

**SHARE MAT TRUST COPY
THE AUDIT AND RISK COMMITTEE OF SHARE MULTI ACADEMY TRUST**

Minutes of the Meeting of the Audit and Risk Committee of SHARE Multi Academy Trust held at 4:00pm at Shelley College on Wednesday 8th March 2017.

PRESENT

Mrs Adele Poppleton (Chair), Ms Sue Strafford, Mr J McNally,
Mrs Cleo Potterton, Mr Barry South, Mr Vic White

IN ATTENDANCE

Mrs Jayne Newson, (Acting Minute Clerk)

71. APOLOGIES

Mr Mike Dunkley
Mrs Helen Tones (Minute Clerk)

72. BUSINESS OF MEETING

Brief introductions were held. The Chair thanked Mrs Jayne Newson for volunteering to take the minutes due to the absence of the regular Minute Clerk. The Chair informed the committee that Ms Kelly Cardwell had resigned from the committee due to work pressures.

73. REGISTER OF BUSINESS INTERESTS

No declarations made.

74. MATTERS FOR ANY OTHER BUSINESS

(a) Additional committee members required for the Audit Committee

75. MINUTES OF PREVIOUS MEETING HELD ON 1ST DECEMBER 2016

RESOLVED: That the minutes of the meeting held on 1st December 2016 were an accurate record of the meeting (Unanimous)

76. MATTERS ARISING FROM THE PREVIOUS MEETING HELD ON 1ST DECEMBER 2016

(a) Audit Committee Questions prior to SHARE MAT AGM (Minute 59, page 24 refers)

Mrs C Potterton confirmed to the Chair that no questions had been raised by the committee prior to the SHARE MAT AGM held on 6th December 2016.

(b) Primary Business Manager Job grading (Minute 63(b) refers)

Mrs C Potterton advised that following a review of the Primary Business Manager role a new job description had been drafted which had been graded at Grade 9

which matched one existing post holder. Existing staff were already in position and staff had been notified. No new posts had been created.

- (c) Co-operation between Auditors and other review bodies (Minute 63(c) refers)
 Mrs C Potterton advised that Mr M Dunkley had provided an update at the last committee meeting that this was a matter for the auditors. In the 2014-15 Annual Accounts (page 15), reference was made that the auditors would report to the trustees on a termly basis, through the Audit and Risk committee. This has been altered in the 2015-16 Annual Accounts (page 13) to an 'annual' basis. No actions were needed.

77. REVIEW TRUST FINANCIAL POLICIES

In response to the Chair, Mrs C Potterton confirmed that the Accounting Policy had been reviewed at the last meeting. Mrs C Potterton advised that the committee were being asked to review any changes to current 2016/17 policies to prepare the policies ready for 2017/18.

(a) Financial Regulations

Mrs C Potterton advised that the Financial Regulations (2016-17) had fairly extensive changes that had been incorporated into a MAT wide policy. No changes planned for 2017-18, but the payroll section (item 5) needs to be reviewed. The processes and regulations on how the policies are implemented will be re-visited once fully embedded for 2017/18.

Q: With regards to point 618, the document talks about procuring goods and services valued £3k-50k and in exceptional circumstances it might not be possible to get 3 quotes. However the document does not say if this is recorded. Is there an exception form to clearly record why it has not been possible to attain 3 quotes?

A: The CEO suggested that Director of Finance approval should be sought too. Mrs C Potterton agreed to have the reason for not being able to secure 3 quotes on a form.

Q: When 3 quotes are received, are they recorded on a form?

A: They go on the accounting system that has limits set to prevent orders being raised until 3 quotes are received. Finance record onto the system why 3 quotes have not been secured so there is an electronic trail, albeit not a signed off form. It was agreed that a signed off form would make more sense.

Mr B South highlighted an example where recently there had been a situation with the fire alarm system, which required a major service quickly as it was a risk to students and staff. He had put forward rationale on grounds of safety through an email trail but it would be easier to get a form signed off.

Q: Item 620 – is the threshold of £164,176 stated in January 2016 still valid?

A: Yes. It changes every 3 years.

The committee discussed the process by which communication of Finance documents to Local Governing Bodies was done. In response to Ms S Stafford, the CEO advised that the Related Party Questionnaires were signed by all

Governors every year. It was agreed that non-governors who are members of committees should also complete the questionnaire including independent members of the Audit Committee. It was discussed that there needs to be clarity about which directors, members, staff and governors need to be consulted about changes to financial documents and who needs to be made aware of them and who needs to be briefed in more detail about them once approved so that they are aware of their financial responsibilities.

ACTION: Mrs C Potterton to review current process of financial document communication with committees, staff, Governing Bodies and Directors.

(b) Accounting Policies
No changes needed

(c) Charging and Remission Policy
Mr B South advised that a separate trust-wide policy for lettings was in progress as currently this policy related to charging students and their parents.

Q: Are the policies available on the website?

A: Yes, the current website is in process of being upgraded and updated to show MAT and individual school policies.

This section was deemed confidential

ACTION: Mrs C Potterton to amend the Policy Title.

Mrs C Potterton advised that Certain Early Years provision was work in progress and required further specification.

Q: 5.1 Insurance - how often did insurance change and should the cost per student be included when costs could change?

A: Zurich fix costs for the duration of the policy but the MAT could state that it is a three year policy. The policy covers all trips for all schools including ski trips but

there is a separate policy for residential trips.

Q: Is the policy up to date with all the recent benefit changes?

A: Yes. DfE guidance has been checked and is checked every year. £21k is the maximum level set when means testing applicants, which is higher than DfE policy but we set our own figure as a trust. Our policy is more generous to parents which is consistent with the threshold used for assessing eligibility to financial support from the 16-19 Bursary Fund and Hardship Fund for lower school pupils.

RESOLVED: That the Audit Committee recommend to SHARE MAT Directors to approve the financial policies subject to amendments requested. (Unanimous)

78. EXTERNAL AUDIT STRATEGY

Mrs C Potterton circulated the management letter for the annual audit that gave recommendations to the committee. There were no actions identified.

Q: Were the Annual Accounts submitted on time?

A: Yes, they were submitted well in advance of the deadline.

Mrs C Potterton advised that she had talked to Headteachers regarding issues around nominal department coding which related to accuracy issues. Mrs C Potterton had also spoken with Business Managers and Headteachers and had picked up issues when doing the interim audit. Mrs C Potterton was to focus on accuracy of departmental coding that appear in the management accounts. It was reported that the Auditors liked the MAT's audit file check list. Mrs C Potterton was to firm up and make the check list a static item in the audit file. A supplier list was going to be provided in the audit file. This checklist is merely a list of the contents contained within the audit file, an explanation of each document/report and who is responsible for preparing it.

Mrs C Potterton was looking at best value reviews and value of spend with each supplier. With regards to the interim audit for this year, the auditors were in Shelley this week and primary schools next week. Splitting the audit into 2 parts will make the annual audit much easier. Items raised will be brought to the Committee for review before the AGM. Any issues raised by the interim audit will be presented at the next Audit Committee meeting.

79. INTERNAL AUDIT REPORT UPDATE

Mrs C Potterton reported that recently external auditors had looked at fixed assets and the asset register for the trust as part of an internal audit. She is awaiting the report.

A desktop exercise had been undertaken but not yet checked the outcomes. A report will be circulated to the committee prior to next meeting.

The Chair requested that an action plan and progress be circulated prior to the next committee meeting.

ACTION: Mrs C Potterton to circulate Internal Audit action plan and progress report prior to the next committee meeting.

80. REVIEW OVERALL FINANCIAL ASSURANCE FRAMEWORK

Mrs C Potterton circulated her summary of the Framework. The Financial Assurance Framework (set by the DfE) sets out the financial accountability framework that academies (as central government public sector bodies) have to comply with. The EFA oversees compliance with the Framework.

Mrs C Potterton talked through the document. There is an online check list to show the EFA that the MAT comply and to show the MAT has governance systems in place. This was not a requirement as a trust but as long as new schools joining the MAT follow our policies and the trust makes a statement to that effect, the EFA are happy that a review is not undertaken every year.

Q: What checks do you do?

A: Mrs C Potterton gave examples that included Internal and external audit processes: making sure of compliance; use same accounting system; buying /purchasing; budgeting software; budget plans have the same format; same payroll systems. There is a guidance document on how to prepare annual accounts and how schools treat items in the accounts and any accounting principles the trust have. For our Auditors, the National Audit Office set out some documents and the trust auditors comply with those.

With regard to fraud and financial irregularities, a summary has been prepared for Directors in the past. Business Manager representatives will be attending a workshop on financial fraud at Schofield Sweeney and one of the large banks. Fraud documentation is circulating increasingly and fraudulent invoices are getting harder to detect. Those attending the workshop will feed back to the trust.

Q: Are the Audited accounts published?

A: Yes, the annual accounts are on the MAT's and school websites and are sent to the DfE and Companies House. The Accounts return also goes to the DFE. The return date may change to 31st March.

Q: Do we need an Anti-Fraud policy once training is complete to circulate to governing bodies?

A: Training takes place on 22nd March

ACTION: Mrs C Potterton will review to see if an Anti-Fraud policy is needed.

The Chair was pleased that the trust are aware of and following guidance to make sure robust and transparent policies are in place.

The CEO advised that there are certain responsibilities for governing bodies published on websites i.e. handbooks setting out roles for governing bodies and what they do. Mrs J Newson was tasked to ensure the information was disseminated

to Governors and central records updated to demonstrate that governors have been made aware of their responsibilities.

Mrs C Potterton had received an email from Mr M Dunkley in which he asked a number of questions. These were about:

- (a) Whistleblowing procedure - the EFA made it a requirement but the Trust already have a policy in place.
- (b) Recommendations for trusts to have RPA for insurance unless commercial provides better value for money. The trust has a 3 year policy with Zurich commercial insurance which was more competitive at the time. If the trust goes through RPA there would still have to be extra insurances required (e.g. travel) and the trust could pay over the odds for the smaller policies as not as competitive. Mrs C Potterton confirmed that there is an opt out option on Zurich to go to RPA only. It was noted that the PFI school at Heaton Avenue, which has commercial insurance, is not treated the same with RPA charging per pupil. Mrs C Potterton was to review.

Q: Is that the only complication for a school being part of PFI?

A: No, but the insurance is a consideration.

Q: In terms of issues with PFI schools, would it be better that PFIs were not included in the SHARE MAT in the future?

A: No, they are manageable issues. They can create delays when changing things which the trust needs to be aware of.

Mrs C Potterton advised that whilst not a risk at the moment, if budget cuts are made then it may make a difference due to funding impact.

81. STRATEGIC RISK REVIEW

Mr B South gave a verbal update. Mr B South hoped to bring printed copies but reported a printing flaw in the system. The trust have commissioned GRC1 for providers of software Matrix. Key personnel have been trained. It is possible to give all members of the committee 'read only' access to the system from 9th March 2017.

Mr B South had given an overview yesterday to the Executive team. He reported that the system is easy to use and through the practice session held, a lot of information has already been populated. Mr B South was to send a coloured copy of Matrix on 9th March 2017. Over the next 3 – 4 weeks, GRC1 to web-ex with each school to talk about condensing information as there are too many risks at the moment. Once completed, Mr B South and Mrs C Potterton would train Head Office. Mr B South will bring back to the next committee meeting a working document for discussion.

Q: What work in relation to those ties in with Directors?

A: It makes sense for Mr B South / Mrs C Potterton to prepare the matrix following consultation with each governing body, and then brought back to the Audit & Risk committee before presenting it to the Directors. to bring items to this committee first to make sure members are happy with format before feeding into Directors' meetings.

The Chair was pleased to see the system is cloud based and can upload all policy documents and that every attachment on the system would be protected should disaster strike to any of the schools' IT systems.

Mr B South and Mrs C Potterton to continue to implement the new register and provide regular updates to the Audit committee and Directors.

Q: Did we need to identify which committees own which risk? For example finance risks owned by the finance committees. The Audit Committee should have the over view.

A: Mr B South to arrange to do that, i.e. assign to specific groups.

ACTION: Mr B South to review committee ownership of risks.

Mr B South advised that the software used a RAG (red amber green) system. For example for EFA funding - what impact will this have? This will be high impact and therefore high likelihood. Mitigation needed to be looked at and this would need to be owned by governors and directors.

ACTION: Mr B South to set committee up on the system and the committee to all provide feedback to BS.

The committee discussed impact on governing bodies and committees.

The Chair was reassured there is a proper Risk system in place.

82. MEETING SCHEDULE

The committee reviewed the meeting schedule that had been circulated prior to the meeting.

The CEO suggested that for key risks facing the trust in the Autumn term, these should be addressed in school action plans and MAT development plans for Directors to address. Then in the Spring term, these should be reviewed in any relevant action plans and Business Continuity Plan. In the Summer term, there should be a review of progress and recommendations made for actions for the future year linked to the cycle of the audit year.

The Chair asked for views about who is responsible for approving policies and risks and who should be consulted and who should be informed. The CEO advised that the Scheme of Delegation would be the initial reference point as this showed managing the risks and where accountability at certain levels sits. Some are more complicated risks and they come from various sources. The SoD needed to be reviewed to see where risk was placed. Schools needed to carry out their own governance.

It was felt that Risk review be a standing item on every Governing Body meeting. It could be nil return now but could change as working through from Head Office perspective. Accountability needs to sit where decisions are made.

