



TRUST BOARD AUDIT COMMITTEE

Minutes of a Virtual Meeting of the Audit Committee of the Trust Board of South East Cornwall Multi Academy Regional Trust held on Thursday 10th December 2020 at 4.45 pm.

It had been agreed by email that Mr Stevens would attend this meeting to ensure that the committee was quorate in Mr Newton Chance's absence.

Present	Yes/No	Present	Yes/No
Mr B Cook	Yes	Mr Newton Chance	No
Mr Chris Piper, Chair	Yes	Mr Caleb Stevens - Temp	Yes

In Attendance: Mr D Buckley, CEO
Mrs J Lumbard, CFO
Mrs K Williams, Clerk to Trust Board
Mrs Pam Tuckett, Bishop Fleming
Trustees in attendance for presentation of draft Accounts
Mrs Helen Casson, Dr Sue Brownlow and Mr Jamie Crisp

1. **Welcome and Format of Meeting**

The Chair welcomed everyone to the meeting especially Mrs Tuckett, Bishop Fleming.

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**

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

Dr Brownlow joined the meeting at 16.50.

4. **Presentation of draft Accounts and Management Letter:** Pam Tuckett, Bishop Fleming

a) **Kidd Document**

Mrs Tuckett explained that this is the main document for the Audit committee to consider.

b) Introduction and executive summary

This is a standard section and this year, it contains two clean audit opinions. There were no Trustee questions.

c) Key audit risks and other findings

Mrs Tuckett explained that there are two areas of focus for significant risk: Management override of controls and revenue recognition. The standard audit work was carried out and found no material errors.

d) Medium risk has a focus on the implications of Covid and includes the Trust as an ongoing concern, regularity testing around additional requirements and disclosures in the accounts. Again, no material errors were identified.

e) Standard regularity risks include; Unauthorised transactions, related parties and unauthorised borrowing or leases. Mrs Tuckett advised that no issues have been found.

- f) Other audit and financial reporting matters
 Mrs Tuckett explained that the Trust has paid one supplier under PPN (Procurement Policy Notice) this year during Covid.
 Bishop Fleming reviewed the decision making process and further to this there is a recommendation to ensure that there is a formal written minuted decision in future. All decisions which are made by email or verbally, need to be evidenced.
- g) Audit insights
 Journal use is a key area for audit review. **A Trustee asked for clarification on the red journal line and if this is the cumulative journal values and the correlation to the total turnover of the Trust.** Mrs Tuckett explained the differences between processing of sales and purchase ledger for income received and payments made to suppliers and the use of journals for posting payroll and other items. Mrs Tuckett explained that there have been multiple journal postings on a Wednesday and journals which have been posted during the weekend have also been reviewed. It was noted that Mrs Lumbard is working during the weekend and posts transactions at this time but this is not a concern. Mrs Tuckett advised that there is nothing unusual on the bar chart and it is therefore considered a good standard data set. Mrs Tuckett explained that inter account transfers are also all correct.
- h) Management letter points and internal control systems
 Mrs Tuckett explained that there are no red or amber points this year and so a definite improvement since last year. There are some recommendations on the green points which are to align the Trust to best practice recommendations. Mrs Tuckett advised that only red and amber points are flagged to the ESFA.
- i) **A Trustee asked who writes the management comment** and was advised that this is the CEO and the CFO.
- j) **Annual Report and Financial Statements**
Trustees report
 There are two new sections; Engagement with employees and Engagement with suppliers and the Streamlined energy and carbon reporting
- k) Reserves Policy
 The target level of reserves is 8% of GAG (General Annual Grant) which is £1,240,000 for SMART. As the current free reserves are £879,718, which is 5.8%, the Trust is under target.
- l) Mrs Tuckett explained that the ESFA have stated that a Trust can claim for exceptional costs due to Covid 19 but only if they have less than 4% of income in its reserves. Subsequent guidance advises that this is on a school by school basis and schools might be able to claim but Mrs Tuckett with check and advise Mrs Lumbard.
- m) **A Trustee asked how the reserves relate to the increasing pension liabilities.** Mrs Tuckett explained that the liability is increasing but it is a factor of future potential costs compared to asset value and this will also fluctuate. Mrs Tuckett explained that this liability is covered by the government, although in reality, the liability would actually follow the school as it was transferred into another Trust. **A Trustee asked if the reserves are not currently sufficient to cover the liability, is this okay?** Mrs Tuckett explained that the local government pension scheme is cash cost which is rising and the Trust do not have any control over this. The teachers' pension scheme does receive a grant. **A Trustee noted that the pension is not a real liability but the cost of servicing the pension does grow and this is what the Trust needs to be concerned about.**
- n) Streamlined energy and carbon reporting
 This is a new section where large companies are required to disclose this information and a lot of academy clients are disclosing this information this year as it is a company requirement. The ESFA are collecting this data. **A Trustee asked if this is the first year this data has been included in the**

Annual Accounts and was advised that this is correct.

- o) **A Trustee asked if the data is deemed acceptable.** Mrs Tuckett explained that this is probably towards the higher end but it is within acceptable parameters. It was noted that this is difficult to compare to other Trusts. **A Trustee asked if we have a Trust Wide green energy policy.** Mr Buckley advised that we do not have a collective policy but it is worth putting this together.
- p) **A Trustee asked queried the position of “transport fuel” and if this relates to school buses** and was advised that those Trusts who have schools who are well served by public transport or have more children walking to school would have a lower carbon rating and there are implications due to SMART being in a rural area. A Trustee observed that there are useful links which have been set up in the community which could be tapped into moving forward.
- q) Statement of financial activities
This is similar to last year and is consistent. The pension data has changed and it was explained that this will fluctuate from year to year.
- r) Balance sheet
The cash has increased and the debtors and creditors have increased. **A Trustee queried that the net assets have increased** and Mrs Tuckett advised that there is an in year surplus and this will relate to the capital funding that is received towards the end of the academic year and would therefore not have been spent. Also, following the government’s announcement in June 2020 the Trust received additional capital funding of £222k just before the financial year end which is included in this amount. It was noted that the Local Government Pension Scheme liability has increased.
- s) Total funds analysis by Academy
Mrs Tuckett advised that the schools are in a positive position and the CBU (Central Business Unit) also has a carried forward.

Mr Crisp joined the meeting at 17.20.

- t) **Financial overview document**
Mrs Tuckett explained that there is a £61k surplus. GAG, restricted and other, is included in this. Additional information is included in the in year surplus and deficit. The forecast for the ESFA is found here. The only school which has a red flag is Trewidland.
- u) **Trustees noted that having no red and amber flags this year is a very positive outcome and reflects the hard work of the CFO, CEO and the team.** Mrs Tuckett explained that the audit was undertaken in unusual circumstances but carried out as smoothly as possible and with a good clean result. **A Trustee noted that the Trust has a surplus in a year which has been extremely challenging and this is an excellent effort by all concerned and should be congratulated.**

Trustees thanked Mrs Tuckett.

5. **Approval of the minutes of the previous meeting held on 16-07-2020**

The minutes of the meeting held on 16th July 2020, having been circulated in advance, were agreed as an accurate record and will be signed.

Point of accuracy

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

h) 31st September needs to be changed to 30th September.

6. **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 will contact the ESFA again.

Action: J Lumbard

Mrs Tuckett left the meeting at 17.27.

7. Verbal Update on Risk Register process – Jo Lumbard

- a) Mrs Lumbard explained that the Risk Register is available to all Trustees, Headteachers and key personal on SharePoint. The Risk Registers are regularly updated and kept in line with the MAT Strategic Plan.
- b) The MAT Strategic Plan will be updated in the spring and the Risk Register will be updated after this. The risks are updated on a regular basis.
- c) The Trustees asked for the Clerk to add a link to SharePoint to the minutes.

Action: Clerk

https://smartrust.sharepoint.com/:x/r/sites/MSLT/_layouts/15/Doc.aspx?sourcedoc=%7B3B3AB41B-1BE0-46D6-B785-7ED5810A4566%7D&file=3.7%20SMART%20Risk%20register%20V6.xlsx&action=default&mobileRedirect=true

8. Date of next meetings:

03-03-2021 and 10-06-2021 at 5.30pm.

The meeting closed at 17.29.

Action Summary	
<p>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. <i>Update: Mrs Lumbard will contact the ESFA again.</i></p>	Action: J Lumbard
<p>M7. Verbal Update on Risk Register process – Jo Lumbard c) The Trustees asked for the Clerk to add a link to SharePoint to the minutes.</p>	Action: Clerk