

Audit Committee – Part I Minutes							
Date/Time	15 th September 2020 2.00pm	Location		Virtual (Microsoft Team)			
Attendees	Initials			Attendees	Initials		
John Lawlor	JL	Graham Briscoe	GB	Jane Dumeresque	JD	Morgen Witzel	MW
Daryll Chapman	DC						
Apologies	Initials	Reason		ACTIONS			
Susanne Kiff	SK	CFOO		DECISIONS			
				QUESTIONS AND CHALLENGES			
In Attendance	Initials	Position					
Tania Skeaping	TS	DMAT Trustee					
Dan Morrow	DM	Associate Trustee					
Steve Perkins	SP	DMAT Finance Officer					
Caroline Thomas	CT	Internal Auditor Thompson Jenner					
Dave		Thompson Jenner					
Melissa Trudgill	MT	Governance Manager					

Meeting started at 2.05pm

(The meeting was recorded for the purposes of minute taking and was destroyed on 29.09.20)

1 - Apologies
None.
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 2nd June 2020 were agreed and will be signed as correct by JL, after the Covid 19 crisis.
4 – Matters arising.
Points made with reference to the action table: <ul style="list-style-type: none"> • Revised Finance Policy will need to come to the Resource Focus meeting and then Audit Committee. (to include levels of authorisation). (SK/SP)

- Audit Action Tracker – needs to be created for this committee to ensure meeting focuses on outstanding items. GB will link in with SP and SK. DM added that he will meet with SK once a month to review risk registers and internal audit tracker so DM can update his accounting log with executive oversight so that when it gets to committee level, SK will be able to evidence that it has been triangulated with the accounting officer. The committee will then be able to focus on exceptions.

ACTION: SK/SP to create audit action tracker (for audit committee)

- Internal Audit Process will move to booking a week and completing the audit within this week and with reviews throughout with the Finance Team.

ACTION: SK/CT to book a week for next internal audit process.

5 – Matters brought forward at the direction of the Chair

Nothing to raise.

6 – Internal Audit

6.1 Internal Audit Report (Summer 2020) and 6.2 Update on ‘red’ risks identified

CT gave detail to the meeting on Appendix 2 to include:

- Red ratings had all been covered from previous audit reports, mainly re school comms. All red ratings have been cleared.
- Some difficulties due to Covid and scanning information in. Remote auditing had meant that CT had not been able to look as much of income as she had wanted to. Still a few minor oranges remain on the purchase process.
- Payroll had been looked at carefully this time. SK and her Team were congratulated on the smooth implementation.
- Procurement project is being worked on by NMCD – central register of preferred suppliers is being established.

Questions/Challenges/Comments:

- **Q TS questioned why the audit of procurement is not scheduled until Spring 2021?** JD said CT could not do work on the system until the new process was put in place this term and then the following term, it can be reviewed.
- **Q TS asked re the purchase processes at the 2 secondaries - it does not appear to be an improving picture and asked CT for further detail?** CT said some of the contracts were just rolling forward e.g. catering and documentation was not there to support actions. Explanations should be added if the basic procedure cannot be followed e.g. 3 quotes cannot be sought, in order to provide a tighter audit trail. DM added that it is planned to establish a Trust Finance and Procurement Handbook with procedures and flowcharts in, for staff to follow. This will ensure that all users are aware of the correct procedures to follow. The intention is then that the processes in the handbook will be adjusted annually, as needed, but the policy will not have to be changed but adopted on a cycle.
- **Q DM asked CT if she would support this procedural consistency as well as policy consistency?** CT agreed that detail needs to be in the right type of document, which staff can access easily.
- **Q TS asked for a deadline for the Finance Policy?** DM said the finance policy and the handbook will be started in January and suggested that the finance policy could be adopted in January also, in order to ensure consistency.
- **ACTION: SK/DM Finance Policy and Handbook to be ready for January 2021.**
- **Q JD asked CT for confirmation that she would revisit areas which were flagged as red, along with concerning ambers, as a priority.** CT confirmed this.
- Q DM said that he and NMCD had almost finished creating a gantt chart with SLAs and their contracts which will be looked at in year 2 in order to look at value for money and market testing to prevent them rolling over. **Q He asked for confirmation that control issues seem to be over pre-authorisation and market testing (procurement issue and management accounting issue) was a fair summary?** CT agreed. It was confirmed that CT would revisit this area in the Autumn internal audit.
- DM will include the Trip Policy as an appendix to the Finance Policy.

- CT is looking for formal procedures on payroll to be in place as soon as possible. DM said he will be working with SP on this aspect.
- Re remote working practises – CT noted that this could be tightened up e.g. signing off remotely, BACs run and authorisations etc. DM has supplied SK with a draft template to satisfy this purpose.
- **Q JD re the operation chart – project manager is mentioned?** CT will remove this from the report.

Audit Schedule Proposal

- AFH is putting more emphasis on Trustees managing the process and CT would like more direction from Trustees on which areas she should be focusing on. She needs a risk register which she can work from and JD agreed that Trustees need to see the risk register to drive this.
- DM agreed the risk register needs to be a live document and needs to direct the audit. DM confirmed that he will be giving more direction to CT and will need assurance and further insight from the internal auditors, before signing off statutory accounts.
- CT said she would be flexible to change the direction of her focus at any time.
- DM will send the draft internal Finance and Procurement Handbook to CT so she can check it meets her audit requirements re policies and procedures before, it goes to Trustees.
- GB requested a 3-year internal audit cycle to be able to look over a wider picture.

ACTION: JL will look at the internal audit proposed schedule and ensure that it fits in with current Trustee Meeting Dates (ensuring enough time for SK to receive and analyse the audit reports and circulate to Trustees). NB next audit committee date 3/12/20.

7 CFOO Update

AFH – Changes

DECISION: The Audit Committee noted the changes to the AFH 2020.

The Committee went through the changes and summary sheet provided by SK and made the following points/actions:

- New requirement for reporting. DM suggested keeping the finance side of the AFH with accountants (in terms of internal audit - CT and SP), internal audit around compliance checks (work with NMCD on non-financial aspects e.g. safeguarding etc) and Trustees will do some audit checks and sign off. CT can comment on the non-financial aspects within her report.
- **Q GB asked if the annual internal audit report will come to the next audit committee meeting in December?** CT confirmed this is an annual requirement and she will make it available for this meeting.
- **ACTION: GB will send some best practice examples (RSM) of annual internal audit reports to CT and JL.**
- **ACTION: DM and SK to make recommendations for the internal audit work/ non-financial monitoring for CT to then undertake some testing and challenges and provide a schedule.**
- **Q CT asked, in terms of this year's report would Trustees like the internal auditor to investigate/challenge around the non- financial aspects of internal control?** JL said to stick with what has been done up until the end of August.
- **JD asked if it the AFH expected this requirement from trusts in this year?** JL replied it would come in one year's time.
- **DM asked CT if she felt that the Trust had missed anything in terms of framing the work flows moving forward?** CT was comfortable with the direction of travel and was hopeful that it might be a turning point with areas which had come up repeatedly and start to work away at some historic issues and work on some new aspects.
- **ACTION: Audit Committee to review the internal audit process in one year's time.**
- **ACTION: TS/DM/MT to work on drafting suggested amendments to the Articles of Association (to include the removal of the Chair of Trustees also holding a member's position i.e. demonstration of commitment to showing clear water between governance layers.**

- DM noted he could not see the depreciation levels anywhere in policies and hence understanding how they were applied against fixed assets. SP confirmed that he has access to the central fixed asset register, which is currently being updated for year-end; he will check that the depreciation is in line with the policy and is in static accounts.
- **ACTION: SP will send to DM what the thresholds are on the fixed asset register and why.**
- **Q GB asked whether the Trust was using a curriculum led planning package which DfE promotes?** DM said although it was encouraged this year, next year curriculum led planning will be mandatory.
- DM feels that the locally adopted whistleblowing policies at school level should include the name of a member of staff to go to and this is omitted. **ACTION: NMCD to ensure that schools include a named member of staff in their whistleblowing policy.**
- Annual report from ESFA – includes: 1) accounts system pulls in data so you can compare ratios against other schools and 2) checklist which needs to be gone through. Deadline for this needs to be confirmed. DM and SK have undertaken a lot of work which could be used in this piece of work. DM alerted the meeting to the importance of SK and her team submitting the BFR to the ESFA (with the narrative) by 18th September, as it is essential that we now meet these deadlines.
- **ACTION: JL/SK to complete the annual report for the ESFA by the deadline and JL will copy results to Trustees.**
- Item 20 - Annual assessment of internal/external auditors. (report recommending the external auditors goes to the members for approval). Questionnaire to be sent out to CFOO and senior staff with a set of questions and results, then comes back to Audit Committee to decide on/for acceptance. **ACTION: GB to send an example of questionnaire (assessment of auditors) to JL and then draft a questionnaire to send out and staff to complete.**
- **ACTION: JL to discuss with DM the role and name of the Audit Committee.**
- MW recommended a new structure to be considered - dual assurance – every lead on the central team has a link with a trustee on the board and they meet regularly to seek another level of assurance. Also matching all lead governor roles with a lead trustee in the same area e.g. health and safety.
- **ADDITIONAL ITEM FROM THE CHAIR, JL: DECISION: Trustees approved pay rise to non-teaching staff, which has been budgeted for. (JD proposed; JL seconded).**

8. Review Risk Register

- JL confirmed that the school risk registers/operations and management risk register was in place but the top-level register for Trustees was outstanding.
- GB said the MAT Board risk register should consist of business-critical aspects (show stoppers – 15-18 maximum) and therefore is different to the operations and management risk register (school level). The current one he has seen from SK has over 30 (including the top risks) and as part of the process, this now has to be narrowed down.
- MW raised the concern – ‘who defines a show stopper?’ there could be an operational risk which has the capacity to turn into a show stopper. Although Trustees do not get involved in these operational risks, MW still felt that Trustees needed to know. JD agreed with MW on the importance of seeing a formal channel as the key operational risks can escalate.
- **ACTION: DM, SK, MW, and GB to form a working party to create a trustee level risk register and bring it back to a trustee meeting. Deadline – October 2020.**

9. Select Trustees to carry out next self-evaluation of Financial Handbook ‘musts’.

ACTION & DECISION: JD and MW were appointed to carry out the next self-evaluation of the AFH musts by end of financial year 2021.

ACTION: GB to share a questionnaire framework (for self-evaluation of AFH musts) he has devised with JD and MW.

10. Monitor Progress of Governance Action Table

<ul style="list-style-type: none"> • TS reported that many of the actions have been started and were ongoing. The recommendations from the Browne Jacobson review have been included in the plan. • Review of the SOD may be more extensive than originally thought. • Any issues/deadlines missed will be raised at this committee.
Extra Item: <ul style="list-style-type: none"> • From the AFH (2.18-2.19), GB reminded that the Trust must prepare management accounts every month and they must be shared with the Chair of Trustees every month, irrespective of the Trust size and with the other Trustees 6 times a year (even if there is not a scheduled meeting). • SK and SP are working on a time schedule so ACs and Trustees are aware when management accounts will be available – target is currently 4 weeks after the month end (aim is 3 weeks).
11. Date of Next Meeting
Thursday 3 rd December at 4pm

The meeting ended at 3.55pm

Action Table from 15/09/2020		
SK/MT	To provide the committee with the risk register dashboard for review. To place on next Audit Committee Agenda.	Ongoing
DM	To pick out a couple of priorities from CEO report to put the KPIs against them and will circulate back to all Trustees for review.	Place on main Trustees' agenda
NMcD	To share the draft of the new policy with CT.	DONE
SK/DM	To adopt the Finance Policy in January (in addition to the Finance Handbook and revisions to SOD).	Jan 2021
NMcD	NMcD to schedule a training session on the new risk register for Trustees and AC Chairs, when it was ready.	ASAP
Audit Committee	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. Focus on business critical.	ASAP
MT	To place on Autumn term audit agenda - to select the trustees to carry out the next self-evaluation.	DONE
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.	DONE
CT/SK	CT will supply SK with the details on the non-authorized orders/invoices and then SK and her team will look at the individual transactions.	DONE
CT/MT	CT will communicate the outstanding audit issues with the AC Clerks directly regarding discrepancies on business interests on websites etc (she will copy MT in).	DONE
SK/SP	SK and SP (new accountant) to set tolerance level (risk) in order to help focus the Audit Committee on the most important outstanding audit issues.	Autumn Term
SP/GB	To ensure an audit action tracker is set up for the Audit Committee following GB's specimen of an audit tracker document sent to SK. (outstanding items which have not been closed)	ASAP
SK	To look at the previous audit report and will mark outstanding issues closed or give an update once she has the back-up paperwork from the internal auditors.	DONE
SK	To follow up with Thompson Jenner regarding concerns raised.	DONE
JL	To send the draft TOR to all Trustees and MT to place the vote of the audit committee membership on the next Full Trustees' Agenda.	DONE

SK/SP	To create audit action tracker (for audit committee)	Next audit committee mtg (Dec 20)
SK/CT	To book a week for next internal audit process.	ASAP
JL	To look at the internal audit proposed schedule and ensure that it fits in with current Trustee Meeting Dates (ensuring enough time for SK to receive and analyse the audit reports and circulate to Trustees).	ASAP
DM/SK	To revise and work on Finance Policy	Jan 2021
GB	To send some best practice examples (RSM) of annual internal audit reports to CT and JL.	ASAP
DM/SK	To make recommendations to CT for the internal audit work/non-financial monitoring to then undertake some testing and challenges and provide a schedule	ASAP
Audit Committee	To review the internal audit process in one year's time.	Autumn 2021
TS/DM/MT	To work on suggested amendments to the Articles of Association at AGM 2021 (to include the removal of the Chair of Trustees also holding a member's position i.e. demonstration of commitment to showing clear water between governance layers.	Nov 2020 – Feb 2021
SP	To send to DM what the thresholds are on the fixed asset register and why.	ASAP
NMcD	To ensure that schools include a named member of staff in their whistleblowing policy.	ASAP
JL/SK	To complete the annual report for the ESFA by the deadline and JL will copy results to Trustees.	ASAP/Oct
JL	To discuss with DM the role and name of the Audit Committee.	ASAP
GB	To send an example of questionnaire to JL and then draft a questionnaire (re assessment of internal/external auditors) to send out and staff to complete.	ASAP
DM/SK/MW /GB	To form a working party to create a trustee level risk register and bring it back to a trustee meeting.	Oct 2020
JD/MW	To carry out the next self-evaluation of the AFH musts by end of financial year 2021.	March 2021
GB	To share a questionnaire framework (re self-evaluation of AFH musts) he has devised with JD and MW.	Spring Term