



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 12th July 2023 at 6.30 pm.

Present	Yes/No	In attendance	Yes/No
Mr Marcel Aarts	Yes	Mr Dan Buckley, CEO	Yes
Mr Lee Hallam	Yes	Mrs Jo Lumbard, CFO	Yes
Mr Chris Piper, Chair	Yes	Mrs Kate Williams, Clerk to Trust Board	Yes
		Mr Kevin Connor, Bishop Fleming	Yes

28. **Welcome**

The Chair welcomed everyone to the meeting.

29. **Agree annual Audit Plan – presentation by Kevin Connor from Bishop Fleming**

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

- a) Mr Connor explained they are almost complete with audit planning meetings this year and the theme is that the majority of Trusts are expecting an in-year deficit, albeit modest deficits. Trusts are expecting to have reserves to cover 24 months of what is needed for budgeting. The budget process which is underway is difficult due to uncertainty of teacher pay reviews and how they will be funded. There is a new academy accounts direction and this came out in April which has a lot more emphasis on estates and school buildings.
- b) The Audit Plan
Bishop Fleming have to confirm that they are independent so they check this with their team and there are no conflicts. There are two audit opinions in the accounts which are “true and fair” and “regularity”. “Going concern” continues to be an area of scrutiny for Trusts. Trustees will be required to present a formal assessment of going concern for their Trust. The audit materiality thresholds are communicated to Trustees and this drives the level of testing and the work that is undertaken. Bishop Fleming have a split materiality, a higher level of 5% for fixed assets and a lower level for everything else.
- c) Bishop Fleming take a risk based approach and they identify any areas with significant and heightened risks. Mr Connor advised that income and journals are areas with significant risk. There are three regularity risks which are around related parties’ transactions, unauthorised activities and unauthorised borrowings and leases. The timetable has been discussed with Mrs Lumbard.
- d) Trustees were in agreement with the Audit Plan as presented.

Mr Connor left the meeting at 6.57pm.

- e) **A Trustee asked if it is best practice to use the same auditors year on year.** Mrs Lumbard advised that we tender the service for audit like any other service and we are currently in a five year contract. That tender process for appointment of the auditors is undertaken with the Members and last time Bishop Fleming was successful although we have had a new partner which is Mr Connor.

- f) **A Trustee suggested that good practice would also include having different partners and audit staff and this feels appropriate over a 5 year contract.** Mrs Lumbard advised that we do have fresh eyes on this each year.

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

None. The new form has been circulated which needs to be completed and returned to the Clerk.

31. **Apologies for Absence**

All Trustees were present.

32. **Approval of the minutes of the previous meeting held on 23rd March 2023**

The minutes of the meeting held on 23rd March 2023, having been circulated in advance, were agreed as an accurate record and will be signed.

33. **Matters Arising**

M17. Consider strategic risk including new and emerging risks

b) Mr Buckley explained that risks are allocated to each Trust Board committee so that it is manageable for Trustees. The columns for the Trust Board need to be completed. A link to the Strategic Risk Register will be circulated.

Update: Complete. Trustees suggested that they should be aware of what are the changes to the main risks to the Trust and it needs to be agreed what these are and when they should be considered. Mr Buckley advised that schools do review risks during the course of the year and it would be useful for Trustees to have a view on when each risk should be reviewed in the year. Trustees felt this should fit into the leadership cycles already in place and it was agreed that this would be discussed at the TSLT Trust Senior Leadership Team) and TOLT (Trust Operational Leadership Team) meetings. It was suggested that there should be standing agenda item for the risks to the Trust for each Audit & Risk (A&R) committee meeting. Mr Buckley advised that Trustees should look at the Risk Register and a link to the Risk Register should be circulated to all Trustees. The Risk Register now does contain a column which shows the changes to the risk. It was agreed that a link to the Risk Register should be added to the meeting agendas.

Action: D Buckley/The Clerk

M18. Consider proposal for Internal Assurance testing schedule

c) **A Trustee suggested that if Trustees feel assured about the work being undertaken on compliance, then we can focus on governance risk but if this is not the case, it should be compliance given we only have limited finances for testing.** Mrs Lumbard will discuss this with Mr Piper to help inform what we need to do in terms of internal testing. Mrs Lumbard asked if this plan needs to be circulated by email for agreement. Trustees were content to agree testing on financial controls but they need to decide how the two days are deployed.

Update: Mrs Lumbard advised that testing was carried out in June. Westcotts were good to work with and we are currently waiting for the report to be issued at which point we can then consider the management response and circulate a copy. Westcotts has included the governance testing in their original plan.

33. **Consider strategic risk including new and emerging risks**

a) It was agreed that this needs to be a standing agenda item and the Risk Register link will be sent with the agenda.

Action: The Clerk

b) Confidential appendix

c) **A Trustee referred to the OFSTED risk and suggested that Trustees don't feel confident about what is in an OFSTED inspection and if the Trust Board are looking at the right KPIs to see problems before they arise.** The structure of the committees and their oversight was discussed during the recent informal meeting. Mr Buckley advised that there is anxiety in the sector due to there not being a predicted model for OFSTED and the IDSRs were previously used by OFSTED but the new model doesn't have any of this. The OFSTED model now includes if the safeguarding

processes are safe so we have looked at having the same safeguarding mechanisms across the schools in Cornwall as part of CACE. The second element is the curriculum and learning and we have completed Peer Reviews and not come across lessons that were less than good but OFSTED did and this was due to their disparity in beliefs around learning and pedagogy.

- d) Mr Buckley explained the benefits of having a trained OFSTED inspector working with the school and advised that that we have SIPs (School Improvement Partners) for Saltash and Dobwalls who are trained OFSTED inspectors and we have Justin Hocking visiting our other schools for mock OFSTED inspections. In terms of the element of Leadership and Management, this has not been an issue for our schools and whilst this was raised at Saltash, OFSTED have since issued an apology on the judgement in this area. The quality of OFSTED inspection teams is a concern.
- e) **A Trustee felt that having mock OFSTEDs is beneficial and they should indicate any changes that we might need. A Trustee suggested that these mock OFSTED reports should come to the A&R committee first who can then determine which committee reviews this and what and when to report back to the Trust Board.** Mr Buckley noted the unpredictability of behaviour incidents in schools which can impact an OFSTED grading and we need to acknowledge that the systems and structures are in place and then weather storms as they happen.
- f) Mr Buckley added that there have been 5 complaints at Liskeard have been generated by the new Headteacher applying the behaviour policy. This resulted in a Local Authority inspection and the outcome of this is being reported to the Trust Board next week. **A Trustee felt it would be useful for this update to be given to the Trust Board and Members next week.** Mr Buckley noted that the Members role is to hold the Trust Board for account. It was suggested that the role of members would be considered within the scope of any future governance review.

34. **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) **A Trustee noted that the committee will be moving away from just considering financial risks to the Trust.**
- b) Mrs Lumbard advised that the budget assumptions and the key risks have been discussed by the Resources Committee. Mrs Lumbard advised that it would be useful to have a fourth Trustee in the A&R and Resources Committee but there is no requirement in the Academy Trust Handbook for the two committees to have different membership but the Chair of the Trust Board cannot be the Chair of the A&R Committee.
- c) **A Trustee asked if each school is audited each term.** Mrs Lumbard advised that this is the case and Mr Gent audits each school once per term.
- d) Trustees were content to agree the Audit Plan following the presentation by Bishop Fleming.

35. **Accounting Officer verbal 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 2021/22 that were submitted to the ESFA in advance of the deadline of 31st December 2022 and have been filed at Companies House prior to the deadline of 31st May 2023.
- b) Mr Buckley added that the statement regarding Regularity, Propriety and Compliance has been signed as AO. He confirmed that there have been no instances of material irregularity, impropriety or funding non-compliance between now and when the financial statements were signed in December 22.
- c) The AAR (Academy Accounts Return) based on the year end accounts to August 2022 was prepared and returned to the ESFA in advance of the deadline of 25th January 2023.

- d) The budgets for 2023-24 have been prepared and a final draft presented to the relevant LGCs across the Trust. These documents will then be returned to the ESFA in advance of the deadline of 31st August 2023
- e) The agreed audit testing programme has been agreed and last year's testing has been carried out. We have internal testing taking place by the finance team.
- f) The confirmed intake numbers are:
 - Dobwalls – 30
 - Landulph – 3
 - Liskeard - 226
 - Looe - 110
 - Saltash - 230
 - Trewidland – 10
 A total of 609 which is overall an increase.

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

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

- a) Mrs Lumbard advised the Academy Trust Handbook description has been provided for Trustees and we are obligated to inform Trustees of this and we sign to this affect in the annual accounts. We revisit this each term so we are consistent in informing Trustees that there is nothing falling into these categories.

37. **Business Continuity Plans – consider and approve**

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

- a) **A Trustee noted the plans look comprehensive but there had been a concern last year that key contacts were missing and asked if we confident that these are now correct.** Mrs Lumbard advised that we do need to test these plans and this is something we need to do when we have capacity and this is on our agenda over the next 12 months.
- b) **A Trustee asked if the plans have changed in any material way.** Mrs Lumbard advised that they only the contacts have changed.
- c) Trustees were in agreement to approve the plans as presented.

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

- a) The committee received a presentation from Bishop Fleming on the annual audit plan. Trustees were content to approve the plan as presented.
- b) The committee will be reviewing overall risk to the Trust rather than just financial risk.
- c) There is an ongoing risk to school from OFSTED. To mitigate against this, School Improvement Partners are in place at Dobwalls and Saltash and a trained HIM is reviewing the positions of the other schools. The Trust will be adopting a model of using mock OFSTED inspections using those trained in inspections.
- d) The committee received a verbal report on any irregularity and proprietary issues and matters referred to the AO for guidance.
- e) The confirmed intake numbers are:
 - Dobwalls – 30
 - Landulph – 3
 - Liskeard - 226
 - Looe - 110
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f) The school Business Continuity Plans have been considered and approved.

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

a) None.

40. **Date of next meeting**

Resources 01-11-2023, A&R 07-12-2023, A&R/Resources 20-03-2024, A&R/Resources 05-06-2024 and Resources 11-07-2024 all starting at 5.30pm.

It was noted that it would be useful to have an outlook calendar.

The meeting closed at 7.54 pm.

Action Summary	
<p>M33. Matters Arising M17. Consider strategic risk including new and emerging risks b) Mr Buckley explained that risks are allocated to each Trust Board committee so that it is manageable for Trustees. The columns for the Trust Board need to be completed. A link to the Strategic Risk Register will be circulated. <i>Update: Complete. Trustees suggested that they should be aware of what are the changes to the main risks to the Trust and it needs to agreed what these are and when they should be considered. Mr Buckley advised that schools do review risks during the course of the year and it would be useful for Trustees to have a view on when each risk should be reviewed in the year. Trustees felt this should fit into the leadership cycles already in place and it was agreed that this would be discussed at the TSLT (Trust Senior Leadership Team) and TOLT (Trust Operational Leadership Team) meetings. It was suggested that there should be standing agenda item for the risks to the Trust for each Audit & Risk (A&R) committee meeting. Mr Buckley advised that Trustees should look at the Risk Register and a link to the Risk Register should be circulated to all Trustees. The Risk Register now does contain a column which shows the changes to the risk. It was agreed that a link to the Risk Register should be added to the meeting agendas.</i></p>	<p>Action: D Buckley/The Clerk</p>
<p>M33. Consider strategic risk including new and emerging risks a) It was agreed that this needs to be a standing agenda item and the Risk Register link will be sent with the agenda.</p>	<p>Action: The Clerk</p>