



TRUST BOARD AUDIT COMMITTEE

Minutes of a Meeting of the Audit Committee of the Trust Board of South East Cornwall Multi Academy Regional Trust held at Liskeard School & Community College on Thursday 5th December 2019 at 4.45 pm.

Present	Yes/No	Present	Yes/No
Mr B Cook	Yes	Mr Newton Chance	Yes
Mr J Kitson, Chair	Yes		

In Attendance: Mr D Buckley, CEO

Mrs J Lumbard, CFO

Mrs K Williams, Clerk to Trust Board

Trustees in attendance for presentation of draft Accounts (from 5.30 pm)

- Dr Brownlow, Mrs Casson and Mr Marshall

1. **Welcome and Evacuation Procedure**

The Chair welcomed everyone to the meeting. The evacuation procedure was explained.

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

None.

3. **Apologies for Absence**

None.

4. **Approval of the minutes of the previous meeting held on 20-06-2019**

The minutes of the meeting held on 20th June 2019, having been circulated in advance, were agreed as an accurate record and were signed.

5. **Matters Arising**

M13. Accounting Officer report to include any irregularity and proprietary issues and matters referred to the AO for guidance

A Trustee queried the Sixth form numbers in Saltash and Mr Buckley noted that this current Year 11 cohort is smaller and this will impact Sixth Form numbers in September. A Trustee asked if the LGC are aware and if they wish to continue with the sixth form. It was noted that funding for Sixth Forms is low and schools in the area have requested to close their sixth forms. The continuation of poor results in Year 11 would continue to impact on Sixth Form numbers but on these figures, the Sixth Form is not at risk. A Trustee asked about the retention rate and this will need to be clarified.

Update: The retention rate has reduced over the last 5 years from 52% to 27%. The reasons for this reduction were discussed at length. Trustees agreed that this is a risk to the Trust.

6. **Business Continuity Plans**

a) Mrs Lumbard explained that each of the schools have a Business Continuity Plan in place. A standard template has been used. It details who has responsibility for each section of the plan.

b) The plans have been circulated and agreed at the recent LGC (Local Governing Committee) meetings. The plans will be circulated at the next Audit Committee meeting for approval.

c) The agreed cycle is; the plans will be updated and agreed in the summer term and approved by the Audit Committee in the Autumn term. In the meeting in March, Trustees will need to discuss

the testing of the plans. Clerk to add to the agenda.

Action: Clerk

- d) **A Trustee asked where the need for these plans has arisen from** and Mrs Lumbard explained that this has been highlighted and discussed with Zurich. **A Trustee asked how we can be confident that all the risks have been identified.** Mrs Lumbard advised that the expertise of Zurich has been used but we can review further if needed.

7. **Risk Registers**

- a) Mr Buckley summarised the process; 27 strategic risks have been identified and the Risk Register has been completed by the Headteachers. The Risk Register should be reviewed again after the MAT Strategic Plan has been updated which will be covered in the June Trust Board meeting.
- b) **A Trustee queried if the Headteachers understand the criteria to correctly complete this form and are they consistent in their judgements.** Mr Buckley advised that the approach is consistent and they have interpreted in the same way but he will discuss and review with the MSLT (MAT Senior Leadership Team).
- c) The Risk Register is an agenda item for the Trust Board meeting which will follow the Audit Committee meeting.

8. **Date of next meetings:**

04-03-2020 at 4.30 pm, prior to the Resources Committee and 04-06-2020.

9. **Presentation of draft Accounts and management letter: Pam Tuckett, Bishop Fleming**

Documents were circulated in advance of the meeting.

- a) Mrs Lumbard explained that an Audit Clearing meeting was held after the audit process was completed.
- b) Trustees and Mrs Tuckett joined the meeting at 17.30.
- c) Mrs Tuckett summarised the SMART KIDD document and explained that the core document will be sent to the ESFA.
- d) Key Audit Risks
These are all standard regularity risks. Regularity risks are due to being an academy and no issues have been found apart from the one relating to ESFA retrospective approval which has already been discussed by the Trust Board and this has been included in the Management Letter.
- e) Audit Insights
A payroll journal allocation has distorted the data but has been investigated and an explanation provided. A Trustee noted that there is a missing letter in the heading of the graph.
A Trustee asked for clarification on the dates which journals were entered and Mrs Tuckett explained that year-end fell on a weekend and this was the case for several month ends as well.
A Trustee asked what in the data set has been tested and Mrs Tuckett explained that it is journals that are tested. Mrs Tuckett clarified the differences in materiality.
- f) **A Trustee asked how the audit process can give assurance for the smallest of schools.** Mrs Tuckett explained that during this process the auditors are not technically auditing the individual schools but the total income stream for all the schools in the MAT and samples would be randomly selected. Reassurance for individual schools would be the role of internal audit. Mrs Lumbard explained that internal audit assurance testing is completed.
- g) **A Trustee asked if we have insurance against fraud.** Mrs Lumbard advised that this is in place. **A Trustee asked if internal audit would capture problems in the smaller schools.** Mrs Tuckett

explained that internal audit findings need to be reported at the end of the year to the ESFA. Mrs Lombard explained that the Senior Finance Officer visits the schools and performs an internal audit although this is not recognised by the ESFA as internal audit. **A Trustee queried what is considered the correct process to satisfy the requirements of the ESFA.** Mrs Tuckett suggested that all external audits that are completed are combined and noted that internal audit does not relate to finances alone. The audit committee did not believe that any further internal audit testing other than what is already being carried out, was justified, bearing in mind the limited resources available to the CBU.

- h) Recording of the register of interests and academy related party declarations - The regulations changed last year but this is easily addressed to be in line with the Academies Financial Handbook.
- i) Overall a good result with evidence of good financial control. A feedback schedule has been provided to Mrs Lombard.
- j) Analysis of Performance
This document links to the Accounts. Mrs Tuckett summarised the use of this document.
- k) **A Trustee asked what the reserves are represented by** and Mrs Tuckett explained that this is mainly cash. **A Trustee asked when reforecasting will be completed.** Mrs Lombard explained that this process has started but she is waiting for further information from Schools Forum. **A Trustee asked if the 2020 figures contain assumptions about pensions** and Mrs Lombard explained this is included.
- l) It was discussed that the variance between Aug 19 forecast and actual is 0.5% and this is extremely close and therefore considered accurate. **A Trustee queried the percentage of reserves** and Mrs Tuckett explained that it is 6% which is adequate. **A Trustee asked about the staff cost ratio and what is expected as adequate** and Mrs Tuckett explained that she is waiting for bench marking data but thought that this is as expected.
- m) **A Trustee asked for clarification on the variance of staff cost per pupil.** Mrs Tuckett explained that this is high. **A Trustee asked if this includes severance** and it was thought this was included but there had not been any instances of this in 2018/19.
- n) **A Trustee queried the Trustee insurance and noted that the premiums calculations are possibly incorrect.** Mrs Tuckett will look at this.
- o) The Trustees agreed that the team are working well. The Trustees appreciated all the hard work carried out by the CBU and CFO in particular, in preparing the annual accounts in time for the annual audit and gave congratulations on achieving a relatively clear management letter from the external auditors.
- p) Trustees unanimously agreed to approve the 2018/19 report and Accounts.

The meeting closed at 18.18.

Action Summary	
M6. Business Continuity Plans The agreed cycle is; the plans will be updated and agreed in the summer term and approved by the Audit Committee in the Autumn term. In the meeting in March, Trustees will need to discuss the testing of the plans. Clerk to add to the agenda.	Action: Clerk