

INDEPENDENT PROFESSIONAL CLERKING SERVICES

The St Cuthbert's Roman Catholic Academy Trust

Minutes of a meeting of the Audit and Risk Committee
held at St Mary's College on 7 July 2022 at 6.00pm

PRESENT: Mrs L Dyas, in the Chair,
Mr I Appleyard Mr P Fearnley, Mr M Gallagher, Dr M Nolan

IN ATTENDANCE: Mrs A Hunter, Finance and Internal Audit Manager
Mr M Lewis, RSM (for minute 48)
Mr A Rookes, Finance Manager,
Mrs K Siedle, Chief Operating Officer, Primary
Mrs S Teasdale, Chief Finance Officer

44 APOLOGIES. Apologies for absence were received from Mr Fitzpatrick and Mr Holtby.

45 DECLARATIONS OF INTEREST. No declarations were submitted in addition to those already received.

46 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 19 May 2022 be confirmed as a correct record and signed by the Chair.

47 MATTERS ARISING FROM THE MINUTES. There were no matters arising.

48 AUDIT PLAN. Mr Lewis was invited to present the audit plan for the year ended 31 August 2022. He explained that RSM had been engaged to provide a true and fair opinion of the Trust and confirm regularity in line with ESFA guidance

Mr Lewis drew Directors' attention to the audit plan and emerging issues document, copies of which had been circulated in advance of the meeting.

Pages 4 - 5: the approach, scope and timetable for the audit.

Pages 6 – 9: overview of audit and business risks.

Page 10: confirmation of fees. These were based on market value and additional works for the expansion.

Pages 11 – 12: confirmation of independence.

Mr Lewis reported that the ESFA had spilt the GAG and 16 to 19 funding; both areas would be tested.

Pensions remained an area of concern due to the pay inflation situation; the actuary may well recommend an increase which would impact on cashflow.

Emerging issues –Directors were asked to note the potential impact of the conversion. The balance sheet would be amended to reflect the change in building value and pension deficits. Mr Lewis stated that he would work with academy leaders to ensure they understood the risks.

Regularity conclusion – this would be an area of focus in terms of compliance and procurement.

Emerging Issues document:

Page 4 – outlined the role of the ESFA and submission deadlines.

Page 5 – publications to Accounting Officers; a further publication was expected before the end of the summer term although this could be delayed due to the current political situation; this may also impact on publication of the updated Academies Handbook.

Page 8 – summary of areas changed during the year.

Page 9 - feedback to the sector from ESFA. Each year the ESFA reviews academy trust accounts, audit findings reports and internal scrutiny reports as part of its role in providing assurance to Parliament that trusts operate to high standards of propriety and regularity. The ESFA have included a reminder that it is the responsibility of Directors to ensure content in financial statements fairly reflects their academy trust's performance and circumstances and is compliant with the financial reporting framework. As in prior years the ESFA have expressed concerns around boiler plate disclosures within trust financial statements.

Page 10 - common concerns. The ESFA have highlighted a number of concerns across the sector as listed below:

- management accounts not shared with board (frequently) and being poor quality
- absence of or inaccurate bank reconciliations
- financial statements not published on trust website
- related party issues: non-compliance with ATH.
- common issues about transactions submitted for approval, failure to:
 - follow Trust's own procurement policy
 - maintain sufficient records to demonstrate accountability and transparency
 - use of public funds for personal benefit
 - lack of appropriate authorisation for expenditure; failure to obtain ESFA approval, where appropriate
 - inappropriate authorisation: Accounting Officer / Chair acting beyond powers: particularly concerning contracts and payments
 - conflicts of interest not properly managed
 - irregular expenditure: - alcohol purchased from academy trust funds - excessive gift; additional benefits paid over standard contract of employment

Page 11 – Academies Trust Handbook – an updated version was expected to be introduced effective from 1 September 2022.

Page 16 – The ESFA has issued information on IFRS 16 leasing implementation; this would have an impact on leasing activities.

Page 17 – outlined risks and top tips in terms of cyber security. Training on risk management would be delivered to Directors before the end of term.

Mr Lewis pointed out that the biggest risk currently was the uncertain political situation.

The CFO conveyed thanks to Mr Lewis for the time he had spent preparing for the process. She advised that significant steps were taken to ensure best practice was applied to address concerns within the sector.

Mr Lewis was thanked for his informative presentation and left the meeting.

- 49 DFE AND ESFA REPORTING. It was noted that key areas had been addressed by Mr Lewis during his presentation.

The CFO confirmed that information had been received in relation to the Academies Handbook updates and funding, particularly the increased focus on 16 to 19 funding.

Directors were informed that current information suggested that the desired transfer date for SMCCAT schools of 1 September 2022 was achievable; this should be confirmed next week.

- 50 RISK REGISTER. Detailed information had been circulated in accordance with DfE requirements.

Directors were reminded that the risk register was a live document which would continue to evolve as the year progressed. Their responsibilities in terms of assurance would be highlighted at a presentation scheduled to take place at the start of the summer term Trust Board meeting.

- 51 AUDIT AND ASSURANCE REPORTING. Mrs Hunter reported that she had reviewed a number of areas during the year including working towards the introduction of a fully cashless system at St Mary's College. The internal scrutiny programme for 2022/23 would be shared with the Board at the summer term meeting.

Directors were reminded that they could propose areas for scrutiny.

- 52 DATE AND TIME OF THE NEXT MEETING. It was noted that the dates and times for meetings in 2022/23 would be agreed at the Board meeting.

Mrs Hunter was thanked for her report and left the meeting.

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signature of Chair

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PART B - NOT FOR PUBLICATION

Confidential items covered by the Articles of Association.

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signature of Chair