



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 23rd March 2023 at 6.30 pm.

Present	Yes/No	In attendance	Yes/No
Mr Marcel Aarts	Yes	Mr Dan Buckley, CEO	Yes
Mr Lee Hallam, Chair	Yes	Mrs Jo Lumbar, CFO	Yes
Mr Chris Piper	Apologies	Mrs Kate Williams, Clerk to Trust Board	Yes
Mr Richard Newton Chance	Yes		

12. **Welcome**

The Chair welcomed everyone to the meeting.

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

None.

14. **Apologies for Absence**

Mr Piper had sent his apologies in advance of the meeting which were received and accepted by the committee.

15. **Approval of the minutes of the previous meeting held on 07-12-2022**

The minutes of the meeting held on 7th December 2022, having been circulated in advance, were agreed as an accurate record and will be signed.

16. **Matters Arising**

M5. Matters Arising

M28. Matters Arising

M13. Review the strategic risk register and discuss emerging risks or risks with increasing likelihood

b) Mr Buckley suggested that we should look at the methodology used around the five-year Strategic Plan and its risk management. We need to highlight the areas of risk to the correct committees. It was suggested that it might be worthwhile having a working party for this. Mr Buckley added that SLTF have been tasked with identifying the key risks. Strategic risks are what are stopping us fulfilling our aims. Mr Buckley will advise Trustees of the outcome of the next SLTF meeting.

Update 14-07-2022: Mr Buckley advised that the Risk Register has been discussed but needs some further work so it is in process but there is no conclusion yet. **A Trustee suggested the next meeting should discuss strategic risk as the main agenda item.** Clerk to add to agenda.

Update: 07-12-2022 This will be added to the next meeting agenda.

Update 23.03.2023: On this agenda.

M6. Update on H&S and Premises – Steve Green

g) Trustees felt that late circulation of documents is an emerging risk and should be included in internal audit scrutiny.

Update: Complete.

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

a) Mr Buckley advised that the Strategic Risk Register has been updated. The aims are shown on the left hand column and are related to the Strategic Plan and these are the risks that would prevent us meeting our aims. We have debated what the risks are, reviewed collectively where the risk is

and found that some risks have changed this year. We have worked out broadly when these items should be debated. Control procedures have been identified and each school has a breakout group. Some schools have identified some additional actions that they will be undertaking.

- b) Mr Buckley advised that we have some additional roles for the SLT (Senior Leadership Team) and require their comments to be shared with the LGCs (Local Governing Committees). **A Trustee asked what types of information will appear in this column.** Mr Buckley explained that that this is a new and emerging process so it should detail anything that should be reported to the governors. Mr Buckley advised that schools must review each risk to see if they have changed during the year.
- c) **A Trustee asked if a strategic risk would increase overall if one school reviews a risk and finds that it is increasing significantly.** Mr Buckley advised that a moderation approach is being used for this. We are attempting a change in practice to pick out emerging risks.
- d) **A Trustee asked what will be our target for each risk and suggested that as this document develops, Trustees can look at risk appetite.** Mr Buckley advised that having a risk target column would be useful.
- e) **A Trustee felt that the Strategic Risk Register should be the large risks to the Trustee and this document has been pitched at the right level as too many risks does not allow Trustees to have good oversight.** Mr Buckley explained that risks need to be communicated and this documents allows this.
- f) In terms of the biggest and newest risk to the Trust, from September of this academic year, any school who is double RI graded by OFSTED have to go into an undefined process. One consequence of the process is that the school could be removed from the Trust and about a third of failing schools are removed from their Trust. Saltash is a double RI school so we are going through a process of discussing this with RDD and the outcome of this is a risk to the Trust. We have had to alter our work patterns due to this.
- g) The lack of staffing presents a major risk to the Trust. The variation for item 17 on the Strategic Risk Register talks about coasting and double RI judgements. The OFSTED inspections found our priorities are right at Saltash but the pace was not sufficient. To convince in this argument, we need to increase the rapidity of the school's improvement. We have already had a Trust in to look at improvements at three of our schools. **A Trustee asked if we would have a paper on this for the Trust Board meeting next week.** Mr Buckley advised that he is writing a paper for the whole Trust Board.
- h) **A Trustee felt that the Audit & Risk committee should be discussing new and emerging risks and Trustees may decide to test the controls in place and any reports to the main Trust board should include this type of information.** Mr Buckley explained that the Strategic Risk Register is a live document which the Headteachers and Executive team have access to. **A Trustee suggested that this document should be interrogated before each committee meeting and Trustees should question the controls and the narratives. There may be a need to have some work done to refine what Trustees are looking at. The Committee Chair thanked the team for this document and the work towards developing it.**
- i) 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.
- j) Next steps were suggested

Action: Mrs Lumbard

- Developing risk appetite/targets for risks on what is acceptable, and this may be a broader Trust Board discussion rather than just an Audit & Risk Committee conversation.
- A maturity model which gives risk projectory

- How do we use this document for internal audit

- k) Trustees concluded that in effect, we would be prioritising the elements of the five year plan as risk unpins everything in an organisation. **A Trustee asked if the control procedures are the mitigations and do we have contingency planning.** Mr Buckley advised that this is a separate document called the Business Continuity Plans (BCPs). These are largely the same for all the schools and we are overdue a major overhaul of these but this is a large scale piece of work. The plans have worked well in terms of the pandemic. **A Trustee felt that BCPs would be a control measure.** Trustees were content with the work on Strategic Risk Register.

18. Consider proposal for Internal Assurance testing schedule

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

- a) Mrs Lombard advised that we have met with Westcotts and they have agreed that we are working towards a set of testing which would focus on both financial and non-financial risks. The Strategic Risk Register will feed into non-financial tests. We have been delayed with testing this year. Mrs Lombard has been in contact with Westcotts and we know what we need to look at in terms of the ATH (Academy Trust Handbook) and Westcotts have been able to give us some dates in June for a week of testing. It is planned that there will be three days of financial testing and two days of non-financial testing. Westcotts have sent a document on proposals for the testing plan which Mrs Lombard shared on screen with Trustees.
- b) Westcotts have suggested to work on governance risk and financial risk. **A Trustee asked if we feel that two days of testing are best used on supporting our journey on risk so that we start with the right structures or would compliance be better as this is high risk for the Trust.** Mrs Lombard explained that the ATH requires us to internally test financial controls and the key areas have been identified which are budgets and financial monitoring, fraud and whistleblowing, credit card review, expenditure, fixed assets, income, payroll and VAT.
- 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 Lombard will discuss this with Mr Piper to help inform what we need to do in terms of internal testing. Mrs Lombard 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.

Action: All

19. Minute that ESFA funding statements agree to October census reports

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

- a) Mrs Lombard explained that we are required to do a comparison against census data to look for any variances. There were two variances found which are due to dual registrations and one child being over 16 which does not attract funding. We have completed the required checks.

20. Annual assessment of the MAT against appendix c of the Academies Financial Handbook 'the musts'

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

- a) Mrs Lombard advised that anything highlighted in yellow on the document means that there has been a change from last year. This document has been reviewed by the CEO and CFO and we have email trail to evidence that we agree with the questions and have provided the answers.
- b) The going concern is included in financial statements and the Chair of the Trust board signs this statement annually. Internal scrutiny requires financial and non-financial controls so this is already being looked at. A "going concern" is only for the next year rather than long term.
- c) Mrs Lombard explained that we are compliant against "the musts".

21. 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 that a description of novel and contentious transactions has been provided for Trustees. Within our accounts each year, we have to sign to confirm that there have not been any novel and contentious transactions and we need to record that there have not been any transactions of this nature since then.
- b) **A Trustee asked if only outgoing transactions are an issue.** Mrs Lumbard explained that we are complying with requirements for transactions and when dealing with public money, we are careful in all that we do.
- c) **A Trustee asked if we have sought ESFA approval for any transactions such as the mast at Looe.** Mr Buckley advised that the mast at Looe has been in place for many years. Where there have been instances of new or potentially contentious processes, we have needed to look at these carefully. Operating contracts were discussed, and Trustees are content that they have discussed this sufficiently to provide oversight on this.

22. **The Anti-Fraud checklist**

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

- a) Mrs Lumbard explained that there are 10 questions which ask how is fraud is dealt with, looked for and what are the tolerances for it. Trustees need to be aware of the questions and be satisfied with the answers given.

23. **Regularity update**

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

- a) Mrs Lumbard explained that we have a regularity statement which is signed in December and we need to record if there have been any changes since then. Our funds are kept in separate cost centres so we are complaint with how the funding should be spent. Annual audits are also focused on regularity.

24. **Annual assessment of the MAT against CC8, internal controls in a charity**

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

- a) We are a registered exempt charity so we must complete the checklist. The CFO and CEO have reviewed this and one point which was picked up, was in terms of trading income and if there are any trading activities. We have discussed the nursery but this does not qualify as a trading activity and falls within the remit of educational activities.
- b) **Trustees felt that this is an interesting interpretation as we are taking money for providing a service.** Mr Buckley advised that there are policies and processes in place for this. The level of non-charitable trading is not significant for the Trust. **A Trustee asked what is deemed as significant.** Mr Buckley advised that this is one percentage elsewhere in materiality. In terms of trading subsidiary, once we have met a level, we would need to register this and we do not make a profit from the nursery. **A Trustee asked if we are making a loss with the nursery.** Mrs Lumbard advised that in the case of Dobwalls Nursery we had anticipated that we would make a small loss initially but Dobwalls nursery is now at capacity.
- c) **A Trustee asked if this checklist is ever checked by the Charity Commission.** Mr Buckley suggested that if there was any concern that this is not being completed, we could include this in internal checks, but it was not sure if this is monitored externally by the Charity Commission. Internal testing checks are important to provide reassurance to Trustees. It is checked by Bishop Fleming as part of the annual audit process.

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

- a) The committee has discussed the maturing of the Strategic Risk Register, how the committee will determine risk appetite and how risks will be highlighted to the Trust Board.

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

- a) None.

27. **Date of next meeting**

7th June 5.30pm.

As this was Mr Newton Chance's last meeting, Trustees gave thanks to him for his support to the Audit & Risk Committee and to Mr Hallam as Audit & Risk Committee Chair.

The meeting closed at 19.47.

Action Summary	
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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.	Action: All