



Company no: 07729878

THE BOARD OF DIRECTORS OF SHARE MULTI ACADEMY TRUST

Minutes of the meeting of the Audit & Risk Assurance (A&RA) Committee held at 6.00pm via Microsoft Teams on Thursday 1 December 2022.

Present

Mr M Dunkley (Chair) Mrs D Howard (Director of Operations), Mr J McNally (Chief Executive Officer), Mr P Marshall, Mrs M Campbell, Ms K Wallett

In Attendance

Ms J Hardaker
 Mr S Burnhill
 Ms L Kendrew (Auditor, BHP)
 Ms A Kimber (Lead Auditor, BHP)
 Mrs Z Poulter (Meeting Clerk)

Agenda Item	Discussion and Decisions	Action who/by
14.	<p>Apologies, consent and declarations of LAAPs and interests</p> <p>Apologies for absence were received from Mr Day (consent) and Mrs Potterton (consent).</p> <p>There were no declarations of interest.</p>	
15.	<p>Matters for any other urgent business</p> <p>The following item for Any Other Business was raised for discussion:</p> <ul style="list-style-type: none"> i. Budgets and surpluses and proposed model feedback ii. Longer-term spending from reserves planning <p>The Chair was experiencing technical difficulties; Mr Marshall took on the role of Chair temporarily.</p> <p>The Chair thanked members for their hard work and contributions to the successful completion of all but one on-going action on the log.</p> <p>The Chair remarked that all items on the work plan had been assigned an agenda item for discussion during the meeting.</p>	

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	<p>ACTION: Include Action Log review and work plan as the first agenda item in future meetings.</p>	<p>GCS</p>
<p>16.</p>	<p>Minutes of the previous meeting held on 22 September 2022</p> <p>The minutes of the meeting held on 22 September 2022 had been distributed in advance of the meeting.</p> <p>RESOLVED: That the minutes of the meeting held on 22 September 2022 be approved and signed by the Chair as correct record of the meeting.</p>	
<p>17.</p>	<p>Comments on the annual report and accounts 2021-22 prior to finalisation and submission to AGM</p> <ul style="list-style-type: none"> • Annual report and financial statements 2022 – updated 1.12.22 following feedback <p><u>Audit Findings Report</u></p> <p>Ms Kimber provided the following summary of the BHP Audit Findings Report:</p> <p>Members were informed that the report was similar to that of last year and were invited to ask questions or make comments.</p> <p>Introduction</p> <p>It was highlighted that members should keep the report confidential and not share the findings without the permission of BHP. The only exception would be a request from the ESFA.</p> <p>Ms Kimber thanked Mrs Potterton, Ms Hardaker and the entire finance team for their assistance throughout the audit. It was noted the audit process had been extremely efficient.</p> <p>Identified Audit Risks</p> <p>It was explained that the risks included in this section of the report had been identified by BHP and communicated to members through the planning memorandum.</p> <p>Ms Kimber was pleased to report that no new risks had been identified throughout the audit. The risks identified at the planning stage had been concluded. There were no matters to bring to the members' attention.</p>	

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	<p>Internal Control Points</p> <p>Ms Kimber commented that there were also no matters to be raised under control points. She was happy to add that this was an unusual and pleasing occurrence.</p> <p>It was explained that BHP had not carried out what is known as a 'Control Audit'. The controls that were in place, however, had been reviewed in addition to ensuring trustees were adhering to the rules and scheme of delegation. No issues had been found following extensive testing.</p> <p>Ms Kimber noted that all control points reported on last year had been successfully addressed by the finance team, including the deferral of funds.</p> <p>The members were informed that in addition to a Statutory Audit, BHP had also carried out a Regularity Audit. There were no breaches or issues that needed to be reported to the ESFA or members. Ms Kimber highlighted that this was also an unusual outcome and reflected positively on the finance team. Last year it had been noted that higher paid employees had not been disclosed on the trust website, however, this year the correct reporting procedure had been followed.</p> <p>Appendix 1: Reconciliation</p> <p>There had been some minor adjustments including the opening balance, an amendment to the posting of some capital income and an accrual notified in advance by the finance team. The main adjustments had concerned the Local Government Pension Scheme and the associated gains. Ms Kimber explained that as the pension information was not available to the trust until mid-November the finance team could not have made adjustments before the audit commenced.</p> <p>Ms Kimber felt that members should be reassured that the financial information provided to them monthly was accurate and reliable.</p> <p>Appendix 3: Unadjusted Misstatements</p> <p>Unadjusted misstatements amounted to £13,000 and related to missing accrued and deferred income from free school meals and pupil premium. The error was consistent, had been seen last year and was expected to recur next year.</p> <p><i>The Chair connected to the online meeting again at 6:21pm.</i></p> <p>Appendix 3: Qualitative Matters</p> <p>Ms Kimber explained that there were matters which must be communicated to members in writing. BHP were happy with financial statements and disclosures.</p>	

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	<p>It was highlighted that going concern was a key risk and a topical issue for academy trusts considering increasing costs for teacher pensions and energy. The 3-year trust budget submitted to the ESFA had been analysed in detail including a review of assumptions. Ms Kimber informed members that the trust remained a going concern.</p> <p>Appendix 4 – Outstanding Matters BHP required a copy of the letters of representation which should be signed alongside the financial statements. There was nothing further required of the finance team.</p> <p>Q: Have you identified any areas for improvement? A: The finance team are very well organised and the controls that are in place more than meet the requirements of the accounts direction in the trust handbook. I think you are in a very strong position.</p> <p>Ms Kendrew reiterated that every issue raised in the report last year had been resolved. She highlighted again that this was unusual and reflected well on the finance team.</p> <p>A management letter would be issued once the audit report was signed. The letter was to be uploaded on the EFSA website alongside the signed report.</p> <p>Data Analytics Report Ms Kimber stated that there were no areas of concern resulting from the Data Analytics Report. She explained as part of the audit the full finance system had been uploaded into data analytics software called Inflow. All financial data had been assessed on a risk basis. More details and the reasoning behind why the higher risk transactions the software had identified were as expected was included in the report.</p> <p>A key word search employed to pinpoint potential fraud, regularity issues and errors had not indicated any problems.</p> <p>It was discovered that 6% of transactions had a blank description field because the system had not entered a description on the double-entry. The blank transactions were checked, and it was established they were all a result of the automated system.</p> <p>Transactions that initially appeared to be backdated were actually caused by the time period between a purchase order being created at local school level and processing by the central team.</p>	

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	<p>Financial Statements</p> <p>Ms Kimber drew the members' attention to trustee responsibilities as outlined in the Financial Statements.</p> <p>The SOFA showed that the current and last financial year were very similar barring a slight expected increase.</p> <p>Q. The figure of £3.2 million at first sight suggests a loss which we don't understand to be the case. Can you talk us through the income minus the expenditure?</p> <p>A. The thing to note is that there are 3 types of funds including restricted, un-restricted and fixed asset. Of the £3.2 million deficit in the year, £2.5 million is on the fixed asset fund; depreciation is the main reason. Restricted funds encompass around £2 million in pension scheme costs, it is adjusted through the pension deficit. When taking these factors into consideration the trust has made a good surplus in the year.</p> <p>Ms Kimber stated that the balance sheet showed very little change year on year; the current year had been very consistent. It was expected that next year would be quite different following the addition of Whitcliffe Mount.</p> <p>Q. Can you explain the change to the benefit pension liability scheme?</p> <p>A. The reason for the large reduction is the increase of the discount from 1% to 4%. The discount rate is linked to bond yield.</p> <p>Q. Do we have any choice in the rate that is used?</p> <p>A: The rate is provided by Aon. We have had the assumptions reviewed by an independent actuary who found the discount rate to be in line with expectations.</p> <p>Statement of Funds</p> <p>Ms Kimber explained that the statement of funds allowed better understanding of the effect income and expenditure had on restricted and unrestricted funds. She stated that £3.4 million of GAG would be carried forward to next year along with £1.2 million of un-restricted funds. She felt the trust would be in a comfortable position and in-line with the reserves policy.</p> <p>The statement of funds also encompassed the movements of fixed assets.</p> <p>Funds by School</p> <p>Ms Kimber reported that there was £6 million of available funds for schools.</p> <p>Mrs Campbell had identified an error on page 55 relating to two figures for Woodside Green that did not match. Ms Kimber</p>	

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	<p>confirmed the mistake would be corrected and it was the result of a late accrual.</p> <p>Ms Kimber commented that most schools were in a healthy financial position but that four schools were in deficit in the year.</p> <p>Ms Kendrew pointed out that Heaton Avenue needed to be added to the schools in deficit in the report.</p> <p>Mr McNally informed members that governing bodies had been contacted in writing about the possibility of redistributing surplus funds from secondary schools amongst primary schools. The issue was scheduled for presentation to and discussion with the board next week.</p> <p>Q. Should we include the possible redistribution of funds in the report?</p> <p>A. If the decision is not likely to be confirmed before the accounts are signed it is fine not to include it.</p> <p>Related Party Transactions</p> <p>Ms Kendrew highlighted that the ESFA and Charity Commission were very focussed on related party transactions and that prior approval for transactions over £20,000 needed to be sought.</p> <p>Ms Kendrew stated that she had resigned as a trustee of the Whitcliffe Mount School Foundation Scholarship Fund as soon as she discovered the school would become part of SHARE.</p> <p>Action: Send relevant additional audit questions and comments to Ms Kimber and Ms Kendrew.</p> <p>Mr McNally hoped to send the report to the board in advance of the next meeting. The Chair stated that members were happy to recommend the report for approval to the board subject to final checks of figures highlighted by Mrs Campbell.</p> <p>The Chair felt the standard of the report was high barring a handful of typing errors. He thanked Ms Kimber, Ms Kendrew and the finance team for their hard work.</p> <p>RESOLVED: That the Audit & Risk Assurance Committee agreed to recommend the Annual report and financial statements 2022 to the board.</p> <p><i>Ms Kimber and Ms Kendrew left the meeting at this point.</i></p>	<p>Ms Hardaker</p>

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18.	<p>Consider the External Audit opinion (including Management Letter) for 2021-22 and advise the Accounting Officer on signing the accounts and Governance Statement</p> <ul style="list-style-type: none"> • Annual report and financial statements 2022 – this item had been discussed under agenda item 4. • Audit findings report - this item had been discussed under agenda item 4 (Minute 17 refers). • Data analytics report - this item had been discussed under agenda item 4 (Minute 17 refers). • Reserves and variances summary – it was stated this item had been included for information. • Letters of representation – it was stated this item had been included for information. 	
19.	<p>Discuss the implications of the result of the Accounting Officer’s review of effectiveness of the system of control in relation to the Governance Statement</p> <ul style="list-style-type: none"> • 2021-22 Annual report and analysis of effectiveness <p>The Chair explained that the report included the membership of committees, matters covered throughout the year, results of the questionnaire analysis and potential improvements. He stated that the report would be passed onto the board.</p> <p>Q. There are numerous items requiring action in the report, when will they be dealt with?</p> <p>A. In terms of membership Mr Burnhill has joined us today and will hopefully progress forwards in joining the committee. A Teams meeting is planned with another prospective committee member. Training reoccurs regularly as an issue, Mrs Potterton has sent links to training courses.</p> <p>Members discussed training and the challenge in identifying which training is specifically required and wanted. The possibility of recruiting a Governance professional who could compile a training handbook was raised.</p> <p>Mr McNally added that he planned to take proposals for trust leadership structures including the need to replace the Director of School Improvement to the board. He planned also to present options for the appointment of a Governance professional. Members agreed to defer further discussion relating to the appointment of a Governance professional until after the next meeting of the board.</p> <p>ACTION: Add Training Discussion to the agenda for the (A&RA) Committee meeting of the 8 June 2023.</p> <p>The Chair highlighted that the volume of documents that require review prior to committee meetings was a challenge in and of itself but was being further complicated by occasional distribution delays</p>	GCS

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	<p>and understanding where each document was relevant to the agenda. He had contacted the Governor Clerking Service and Executive PA Amanda Eastman for advice on how to simplify the process moving forward.</p> <p>ACTION: Follow-up with the Chair regarding suggestions for a more effective means of dealing with papers prior to meetings.</p>	GCS
20.	<p>Review Trustees Allowances claimed in 2021-22</p> <ul style="list-style-type: none"> • 2021-22 Trustees Allowances <p>Mr McNally noted members had been sent a spreadsheet of expenses prior to the meeting. He confirmed that no comments regarding expenses had been received from the auditors.</p>	
21.	<p>DBS status update and comment</p> <ul style="list-style-type: none"> • DBS overview Nov 2022 <p>Mrs Howard explained that the trust had gathered 3 years' worth of information since the policy to renew DBS certificates for all staff, governors, directors and members every 5 years had been introduced. She felt that schools had implemented the policy well and the Every online system allowed renewal dates to be tracked.</p> <p>There was a plan in place to tackle the oldest outstanding DBS renewals at Whitcliffe Mount. Mrs Howard expected it would take 2 to 3 years to bring the school in line with the trust DBS renewal policy.</p> <p>Mrs Howard was pleased to report that at no point during the DBS renewal programme had any issues been uncovered.</p>	
22.	<p>SHARE MAT GDPR Audit Report and Remedial Actions</p> <ul style="list-style-type: none"> • SHARE MAT GDPR Audit report <p>Mrs Howard stated that she was pleased with the outcomes of the audit and overall the report showed that the trust was in a relatively good position in reference to compliance with GDPR regulation and legislation. She noted there were a small number of areas that needed to be addressed and that for the most part issues with non-compliance should be relatively easy to resolve.</p> <p>Mrs Howard informed members that, as with all internal and external reports, a remedial action plan had been swiftly devised. She reported that all 4 out of 6 minor actions had been resolved. Outstanding actions were planned to be completed by the end of December 22.</p>	

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	<p>Mrs Howard highlighted that every organisation of a particular size was required to appoint a DPO and that the report found that Holly was suitable for the role.</p> <p>Mrs Campbell noted that the volume of acronyms used in the report had made accessing the information quite difficult. Mrs Howard offered her apologies and as a result a list of acronyms would be attached to future reports.</p> <p>ACTION: A list of acronyms to be circulated with future reports.</p> <p>The Chair remarked that he was pleased with the quick response to remedial actions and the overall good outcome of the audit.</p>	<p>DoO</p>
<p>23.</p>	<p>Correspondence - record any correspondence received by SHARE Multi-Academy Trust Directors</p> <p>Mr McNally reiterated that he had written to Governors and Headteachers regarding the proposed redistribution of surplus funds from secondary schools to primary schools. The letter sent by Mr McNally had been circulated to members prior to the meeting.</p> <p>Mr McNally explained that members had also received spreadsheets modelling how funds may be redistributed and containing 3-year projections with the ultimate aim of having 8% in reserve funds. Plans were in place to present the materials to the board. Members were invited to make any comments or ask questions.</p> <p>Q. Is there anything you would like to highlight to us particularly prior to taking the matter to the board?</p> <p>A. The responses show a broad consensus that there is some value in redistributing the surpluses. This is tempered with points about not rewarding poor budget management and that schools would like clarification on how they can spend their own money.</p> <p>Members discussed the need to look at surplus funds from a strategic perspective and that SHARE MAT is an entity rather than a group of individual schools. Mr McNally raised the need for transparency in the distribution and redistribution of funds to schools and agreed that strategic thinking was required.</p> <p>Q. Will the board just discuss the matter of surplus redistribution or are they going to decide to proceed or not at the next meeting?</p> <p>A. They will decide on the proposed surplus redistribution, a longer-term approach to spending and reasonable assumptions over the</p>	

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	<p>next 2 years. The 8% target stems from having enough funds to cover 1 month's total expenditure.</p> <p>Q. Will surplus redistribution be just for this year or will there be a shift in the whole ethos of how we treat the primary schools?</p> <p>A. It depends on which of the options the board want to adopt. I think it's accepted generally that Woodside Green and Lily Park will need substantial support to balance their books. This leads to the question strategic way in which we offer support or review top slices for different schools.</p>	
24.	<p>Any other urgent business</p> <p>It was felt that the following items had been covered under agenda item 10 (Minute 23 refers):</p> <ul style="list-style-type: none"> i. Budgets and surpluses and proposed model feedback ii. Longer-term spending from reserves planning. 	
25.	<p>Agenda, minutes and related papers – Trust copy</p> <p>RESOLVED: That no part of these minutes, agenda or related papers be excluded from the copy to be made available at the Trust, in accordance with the Freedom of Information Act.</p>	

The meeting closed at 18:40pm