

Audit Committee – Part I Minutes							
Date/Time	12 th May 2020 4.00pm	Location		Virtual (Microsoft Team)			
Attendees	Initials			Attendees	Initials		
John Lawlor	JL	Graham Briscoe	GB	Jane Dumeresque	JD		

Apologies	Initials	Reason
Rebecca Ledger	RL	Bereavement

ACTIONS
DECISIONS
QUESTIONS AND CHALLENGES

In Attendance	Initials	Position
Tania Skeaping	TS	DMAT Trustee
Morgen Witzel	MW	DMAT Trustee (pending)
Caroline Thomas	CT	Internal Auditor Thompson Jenner
Susanne Kiff	SK	CFOO
Melissa Trudgill	MT	Governance Manager
Joe Wood	JW	Health & Safety Manager
Nuala McDermott	NMcD	Trust Data Protection, Compliance & Procurement Lead

Meeting started at 4.10pm

1 - Apologies
RL had given her apologies due to a recent bereavement.
2 – Declaration of Interest
All Trustees present were reminded to declare any conflict of interest that may arise during the meeting.
3 – Agree and Sign off Previous Minutes
Minutes from: Audit Committee meeting held on 5th December 2019 were agreed and will be signed as correct by JL, after the Covid 19 crisis.
4 – Matters arising.
See later in the meeting
5 – Matters brought forward at the direction of the Chair

See later in the meeting

6 – Internal Audit

6.1 Internal Audit Report (January 2020)

(Because of the COVID-19 lockdown this was the first opportunity to review the January 2020 internal Audit Report).

JL asked CT to discuss the key points referred to in the document and confirmed that the January report was the focus for this meeting. The following points were made:

- Re Appendix 2 p 52 and 53 – CT remarked on the effectiveness of all the work, which the Central Team had been doing to centralise and standardise processes in order to control finance tasks and minimise variances by location. This was reflected in only one item was red rated in this report. It is expected that this progress will be reflected still further in the April Report. CT explained that the greyed-out areas were relating to schools which had not been visited this time. CT explained that there were only red ratings for some of the smaller schools relating to income, due to there being no school comms in place with an administrator and a lack of segregation of duties. It is a different situation now, but CT has not been back to these schools; she is due to look at these schools again in the Summer and she is hopeful that the red ratings will disappear. **Q A Trustee asked - would these not have been picked up on an action log when first identified in a previous audit and then monitored by central staff and finally reported to the audit committee that they have been completed or not? As an Audit Committee have we not had any reports on completion of actions identified from the staff?** JL asked SK to comment, but she had left the meeting. JD expected that SK had actioned it but not yet reported back on it. Trustees would like interim responses rather than having to wait until the next audit report. JL expected that the action of installing the electronic payment system which all the schools have done now, has been very effective and helped in this area. Due to being out of synch with the audit meetings, many of these actions have now been resolved. NMCD confirmed that school comms was in all the schools and is being successfully implemented; feedback, following a survey in schools, had been overwhelmingly positive. Many schools are not processing any cash at all.

Q A Trustee asked CT that in theory, in the report, these Rs are not going to be changed to amber, until CT's next visit to the school? CT confirmed this.

Q If there is a red rating do we need CT to revisit all the Rs as a priority, ready for the next meeting rather than waiting for the cycle, so they get turned amber asap? CT agreed, but added it was more difficult with a large number of schools especially if remotely placed schools geographically. As this was the first year that there will be a full ESFA internal audit report to be submitted in December, CT's plan for the summer audit is to cover off all of these schools and she can do this remotely by requesting scanned in documents electronically, due to school comms being in place. These should be covered by the end of the next summer audit – anything identified as previously as a risk should be cleared by then – this is the intended strategy.

JL provided a summary: anything identified as a red rating, we expect automatic follow up from SK and her team and the report back at the next audit meeting and we are also looking for CT to have it on her next programme to ensure that the work has been done.

ACTION: SK to report back on the status of the red ratings at the next Audit Committee Meeting.

Business Interest - CT highlighted the ambers – business interests are a Trust issue rather than lying with individual schools. MT said that the clerks had worked on this task for the governance side to ensure that the records displayed now on websites etc were accurate but reminded the meeting that she and the clerks were only responsible for the governance side and not business interest records in general (i.e. staff).

There were only 3 outstanding issues – HCC, Three Hares and Tavistock (2 associate governors on website which cannot be recorded on GIAS so records did not tally). Three Hares is now the only final outstanding AC with slight discrepancies and MT

will follow up ready for next internal audit check. CT will do a check of physical business interest records CT will consider approaching individuals when there was a discrepancy.

MT will liaise with CT to come up with the best business interest form for use in September. External auditors had recommended an additional column on the attendance sheet for each meeting which records any specific business interest pertinent to the actual meeting.

ACTION: MT to chase final aspects to ensure governance records are current on websites regarding business interest.

- **Purchase process** has some ambers within it, but is much better than before and there were less instances of orders going through without a purchase order (so in effect unauthorised) and some instances where value for money has not been documented correctly on requisition forms. CT reminded the committee that it may never be possible to get everything 100% on this and there is still a little bit of work to do. CT outlined that whoever places the order is the one responsible for this error and by the time it reaches the school administrator, it is too late. JD asked NMCD in SK's absence to comment on what she felt about this situation. NMCD is looking to trial the online requisition and approval process in 2 primaries; the process at the moment is long-winded and there is a lot of paper back and forth and errors made. Orders are being approved by the central finance lead but it has been a frustrating process for many schools, but NMCD is hoping this will be improved by using a new functionality in the system, as it was meant to be used. The approval levels are low and this is set so low, that there may be split orders coming through and concern over not getting value for money. Some schools are nervous about the new system without support and training (due to the current crisis). A survey was conducted as part of the Trust review and 30 people were asked about procurement across the Trust regarding what worked and what didn't. There was an overwhelming desire to have things mandated much more. There will be a trial to try and streamline the process and put the controls in place. As a MAT we had put in a low-level authority, but we are now saying we may want to refine this process and will review after the trial. The number of purchase orders going through is a lot less and but it still needs to be scrutinised. GB raised it as a capability issue if the processes are not followed. JL said it was a partnership where the MAT ensured the processes were fit for purpose and then the schools follow these directions. JL confirmed that we have a trial running and we need to keep an eye to see progress; it is positive that progress has already been seen in this area. CT remarked that it was encouraging to hear the meeting talk confidently that the numbers of orders going through without purchase orders, was decreasing. **Q CT asked the Committee if there was a process in place (outside the audit process) where this this was regularly checked?** JL responded that this was carried out by regular reports from the admin team at school level. CT suggested adding it to a specific KPI dashboard.
- **Staff Expenses** – greens were where staff were not retaining the invoices that they should. CT has noticed some wastage in that staff are purchasing items as well as personal items on one receipt and then it took time for the admin staff to work out VAT etc. The April audit has cleared some of the amber ratings.
- **Trips** – CT said this has not been well organised historically and suggested a specific trip policy. CT will not revisit this area until trips are reinstated after the Covid crisis and therefore it is not a priority at the moment. NMCD confirmed that the Charging and Remission policy informs much of the trips procedure and she will be revisiting it especially regarding PP children – no consistency at the moment across schools regarding how much allocated from PP money for various items relating to trips. NMCD is writing a report to try and clarify the differences between educational and non-educational as there are different elements within trips, as it affects the remissions and what can be charged and what cannot. Schools needs to define if it is necessary to the educational curriculum. HF added that she had built a tolerance amount of 15% when she was a Headteacher and if there was a loss more than that, then the trip would be cancelled. It is important to be upfront with parents and stick to what our tolerance will be on losing money from the start, put it in a policy and let parents know this. JD remarked that the trip budget is quite large and the 15% tolerance level would need to be budgeted for. CT commented that there were discrepancies regarding trips and trips were not allocated properly to the correct cost centre, the whole inclusive process starting with policy, tolerance and whether we charge vat on or income. CT will look at it when directed, but she does not plan to until trips are up and running again.

ACTION: NMCD will share the draft of the new policy with CT.

- **Payroll** – no issues identified at the moment. Some green issues to be cleared by the payroll being brought in house so CT has not been able to do any testing. CT is hoping that she will be able to get some electronic records and paperwork so that she can do some aspects required from the financial handbook during the covid period remotely.

SK re-joined the meeting at 4.45pm

Policies – CT queried that the Finance Policy is dated due for review in January 2020. SK confirmed that this needs to be done. JD said that a review of a timetable of tasks is needed and the actions to be included on the annual cycle (covering audit and resource actions) so they do not get missed.

GB asked NMcD whether he could have a subset of the policy schedule, showing the policies, which the Trust Board are responsible for and so the Board can be assured that they are being reviewed within the right timescales.

GB would like to approve where schools have their own policies. NMcD said that there soon there should not be any policies held at school level. Schools may have individual appendices attached to the end of the Trust wide policy, pertinent to their own schools and surroundings, ethos etc. The aim is to get towards one MAT, one Trust, one Family of Schools all supporting and working each other. A Policy Management Statement will be coming to the next Full Trustees Meeting.

ACTION: SK - Finance Policy to be reviewed by Resource Meeting in July.

ACTION: NMcD will share the policy schedule with Trustees but wanted to make Trustees aware that it is a live document and therefore constantly changing.

Contracts Register – CT recognised that there had been a lot of work done here and it was still amber because she needed some time to elapse before she could test it again. She is hopeful that this will be cleared in the summer term when it will be looked at.

- CT discussed all red, amber and green ratings and JL said that it was positive that there was only one red remaining, compared to where DMAT was last year. CT agreed it had been an impressive improvement from the Trust's starting point. CT had some concerns that she has not yet been able to see and use the risk register to direct the internal audit work and in the absence of this, she asked for direction from the Trustees, on what they would like her to concentrate on. CT would welcome feedback. JL said there was still work to be done to completely finish the risk register, but all are pushing to get the risk register in place and there has been great progress. **Q CT asked what have the Trust Board been using to monitor those risks to keep on top of them, in the absence of the register?** JL said there had not been sufficient scrutiny and that there is a lack of visibility at Trust level. However, if it was a major issue and required urgent action, then it would be raised at Trust Board level. CT told the meeting that her plan for the summer term audit is attached as a document to the April report. **Q JL asked what the new process was under the new regulations – formal internal report to go with the accounts to the ESFA and asked when it has to be produced by?** CT confirmed that she has to submit a formal annual internal audit report with the accounts and along with the external audit annual report and management letter from the statutory auditor. **Q Is there one more audit scheduled before the summer?** CT confirmed that April is done and then there will be a summer audit. CT will prioritise and revisit: the schools which she has not looked at for a while which includes those with red in their income columns, payroll, people census review and would like to update on the risk register by the summer audit. She would also like to see what she can do on contracts and procurement and revisit aspects she thinks are quite high risk.

Q TS asked CT whether she was going to visit the schools or do it through school comms? CT does not plan to come into schools but will do it remotely, as she did for the last audit report. SK confirmed that the payroll records were recorded electronically so these would be able to be audited remotely. CT wants to avoid requesting a long list of documents from staff in schools and make it as easy as possible, but it will require a bit more planning.

JL requested from CT a draft note on what she was planning to cover for the next report and then JL can confirm the list and add things as appropriate. CT confirmed that this was at the end of the April report.

GB asked for an assurance re the Trustee response column – an action tracker where all outstanding issues are followed through and kept up to date. They would come to every Audit Committee meeting so Trustees can get assurance that actions have been done in reaction to a highlighted issue from audit. GB is happy to rely on the leadership teams' response to the

action tracker that the action has been done and JL agreed that there needs to be a process to check that the actions have been completed. (The action above covers this need)

ACTION: GB will send specimens through to JL with examples of tracker schedules for policies.

CT left the meeting 5.15pm.

6.2 Update on Risk Register and risks identified (see above and below)

The following points were made:

- JL clarified that he had asked NMCD for an update on where we are with the risk register software. As an audit committee this had been requested on numerous occasions, but we are making progress. The software package will be a consistent way of recording risk across the MAT and once we have identified a risk and how we categorise it everyone will do it the same way, it will be user friendly but equally we can filter it at Trustee level to scrutinise serious risks and check that they are being address. Schools will want to drill down on areas which are applicable to them.
- GB added the importance of determining where the split was between risks which were operational and management and therefore were the responsibility of the CEO and the leadership team and those which were business critical risks and therefore the responsibility of the Trust Board to monitor. MW commented that he felt slightly differently, in that reputational risk was not on the risk register and although we are not responsible for the smaller risks, they could impact on the MAT's reputational risk which then becomes a Trustee focus and could come as a result of some of the smaller risks not being identified or actioned, so there is a case of knowing about them.
- NMCD had met with some Trustees regarding the scope of approach to risk and a risk policy was signed off by Trustees quite recently. Risk appetite was discussed and this determines the bandings of the red, amber and green. There are a number of risks which impact across a number of areas, which may be both operational and business critical. An approach was determined to categorise risks for the 16 schools across a number of areas, but there are DMAT risks which might be very separate and need to have input from Trustees, (e.g. which may include reputational risks e.g. out of date website) and need to determine who is assessing risks, month by month, accurately.
- Portfolio Leads can provide the strategic and operational support to schools and the Trustees can view a list of red risks as often as they wish. There are reports available when required. Ofsted and DfE use four risk categories including black but a 4-colour rag rating system cannot be included in the system so there has been much discussion with portfolio leads and HF about what will trigger the different colour categories of risks. Similar risks have been identified for each school, but they will have different risk ratings. It is being tested and checked for one school and then it will be cascaded through when we know the register works. **Q JL asked GB whether if one school had a red risk of failing an Ofsted, would he consider this of interest to the Trust Board?** GB believed that this was a CEO responsibility, but this one school would need to be noted on one line in the risk sheet given to Trustees, but if there were many schools in this position, then it would be raised as red for the Trust Board to consider. MW believes that one failure would be important for the Trust Board to see, as it could affect the reputation of the whole MAT and he would value access to the screen, which describes each school, as he believes we need to both. GB responded that the Trust Board would learn of this information, but it would come to the Board as part of the SI report. TS agreed with MW and JL that one school failing is a risk to the whole MAT and the register with all of the information consolidated and can be viewed in one place offers the Trustees the opportunity to dive down occasionally. TS said sometimes we need to have the oversight, but there are times we need further information. It was agreed by Trustees that this information should come to the Board, but there were varying opinions in which format or under which heading (risk or SI report). JL summarised that Trustees had asked the team to come up with a comprehensive way of recording all types of risk across all schools so there was a consistent approach on measuring SI and at Board level we could see at MAT level or school level where the risks were. The team were well on their way to establishing the risk register system.
- SK said that Trustees can have a conversation in future about what they are looking to see and what level of detail, but she was keen for Trustees to learn how the system works and the journey so far, so it can be shared with ACs and

can help them inform their meetings. NMCD gave an informative presentation on the setting up of the risk register and described what had taken place to get to this point and who had been involved in setting the category parameters and defined impact and likelihood, plus how the snapshot can be updated and can set the frequency. A dashboard will be implemented this month with information on school performance measures such as attendance data, staff absence KPIs. NMCD asked the Trustees for confirmation on how many DMAT level risks they would like identified. Portfolio leads and Headteachers have had training on the system.

- NMCD hopes that by the Trustees' next meeting in July, all the measured risk items for the schools will be uploaded and they will be rag rated; there will be continued debate about the ratings whether a risk is amber or green e.g. and there will be an HR audit by GT looking at staff absence, rates, reasons, what are the issues and have we met our compliance criteria (which is a business critical risk and a risk to the Trust). NMCD reassured GB that she believes that the red risks are those which he had mentioned earlier and were the business-critical risks. Once the list has been agreed she will provide reports for the Trustees. JD said it was important that the information should be layered and able to be filtered, so that different Trustees can view as much information as they are interested in e.g. She would be interested in the top 20 but also the next 20 so she can see some risks which are coming up the scale before they hit the top.

ACTION: GB will send to NMCD some specimens of business-critical risk registers to consider and evaluate what should be included.

ACTION: MT to ask NMCD schedule another training session on the new risk register and for Trustees and AC Chairs.

- NMCD confirmed that Black Torrington and Holsworthy CC were being used as primary and secondary trial schools and JL asked when this would be completed so that Trustees could review the findings. Black Torrington was almost completed and she is keen to cascade this out and rate the risk to see what is working well and what is not.

ACTION: Trustees to view the list of risks which NMCD had circulated and let her know if there was anything missing or they wish to amend/add.

ACTION: SK will organise a meeting with herself, GB and NMCD to discuss the risks and look at GB's examples and SK will report back. This may include the setting up the MAT as risk location on its own right.

The Meeting thanked NMCD for her presentation along with JW and SK for all the progress that had been made so far.

4. Matters Arising

The Chair went through the action table from the previous meeting. The following points were made:

- **To add discussion on the reserves to the annual cycle.** MT has added this item to the Full Trustee Board Annual Cycle.
- **To review the difference between our valuations and those from the EFSA for next year.** SK will discuss this with John from Bishop Fleming. It was regarding the difference between the valuations which DMAT uses (by a local estate agent) and those used by the ESFA (desktop valuation) – SK added that there will be differences and ours will have the benefit of the agent having visited the schools and being aware of the local area. It is key that if there is a material difference then this needs to be investigated further. SK confirmed that all schools coming in will be evaluated using the same consistent valuations. SK said that it will need to be decided which valuation process to use. SK asked to keep this item on the action table until she had received feedback from Bishop Fleming.
- MT confirmed that she had added a column on the meeting attendance registers or **business interests** to be registered specific to meetings which Bishop Fleming had asked for.
- **16-19 Bursary** - DC reported back to the meeting following Bishop Flemings challenge that this year Okehampton College's 16-19 bursary application process was not as effective as it could be. Out of the £23,000 allocated, only 63% had been spent, so DC had looked into this. It had been due to a reduction in transport applications from 12,000 to 1,500 due to DCC having their vacant seat policy, meaning post 16 students do not get automatic use on these buses and are encouraged to find alternative ways to come in. DC rejected the comment 'effective' but confirmed that the post 16 leadership team will be looking at their policy in distributing these bursary funds. There are always some of the funds, which are kept back in reserve for emergencies and a recent purchase of laptops will not have registered in these figures.

- **To pick out a couple of priorities from CEO report to put against the KPIs** and will circulate back to all Trustees for review - This item was outstanding from RL.

5 – Matters brought forward at the direction of the Chair

Tavistock had asked for approval for a policy statement for a virtual hearing meeting.

GB suggested that it becomes part of the signed, annual Code of Conduct for trustees and governors.

DECISION: The meeting approved the virtual meeting protocol so that Tavistock College were able to use this imminently for their hearing meeting.

ACTION: NMd to look at ways of including the virtual meeting statement in an existing policy.

TS suggested that all meetings involving attendees from outside DMAT (external) organisations or parents should sign at the start of the meeting as a constant reminder so it can be referred back to. GB believed that it should be done on an annual basis and attendees should be reminded, but not be made to sign continually.

NMD said that the Trust had little control over whether the protocol was followed completely and these were not legally binding documents e.g. we might not know if a parent records a meeting and it was impossible to manage this.

7 Academies Financial Handbook ‘Musts’

7.1 Report of Self evaluation

GB and JD had completed a thorough self-evaluation. No issues were found, but 2 queries raised - Are we sure that the DfE are being advised about changes in governance. MT confirmed that she updates GIAS records for governance across the MAT. The other item raised was regarding - Are we doing gender pay reporting? and SK gave examples of the report DMAT had undertaken.

DECISION: The self-evaluation of the financial handbook musts had been completed and JD and GB assured the committee that we are conforming.

7.2 Appoint Trustees to carry out self-evaluation for next financial year 2020-2021

JL suggested JD and GB to undertake this for the next year. GB confirmed that he would be happy to do this but would like to consider a new format for the self-evaluation. JD believes that it is important to have a different person to look at it with a fresh reflection and therefore that it should not be herself or GB for the next year. She raised that it should rotate regardless of which format is used. GB would still offer his new format for the self-evaluation which focuses on the musts and any changes.

ACTION: MT to place this on Autumn term audit agenda to select the people to carry out the next self-evaluation.

SK reminded the committee that the type of format for the self-evaluation was not significant, but it was an audit requirement that the self-evaluation has been carried out, evidenced and minuted.

8. CFOO Update

The meeting went into Part 2 for this item.

9. Review and Approve Audit Committee TOR

This item was carried forward to an additional meeting as it was not an urgent issue. MT suggested this could be delayed to the next meeting alongside consideration of the April audit report.

ACTION: JL will take the comments already submitted on the TOR and will circulate a draft before the next meeting to be approved by the committee.

10. Date of Next meeting

JL scheduled an additional audit committee meeting to look at April audit report and the draft TOR – Tuesday 2nd June at 2pm.

The meeting ended at 6.45pm

Action Table from 12/05/2020		
WHO	WHAT	WHEN
SK/MT	To add discussion on the reserves to the annual cycle. Main trustees' agenda	April 2020
SK	To report back on the status of the red ratings at the next Audit Committee Meeting.	Next Mtg
SK/Audit Committee	To review the difference between our valuations and those from the EFSA for next year.	April 2020
JL/DC/SK	JL to review the auditors reports with SK and DC and add management comments. Then bring to next Full Trustees' meeting for consideration and approval.	Done
MT	To create a template with an extra column which specifies the nature of the business (business interest) and attach it to the meeting attendance sheet so that all Trustees can sign there is no business interest for each meeting.	Done
IC/MT	To notify the Trustees of the date of the next one Bishop Fleming Audit Seminar.	Done
SK/BT	Present a letter of representation to the Board and BT will distribute this to SK.	Done
SK	To provide a summary of Portfolio Evaluations for full Trustees	ASAP
SK/DC	To look at the 16-19 bursary funding and review why it is not being passed on effectively in Okehampton College at leadership level.	Done
SK/MT	To provide the committee with the risk register dashboard for review. To place on next Audit Committee Agenda.	April 2020
RL	To pick out a couple of priorities from CEO report to put against the KPIs and will circulate back to all Trustees for review.	ASAP
GB/JD/JL/MT	GB and JD to undertake self-evaluation for this year. JL will send the document used from last year. at self-assessment. MT to place on next audit committee agenda.	Done
GB/MT	To circulate a paper (already produced) on risk appetite for this sector to be sent to MT for distribution.	Done
MT	To chase final aspects to ensure governance records are current on websites regarding business interest.	ASAP
NMcD	To share the draft of the new policy with CT.	ASAP
SK	To ensure the Finance Policy to be reviewed by Resource Meeting in July.	9/7/20
NMcD	To share the policy schedule with Trustees, showing where we are with getting trust wide policies in place in all areas.	ASAP
GB	To send specimens through to JL with examples of tracker schedules for audit issues	ASAP
GB	To send to NMcD some specimens of business-critical risk registers to consider and evaluate what should be included.	ASAP
MT/NMcD	MT to ask NMcD to schedule another training session on the new risk register for Trustees and AC Chairs.	Summer Term
Trustees	To view the list of risks which NMcD had circulated and let her know if there was anything missing or they wish to amend/add.	ASAP
SK	To organise a meeting with herself, GB and NMcD to discuss the risks and look at GB's examples and SK will report back.	Summer Term
NMcD	To look at ways of including the virtual meeting statement in an existing policy.	ASAP

MT	To place on Autumn term audit agenda - to select the trustees to carry out the next self-evaluation.	Autumn Term
JL	To review the comments already submitted on the TOR and will circulate a draft before the next meeting to be approved by the committee.	ASAP