year end accounts to August 2020 was prepared and returned to the ESFA in advance of the deadline of 23rd February 2021.
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- d) Trustees have agreed the internal scrutiny testing for 2020/21.
- e) Trustees have agreed the schools' Business Continuity Plans.

38. **Date of next meetings:**

09-12-2021 at 4.30 pm, 30-03-2022 at 5.30 pm and 08-06-2022 at 5.30 pm.

The meeting closed at 18.59.

Action Summary	
<p>29. Risk Register in line with Strategic Plan - no change to Risk Register from update of strategic plan</p> <p>b) Mr Hallam noted that he has not had a copy of the Risk Register and Mrs Lumbard advised that she will send Mr Hallam the link to the document which is held on SharePoint.</p>	<p>Action: J Lumbard</p>
<p>32. Agree internal scrutiny testing for 2020/21</p> <p>f) A Trustee noted that there is increasing amounts to cybercrime and asked to what extent we need external organisations to check the robustness of the systems in place. Trustees thought this was a significant risk and this would need to be an additional outside agency to review this. Mrs Lumbard and Mr Hallam will look for recommendations of an outside agency to support this.</p>	<p>Action: J Lumbard/L Hallam</p>