



TRUST BOARD AUDIT & RISK COMMITTEE

Minutes of a Meeting of the Audit & Risk Committee of the Trust Board of South East Cornwall Multi Academy Regional Trust held on Wednesday 7<sup>th</sup> December 2023 at 4.30pm.

Present	Yes/No	Present	Yes/No
Mr Marcel Aarts	Apologies	Mr Lee Hallam	Yes
Ms Jody Chan-Penney	Yes	Mr Chris Piper, Chair	Yes
<b>In attendance</b>		<b>In attendance</b>	
Mr Dan Buckley, CEO	Yes	Mr Steve Lloyd	Apologies
Mrs Helen Casson	Apologies	Mrs Jo Lumbard, CFO	Yes
Mr Jamie Crisp	No	Mrs Kate Williams, Clerk to Trust Board	Yes
Mrs Lydia Lawson	Apologies	Mr Kevin Connor, Bishop Fleming	Yes

1. **Welcome – Chris Piper**

The Chair welcomed everyone to the meeting and especially Ms Chan-Penney.

2. **Declaration of Business or Pecuniary Interest and Academy-related parties - update on any changes since completion of written declaration**

None.

3. **Apologies for Absence**

Mr Aarts sent his apologies in advance of the meeting which were received and accepted by the committee.

4. **Approval of the minutes of the previous meeting held on 12<sup>th</sup> July 2023**

The minutes of the meeting held on 12<sup>th</sup> July 2023, having been circulated in advance, were agreed as an accurate record.

5. **Matters Arising**

**M33. Matters Arising**

**M17. Consider strategic risk including new and emerging risks**

b) Mr Buckley explained that risks are allocated to each Trust Board committee so that it is manageable for Trustees. The columns for the Trust Board need to be completed. A link to the Strategic Risk Register will be circulated.

Update: Complete. **Trustees suggested that they should be aware of what are the changes to the main risks to the Trust and it needs to be agreed what these are and when they should be considered.** Mr Buckley advised that schools do review risks during the course of the year and it would be useful for Trustees to have a view on when each risk should be reviewed in the year. Trustees felt this should fit into the leadership cycles already in place and it was agreed that this would be discussed at the TSLT (Trust Senior Leadership Team) and TOLT (Trust Operational Leadership Team) meetings. It was suggested that there should be standing agenda item for the risks to the Trust for each Audit & Risk (A&R) committee meeting. Mr Buckley advised that Trustees should look at the Risk Register and a link to the Risk Register should be circulated to all Trustees. The Risk Register now does contain a column which shows the changes to the risk. It was agreed that a link to the Risk Register should be added to the meeting agendas.

*Update 07-12-2023: Complete. We now have a new Risk Register which needs to be allocated to Committees.*

**M33. Consider strategic risk including new and emerging risks**

a) It was agreed that this needs to be a standing agenda item and the Risk Register link will be sent with the agenda.

*Update: Complete.*

6. **Consider strategic risk including new and emerging risk**

A document was circulated in advance of the meeting. From this:

- a) Mr Buckley advised we now have a revised Risk Register which has been based on requirements from internal audit. The SLT (Senior Leadership Team) review the Risk Register before every LGC (Local Governing Committee) meeting which is then reported to governors. The Risk Register has now been reviewed by two rounds of LGC meetings. The Audit & Risk committee then has oversight to ensure the risks are being reviewed by each committee.
- b) Mr Buckley advised that it has been queried if the risks are written correctly and discussions around this are ongoing. **A Trustee noted this document covers a broad spectrum of risks and more than just financial risk.** Mr Buckley advised that the SEF (Self Evaluation Framework) can also be used as a type of Risk Register so he is moving forwards to have the SEF in a similar format which will help identify risks in terms of quality of education and allow us to have better engagement with governors.
- c) **A Trustee asked if there is anything that the Audit & Risk committee need to consider in terms of any new or emerging risk.** Mr Buckley advised that this conversation will continue in the Trust Board meeting.

**Trustees were invited to join the meeting at 4.45**

7. **Presentation of draft Accounts and Management Letter: Kevin Connor, Bishop Fleming via Teams**

Documents were circulated in advance of the meeting. From these:

- a) Mr Connor explained that the audit has gone well and the finance team have been excellent and worked hard with the Bishop Fleming team. The outcome is clean and tidy. The Key Issues Document (KIDD) summarises the risks and the work completed to address the risks and Bishop Fleming's conclusions and opinions.
- b) The report details the overall conclusions and considers two opinions which are about true and fair view and regularity. There are clean opinions for both. Mr Connor advised that everything within the accounts has a low risk rating but there are some areas which could be considered to have heightened or significant risks.
- c) Management override and fraud in income recognition are both classed as significant risks. Mr Connor advised the work on management override is very clean and there is nothing significant to report. In terms of income recognition, this is a difficult area to get right and some academy trusts can get this wrong. There are no errors identified and nothing to flag as a concern.

Mr Buckley left the meeting at 4.52pm.

- d) Bishop Fleming have reviewed three regularity risks which are unauthorised transactions, related parties and unauthorised borrowings. From the audit work completed, there is nothing to report in these areas and no concerns.

Mr Buckley re-joined the meeting.

- e) Mr Connor added that there was the unfortunate position of Saltash being awarded a second requires improvement rating from Ofsted. As a result, a Rapid Improvement Plan has been prepared for the DfE and reviewed by Bishop Fleming. In terms of Going Concern, Trustees need to be confident that the Trust have sufficient funding to be able continue to operate for the next twelve months. Mr Connor has challenged the CEO and the CFO to have had consideration for a plan should Saltash be removed from the Trust during the Going Concern period. Mr Connor

advised the CEO and CFO feel there is sufficient cash to continue and he agrees with this opinion. Mr Connor explained that it has been documented that this has been considered. These documents have also been shared with the Trustees.

- f) Mr Connor explained that the LGPS (Local Government Pension Scheme) pension deficit continues to reduce and this is in keeping with the rest of the sector. The trust is still in a liability position although it has reduced. This is mainly due to inflation. In response to this, Bishop Fleming has carried out testing on the work of the actuaries. Bishop Fleming's testing has found that the discount rates applied for SMART are within benchmarks.
- g) Mr Connor noted the Management Letter details high risks which are red although there are none and only one amber item. This is a clean set of results. The green areas are best practice. There is potential conflict identified between Members and Trustees and the Trust is already taking action on this. Mr Connor explained that we have a Trustee who is a Member and there could be a natural conflict and it would be recommended by the ESFA to not have this. Although it is not a 'must' in the Academies Trust Handbook.
- h) For the one amber area, the Academy Trust Handbook requires the balance sheets to be included in monthly management accounts and it was found that where this has not happened, this has been due to capacity. However, Trustees do receive parts of the balance sheet on a monthly basis as a cashflow is regularly shared.
- i) **A Trustee asked why there are green 10 categories this year and only 7 last year.** Mr Connor explained that we have identified best practice points and these are not set each year so some have been rolled forwards from last year but these are all minor and trivial points.
- j) Mr Connor referred to the reserve's policy and the latest guidance is that reserves should be between 5% and 20% and 5% is considered the low point which may trigger viability concerns by the ESFA. There is no hard and fast rule, and this is based around the context of the Trust. Mr Connor felt that there is no concern in terms of the SMART reserves.
- k) Mr Connor highlighted the wording around the Saltash Double RI and the Trust have completed a separate review and this has been disclosed in the accounts. There is an updated statement on value for money and relating to the safety of the estates of the Trust. The Accounting Officer's statement also refers to the estate's safety and the ESFA want Trusts to confirm the position on the estate's safety.
- l) Bishop Fleming are concluding that there is a clean audit opinion and that they agree with the Going Concern opinion.
- m) Mr Connor advised that there was an improvement in funds of £1.3million and the pension deficit has reduced and this is in line with the sector. The Going Concern in the accounts is standard wording and required no additional disclosure. We have a peculiarity in catering expenditure, and this is due to mapping behind the accounts. The pension costs look unusual and this is due to the LGPS (Local Government Pension Scheme) adjustments and because the deficit has reduced down, the impact on costs has reduced. The statement of funds shows the GAG (General Annual Grant) transfer which has been used to purchase fixed assets and there is a healthy GAG carried forward. Bishop Fleming have seen Trusts in a deficit in GAG who have needed to transfer unrestricted funds to balance this.
- n) Mr Connor explained that balances by school have only moved by a small amount and the allocation between the schools has a narrative to explain the reasons for this including the movement of unrestricted funds to the TSS (Trust Shared Services) fund. Some Trusts are moving to GAG pooling as a defensive mechanism to termination warning letters and this may be worth considering for SMART in the future.

o) **A Trustee noted that it is comforting that there are no concerns again this year and he congratulated the finance team for their hard work. A Trustee asked about the assessment on Going Concern with and without Saltash and asked if this just an internal exercise or does it need to be an external assessment.** Mr Connor advised that this just needs to be an internal assessment and does not need to be a formal assessment.

p) *Trustees were content to recommend the approval of the Annual Accounts and also sign off the Going Concern opinion.*

**8. Summary of matters for the Trust Board**

a) The committee were content to recommend the approval of the draft annual accounts.

**9. Agreements made by email – For information**

a) Circulation of Internal Assurance reports on Financial controls and Risk Management.

**10. Date of next meetings:**

A&R/Resources 20-03-2024, A&R/Resources 05-06-2024 and Resources 11-07-2024 all starting at 5.30pm.

The meeting closed at 5.16pm.