

Audit Committee – Part I Minutes							
Date/Time	24:04:18 4.00pm	Location		Okehampton Skills Centre			
Attendees	Initials			Attendees	Initials		
Daryll Chapman	DC	Rebecca Ledger	RL	Ian Courtney	IC	Carol Newman	CN
John Lawlor	JL						

Apologies	Initials	Reason (Category of Trustee)

ACTIONS
DECISIONS
QUESTIONS AND CHALLENGES

In Attendance	Initials	
Hazel Fox	HF	Vice CEO (left 5.40pm)
Susanne Kiff	SK	Chief Financial Officer
Andy Parkins	AP	Chief Operating Officer
Sally Wood	SW	Governance Manager

Minutes to
Attendees
Apologies

30 - Apologies
<ul style="list-style-type: none"> All individuals were present.

31 – Declaration of Interest
<ul style="list-style-type: none"> All Trustees were reminded to declare any conflict of interest that may arise during the meeting.

32 – Agree and Sign Off Previous Minutes
<ul style="list-style-type: none"> The minutes of the Audit Committee meeting held on 22:02:18 were agreed and signed by JL.

33 – Matters Arising

- All actions from the previous meeting are completed, ongoing or are agenda items within this meeting.

34 – Matters Brought Forward at the Direction of the Chair

- There were no matters brought forward at the direction of the Chair

35 – Thompson Jenner Audits

- Caroline Thomas (CT) from Thompson Jenner (TJ) joined the meeting
- Trustees noted the requirement to have an internal audit to ensure controls were in place and are working.
- CT advised that TJ visited the Trust in March to ascertain what the current situation was amongst the schools, as the MAT had just formed and there was an opportunity to ascertain what could be done to strengthen controls.
- CT advised Trustees that overall TJ were not unhappy with what they found.
- Trustees noted that the audit report highlighted and colour coded rated the main recommendations/findings.

Trustees asked for clarification of the ratings.

CT responded that the report was RAG rated, red was urgent and needed addressing immediately, amber issues needed sorting rapidly and green issues were next on the to do list. CT advised that each of these issues flagged within the report would be reviewed again if TJ were looking at something relevant.

- Trustees reviewed each recommendation.
- CT fed back the issues highlighted in the audit report starting with Scheme of Delegation authorisation thresholds needing clarity. Staff were not really sure of thresholds for authorising purchases.

Trustees asked if that had now been addressed.

SK responded that the Trust response was on the right hand side of the document. SK advised that she was compiling a detailed schedule of authorisation levels to support the financial scheme of delegation, to make this much clearer and that would be with Trustees very soon for approval.

- Trustees noted there were a number of instances where orders were being raised without an approved purchase requisition being raised first. There were also frequent instances of telephone order being raised without a purchase order record were noted. This can result in a school budget being difficult to monitor and manage.
- SK advised that the process for ordering was in place and schools had joined the MAT with differing applications of that, so it was about educating those schools that have not worked as tightly in the past, with key staff being more visible as a means of education.

Trustees asked the time frame of the audit against the decision that all orders would go through SK.

SK responded the audit was taking place during that same time.

Trustees asked what the process would be for SK to identify if the order process was being followed.

SK responded that now finance staff, Sharon and Karen were in place, they had dedicated schools to focus on and part of their role is running a report for non-purchase order number and flagging those to SK.

- Trustees requested to see those reports in future. **SK to provide.**

Trustees asked if there was provision to hold people to account if not following the process becomes a performance concern.

SK responded she would work with the Business Managers to feed into the appraisal process of those staff

- Trustees noted there were clear guidelines for catering, emergency repairs etc.
- SK advised she had seen the process not being following in a school today, but SK had been clear that they needed to follow the process from now.

Trustees asked if there were situations where the process isn't appropriate

SK responded that most of those had been captured now and provision made in the guidance.

- CT advised there was lots of willingness to have paperwork in place, but staff didn't really understand why this was needed. Okehampton Primary for example were keen to get a backlog of invoices scanned but focussing on this had meant they then got behind on purchasing.

Trustees asked if there were regular review with the staff involved

SK responded that the finance staff were meeting regularly and discussing issues. Her assistants, Sharon and Karen, both have key schools, are their main point of contact and visit them.

- CT referenced a red rating at Chagford where there was not much segregation of duties, the same person was ordering and purchasing. CT was happy that SK will now authorise everything, but at Chagford, they are not fully on board with the purchase order and authorising process. CT advised she would visit Chagford during the next audit. SK updated she was visiting Chagford the next day.

Trustees queried that the same person was undertaking the process from start to finish

CT responded yes, but now SK had a level of authorisation in place.

- CT highlighted the finding that the form had spaces for two signatures, but at times, only one signature was completed. SK advised that since the audit, the form had changed and it was now clear when two signatures were required.

Trustees asked what that cut off was

SK responded that orders up to £500 needed one signature and above £500 was two signatures.

- CT advised that some individuals were not clear in respect of connected parties. SK advised this was now in hand and the business interests had been obtained from SW and a collated list given to Finance staff.

Trustees asked if suppliers were asked of connected interests.

SK responded it was more about Trustees and LGBS with key people completing a register of business interests.

- Trustees noted this was an area that could attract scrutiny externally.
- CT referenced the teething problems with the bank and signatures not being on file. SK advised the Trust didn't have access to Lloyds Commercial banking at the time and were making manual payments. The supporting paperwork was in Holsworthy Community College, but the snow prevented that being obtained at the time of the audit.
- CT discussed charge card payments and referenced there were quite a few of them and queried whether the procedure for using these followed the purchase order, authorisation process or if there was earned autonomy.
- SK clarified there was a procurement card policy with a prior purchase order where possible. The central team will scrutinise the procurement card statement.

Trustees queried if it was known who has cards

SK responded yes

Trustees asked how many people that was

SK responded it was 10, but most of the cards were still in the safe,

Trustees asked if the policy stated that expenditure had to be accompanied by a receipt

SK responded yes.

- CT advised there had been some confusion over forms during the audit. SK advised that all of the Trust forms were now standard and on the sharepoint site.

Trustees asked if the standard practice was to check the sharepoint hub

SK responded yes.

- CT advised that payroll was well controlled and no instances of incorrect authorisation were identified, but she wasn't convinced that all staff had an annual salary statement on their file. SK advised that Teachers had one each year and the new system Arrovia would produce this for all staff.

Trustees asked whether there was a common pay policy.

DC responded that every school was using a Devon County Council DCC policy, within the policy the MAT there are choices to be made. The pay policy would be produced for the Trust in September rather than rewrite it mid-year.

Trustees discussed if that would include the CEO pay policy as this is an area that is scrutinised and lots of Trusts haven't included it in their policy.

Trustees agreed they needed to decide if that should be included in that policy or within a separate policy and agreed to look at this in September. **SW to agenda at that time.**

- Trustees noted an issue regarding rates of pay not on scale at Chagford where individual/s were paid less than Devon County Council sales. CT will follow this up during the next audit.

Trustees asked if there was a risk of underpayment

AP responded possibly, but it was a very small amount.

- CT asked for an update around uploading payroll data. SK responded they were still using pivot tables, but when Arrovia was in place, the payroll could be reconciled within the system. SK was due to visit Clyst Vale soon as they were using Arrovia.
- Trustees noted that currently a journal of some 350 lines was being manually typed, but there was work ongoing to be able to import this.

CT asked if payroll was up to date

SK responded that two months had been imported and the next two months templates were ready. PSFinancials were working on a SQF file to automatically put the data in.

Trustees asked if TJ were aware of issues with PSFinancials at other schools

CT responded no, but other schools manage their payroll whereas the Trust were doing payroll by individual school.

Trustees asked if PSFinancials have given an assurance that there is a fix

SK responded yes, the journal can be imported, but it is throwing up some errors.

- Trustees briefly discussed that further software had been purchased due to an unstable platform for PSBudgeting and noted that discussions were ongoing regarding compensation and that PSBudgeting were very honest about the issues with the system.
- CT discussed the aim of the Trust to achieve value for money and that it was clear there was a process for achieving that. Trustees discussed that the MAT was still in its infancy but there was keenness for a central purchasing team.

Trustees queried what would happen if a three year contract was requested to be signed

SK responded that all contracts over £10k required board approval and contracts over one year in advance required SK's approval.

- CT advised she had strong feelings about the existence of a checklist each month to be checked, including things such as 1) have you run the list of non order invoices, 2) has the bank been reconciled, 3) checked the aged debtors. SK advised that a checklist was in place now that Sharon and Karen had commenced work.

Trustees asked when TJ were due in next

CT responded w/c 2 July

Trustees asked if the red rated issues would be revisited at that time

CT responded yes, she was planning to visit Holsworthy Community College and Chagford and in conjunction with SK would identify other primary schools. Income streams had not been looked at that and CT would want those documented. CT advised that a plan was in place for upcoming audits.

Trustees asked what good practice had been evidenced

CT responded that individuals within the roles had only been in place for one day, so it was difficult to identify that.

Trustees asked what the general feeling in the MAT was about cash

SK responded that it hadn't been welcomed at first, but it has settled down now and she was seeing appropriate receipts.

Trustees asked if CT had picked up the sense of a MAT

CT responded not yet, but the point about working together was to find best practice and advised that the Trust shouldn't miss opportunities to build those relationships

Trustees asked SK to describe the Finance team

SK responded she was CFO, Margaret Cologne-Brooks was Trust Finance Manager and Karen Squire (from North Tawton) and Sharon Perkins (from Okehampton College) were Trust Finance Administrators and they are first point of contact. SK added that every CFO colleague she had spoken to had expressed surprise that audit had been invited in so early.

- Trustees noted that the next visit was in July and so a report would be considered at the meeting in September and stated it was useful having CT present to talk through the report.

Trustees asked if the same areas were looked at

CT responded there would be a cycle and the risk register would direct that.

CT – left 5.03pm.

- Trustees agreed it was good feedback so early on and showed the Trust was on track. Trustees agreed it was good to challenge themselves.
- Trustees agreed it was a valuable part of the process and staff needed to get used to audits happening. Trustees agreed that to be a good employer there should be systems to suggest there is no bad practice and audits add weight to the procedures that are being put in place.
- Trustees discussed how to thank the team of people involved in the audit and agreed that **HF should include something in the next MAT newsletter**

Action:

- SK to provide non purchase order number reports for future meetings**
- SW to agenda discussion on inclusion of CEO pay in Trust Pay Policy in September 2018**
- HF to thank staff involved in the Audit in the next MAT newsletter**

36 – FMGS Update

- Trustees noted that all new academies were required to submit the FMGS within four months of opening and the deadline for the Trust was 1 May 2018.
- Trustees noted that JL / IC and SK had met and looked at the progress and what was outstanding.
- Trustees noted that the Trust asset register, the Investment Policy and the Business Continuity Plan were all items outstanding and were agenda items to be discussed tonight.

Trustees asked what the process was for submitting the return.

SK responded she needed to do this via the DfE portal and it was to be submitted once everything was formally approved by Trustees

37 – Policies / Documents to be agreedBusiness Continuity Plan

- The proposed Plan was considered and it was agreed to add a paragraph to the policy regarding the CEO should the unforeseen happen.

Trustees asked if a template went out to schools

AP responded that schools have changed policies to reflect that emergency plans were in place and that the policy ensured they did what they are already doing

Trustees queried that the policy stated the Trust was based at Okehampton College

AP responded that would need to be changed in time.

Trustees asked if this was a standard policy

AP responded it was based on Devon County Councils' model policy

Trustees asked how often it was tested in schools

AP responded that was an issue. DC gave a practical example of what evacuation of Okehampton College would actually look like and advised that for that reason, it hasn't been tested.

Trustees highlighted there was more than one type of test, ie workshop type scenarios where individuals are given a placard with an example on to see what they would do. This would serve to highlight gaps.

DC responded no, that hadn't happened. HF advised that at Okehampton Primary, they 'complicate' tests such as having a missing child to see how the situation is managed.

- Trustees highlighted that the policy doesn't cover length of time and what changes an incident is the length of time it has an impact. A week or two could be a major issue if exams were going on.
- Trustees noted that the MAT gave opportunities for alternative locations. There was additional support, spare classrooms etc.
- Trustees agreed the policy was a good starting point, but needed some further work over time.

Trustees queried that the tables- within the policy are site specific

AP responded that schools have all completed them.

- AP stated that tests of the policy could only ever be a desktop exercise due to the number people involved and there were a lot of considerations to take into account.
- Trustees advised that there should always be a reason for every drill, how quickly something happened etc, the specific reason for the test should be identified.

Trustees queried that the policy doesn't link to lockdown procedures, bomb threats etc and asked if it should

AP responded he wasn't sure if lockdown procedures were part of a Business Continuity Plan

Trustees referenced a point at 3.5 regarding lockdown, but there was no mention of the actual procedure

AP responded it could be mentioned throughout.

- Trustees discussed how the role of Trustees were addressed in the Plan and if they were not available, how would the Trust function and discussed that the Vice Chair was in place or that the Members would be used. **AP to add a matrix for Trustees within the policy**
- **Trustees agreed to adopt the policy subject to the changes identified in the meeting.**

Investment policy

- SK updated Trustees that a separate policy for investment was needed rather than it being referenced within the Finance Policy.
- **Trustees present agreed to adopt the policy.**

MAT Gifts and Hospitality Policy

- Trustees noted that this register would be kept at Okehampton College.
- SK advised that Finance staff would be monitoring this and would expect queries from schools, especially around Christmas time.

Trustees asked if Teachers knew they had to declare items

SK responded no, this policy will need to be shared.

Trustees queried that the policy stated 'prior approval' and asked who gave that authority

SK responded that within schools, it was the Headteacher with DC being ultimately responsible.

- **Trustees present agreed to adopt the policy.**

Asset register

- Trustees noted there was not one single Trust asset register. Each school has one recorded in varying different ways. As part of the FMGS return, this has to be in place but in most cases, the value of items are missing.
- Trustees noted that work was on going for schools to verify their register and to count extra things that they may not have been aware that needed to be included. These are due to be returned by Friday and AP needed to give a figure for each school which was a huge piece of work. This needed to be done before SK could submit the FMGS return. **AP to complete the work on the asset register.**

Trustees asked if there was guidance on valuations, ie a standard amount for a desk and whether the value was current or the replacement cost

SK responded it was replacement, but there was no guidance on FMGS. SK advised that when it was recorded, it was done at the purchase price and then depreciated in the accounts.

Trustees asked how adequate insurance was if it wasn't clear how many chairs and tables there were etc

SK responded that in the RPA scheme, they don't have to declare all of that, as it is an assurance scheme not an insurance scheme.

Trustees asked about land and buildings asset management

SK responded that was a different account

Trustees asked for clarification they were included in the current accounts

SK responded yes.

Trustees asked if the land and building details were included in the FMGS return

SK responded that return was done in October

Trustees asked if there was a depreciation policy

SK responded this was within the finance policy.

- Trustees noted that the asset register still needed to be agreed prior to 01:05:18 submission.

37.1 – Oversight of Policies

- Trustees noted that AP had a document control log and was responsible for version control.
- Trustees noted that the timetable for the year would feed into policy review.

HF left - 5.40pm

Action:

AP to complete the work on the asset register

AP to update the Business Continuity Plan with amendments

38 – Risk

38.1 Update on Identified Risks / 38.5 Review of risk register

- Trustees noted that Tavistock was unsuccessful in their bid application for their failing fire alarm system and emergency lighting and that an experienced company in writing bid submissions was used.
- Trustees agreed it would be useful to see the feedback as to why the bid was unsuccessful and that the appeal process should be pursued.
- Trustees highlighted this was a risk to safety and that they could possibly access an emergency school improvement fund as it was high priority and that the school would probably have to shut if the system failed. **DC to progress submitting this bid.**
- Trustees discussed the register and agreed there was a need for a mitigation column
- Trustees noted that Governance at Chagford / North Tawton / South Tawton was still a high risk as the first meeting of the LGB hadn't taken place, but the IEB was mitigation in this circumstance.
- Trustees discussed that risk was fed through the sub committees with the COO owning the document and Trustees owning the risks. **IC to meet with AP to review the risk owners and content.**
- Trustees acknowledged the Tavistock fire alarm was a big issue. They agreed that risk 13 shouldn't be red unless the CFO indicated it was over budget. **All Trustees to feedback comments and input to AP regarding the register.**

Trustees asked if the register had been taken to the Senior Leadership team

DC advised they had gone through it earlier in the year, but hadn't been taken back to that group yet

Trustees asked if Headteachers had seen the document

DC responded that they hadn't and it wasn't planned, but he could do so if needed

- Trustees discussed the risk that other Trusts could pay more and that staff could be lost with no other money coming in to help school improvement.

38.2 Update on proposals for MAT wide single database / system

- AP updated Trustees that there were three different quotes. The first, Avery was a three year contract costing £23000, the second CalQRisk was £4500 per year £1200 training and configuration. The third GRC1 was being used by a number of Trusts and the quote was £1800 for all 15 schools plus £275 implementation and training.

Trustees asked AP what his recommendation would be

AP responded that in the future it would be GRC1 as the schools can feed information into the system, there is a dashboard and it is RAG rated.

- Trustees noted it was affordable, but previous discussions have highlighted that GDPR needed to be the priority and be sorted first to show that the Trust is moving towards compliance. **IC and AP to look at the software options and provide a recommendation for Trustees.**

38.3 Risks identified by sub committees

Trustees asked how the risks identified by sub committees were being picked up by the risk register.

It was clarified that AP was adding those risks

- Trustees discussed that the risk register was a generic document and wasn't showing school level risks. DC added that this was the reason he hadn't shown the register to the Headteacher group again.
- It was identified that the school level risks had not been added to the system yet. **AP to add.**

38.4 Update on website compliance

- AP updated Trustees that website compliance was greatly improved from last time. Some SEND information was incorrect for the Holsworthy Cluster primaries and needed updating, so this was amber. The Dartmoor Federation also had some SEND Primary information out of date.
- AP also advised that some Governance records hadn't been updated since December 2017.
- Trustees noted one other minor issue which was a route to offer a paper copy of policies on the websites which hadn't been actioned.

38.6 Risks identified / forthcoming changes

- These had been identified throughout the meeting, GDPR, the risk register and the asset register.

Action:

SK to progress submission of an emergency bid for Tavistock fire alarm
IC / AP to look at the software options and provide a recommendation for Trustees.
ALL Trustees to provide comments / input to AP on the risk register
AP to add school level risks to the risk register

39– KPIs for Service Providers

- Trustees noted that draft KPIs for auditors had been completed with the solicitor KPIs still outstanding.
- Trustees discussed RAG rating the KPIs and using the deliverables within their contracts / tender documents to measure this.
- **JL / SK to undertake this piece of work** and suggestions such as internal audit being measured against external audit, training provided etc.

Action:

JL / SK to review draft KPIs for service providers against contracts / tender documents

39– Date of Next meeting

- Okehampton College – Thursday 7 June – 4.00pm.

Action Table from 24:04:2018

WHO	WHAT	WHEN
SK	Provide non purchase order number reports for future meetings	Ongoing
SW	Agenda discussion on inclusion of CEO pay in Trust Pay Policy in September 2018	DONE
HF	Thank staff involved in the Audit in the next MAT newsletter	01:06:18
AP	To update the Business Continuity Plan with changes discussed at the meeting	30:04:18
AP	Complete work on the asset register	30:04:18
SK	To progress submission of an emergency bid for Tavistock fire alarm	10:05:18
IC / AP	To look at the software options and provide a recommendation for Trustees	20:05:18
ALL	Trustees to provide comments / input to AP on the risk register	20:05:18
AP	Add school level risks to the risk register	30:04:18
JL / SK	To review draft KPIs for service providers against contracts / tender documents	20:05:18