

INDEPENDENT PROFESSIONAL CLERKING SERVICES

The St Cuthbert's Roman Catholic Academy Trust

Minutes of a meeting of the Finance, Audit and Capital Assets Committee held virtually on 2 December 2021 on the rising of the meeting held at 5.00pm

PRESENT: Mr P Fearnley, Mr G Fitzpatrick, Mr M Gallagher, Mr J Sargeant

IN ATTENDANCE: Mr R Lewis, RSM
Mrs K Siedle, Chief Operating Officer, Primary
Mrs S Teasdale, Chief Finance Officer

677 ELECTION OF CHAIR. A nomination was received for Mr Sargeant to Chair the audit element of the meeting.

RESOLVED: that Mr Sargeant be appointed Chair for the meeting.

678 APOLOGIES. Apologies for absence were received from Mrs Dyas and Reverend Massie.

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

AUDIT

680 STATUTORY ACCOUNTS.

Management Accounts

Mr Lewis, Senior Statutory Auditor, RSM, was invited to present the Financial Statement and Audit Report, which encompassed the Management Letter and systems findings to 31 August 2021.

Annual Report and Financial Statement

Pages 1 and 2 – confirmed reference and administrative details.

Pages 3 and 4 – outlined the responsibilities of Directors and explained the constitutional and operational structure.

Page 5 – outlined arrangements for setting pay and remuneration of key management personnel and reported on related parties and co-operation with other organisations.

Pages 6 to 8 – defined the objectives, activities, vision and values of the Trust.

Pages 9 to 14 – provided a thorough review of activities during the year. The impact of Covid had been reported; this was a requirement of the ESFA.

Mr Lewis commended the positive commentary.

Pages 14 and 15 reported on principal risks and uncertainties and how these were being mitigated. It was noted that adequate systems and insurance were in place to mitigate risks identified.

Pages 16 to 18 – streamlined energy and carbon reporting for all schools, trust owned vehicles and business mileage.

It was noted that plans were in place to address the carbon impact.

Page 19 – engagement with employees, suppliers, customers and others.

Page 20 – statement of disclosure signed by the Chair of the Trust.

Pages 21 to 24 - reported on governance in terms of responsibilities and attendance at meetings.

Pages 25 to 27 outlined areas of review to ensure value for money and reported on the Trust's capacity to handle risk, the risk and control framework in place and the effectiveness of the systems.

Mr Lewis emphasised that Directors needed to be content that satisfactory controls were in place and the report reflected actions taken.

Mr Fearnley advised that as Chair of the Trust and the Finance Committee, he received monthly updates from Mrs Hunter, Internal Auditor. He confirmed he was comfortable with the controls and systems in place.

Page 28 – statement of regularity, propriety and compliance. The Accounting Officer confirmed that there had been no changes to the statement since it had been produced. Mr Lewis confirmed that it was his view the Trust continued to be a sustainable, Going Concern.

Page 29 – statement of Director's responsibilities; this had been signed by the Chair.

Pages 30 to 32 – provided the independent auditor's opinion of the financial statements. Mr Lewis confirmed there were no areas of concern to report; the report was the best which could be received.

Pages 33 to 36 – the consolidated statement of financial activities. It was highlighted that a net loss had been reported for the year. The overall position had been impacted by increased pension costs.

Pages 37 to 62 – notes outlining key points of the financial statement.

Mr Lewis advised that the financial statement supported his conclusion that the Trust was 'a Going Concern'.

Pages 63 and 64 – reported on the conclusion and basis for the conclusion of the Auditor.

Mr Lewis was thanked for his presentation; comments and questions were invited.

Mr Fearnley highlighted that the position of the Trust had been impacted by national issues which were not controllable internally.

In response to a question relating to the increase in cash generation, Mr Lewis reminded Directors of discussions last year relating to plans to reduce cash levels; he commended the Trust's Finance Team for the manner in which they had managed the finances.

Audit Report

Mr Lewis explained that the report summarised findings in connection with the audit of the Financial Statement for the year ended 31 August 2021.

Mr Lewis pointed out that the ESFA would continue to focus on the following key areas:

- excessive high pay to Executive Leaders
- compliance to the principles of public life
- the quality of internal scrutiny
- procurement
- cyber attacks
- third party transactions
- land and building evaluations

Mr Lewis advised that the management team was aware of all areas of focus and taking appropriate action to ensure compliance.

Mr Lewis asked Directors if they were aware of any fraudulent activity which could impact on the completion of the audit. Directors confirmed they were not aware of any issues which would impact on the audit.

Page 3 – executive summary reported on outstanding items to be resolved. The trust cash flow forecast had not been tested and concluded; this would be updated prior to submission to the ESFA.

Unadjusted audit differences of £52,000 had been identified; this was not considered to be material in the context of trust expenditure.

Page 4 – a review had been conducted of a sample of journal entries; no issues had been identified.

Page 5 – confirmed the auditors conclusion the Trust was 'a Going Concern'.

Accounting of the Trust estate had been tested and satisfactorily concluded.

Page 6 – regularity. The auditor confirmed no issues had been brought to attention during the regularity review.

Page 7 confirmed that no significant risks had been identified which needed to be brought to the attention of Directors.

Page 8 confirmed no significant deficiencies in internal controls had been identified. It was noted that all recommendations raised in last year's report had been actioned during the year.

Page 9 – Directors noted comments relating to the 'Going Concern' of the Trust. It was emphasised they needed to be satisfied with the information presented.

Page 10 – the auditor confirmed he would not be seeking any additional representations.

Pages 13 to 15 – appendices which included details of areas covered during the audit.

Mr Lewis confirmed that the report reflected a good, clean audit; this was the best possible outcome.

Mr Fearnley commended the report which provided confidence the team was working in line with expectations.

Mr Lewis stated that the Trust appeared to be 'in a good place' however, Directors could not afford to be complacent; they needed to continue to be proactive in the way they managed and addressed challenges as they arose.

The CFO conveyed thanks to Mr Lewis and his team for the effective and efficient manner in which the audit had been conducted. She added that the advice and updates regularly received provided opportunities to proactively address issues as they were highlighted. She advised that there was a willingness to work towards a Board Assurance Model; Mr Lewis agreed to assist with this.

The Accounting Officer conveyed thanks to all those involved in the process.

The Chair conveyed thanks to Mr Lewis for the clarity of report and thanked the CFO, Finance Manager and the team for their work to ensure no systemic failures or areas of non-compliance had been identified.

RESOLVED: that the Financial Statements for the year ended 31 August 2021 be recommended to the Board for approval.

Mr Lewis was thanked for his attendance and left the meeting.

681 MINUTES OF THE LAST MEETING.

RESOLVED: that the minutes of the meeting held on 14 October 2021 be confirmed as a correct record and signed by the Chair.

682 MATTERS ARISING FROM THE MINUTES. It was noted that actions from the last meeting had been completed.

683 TERMS OF REFERENCE. The CFO advised that the terms of reference for the proposed separate Finance and Audit Committees would be presented to the Board for approval.

684 REPORT FROM THE ACCOUNTING OFFICER.

1. Regularity

Academy Planning Calendar (Finance)

- *Land Buildings Control Tool 9 November 2021 - submitted on time*
- *Financial Statements etc. 31 December 2021 – on track*
- *Audited Accounts Return 25 January 2022 - on track*
- *Audited Accounts published on website 31 January 2022*
- *SRMSAT 15 March 2022*
- *Budget Forecast Return Outturn 17 May 2022*
- *Financial Statements to Companies House 31 May 2022*
- *Budget Forecast Return 3-year 26 July 2022*
- *Internal scrutiny exercise completed by external agency – action plan agreed and being implemented; to be reviewed at next meeting.*
- *Register of Business Interests for Directors updated – last few entries to be finalised at the Board meeting on 9 December 2021.*
- *Register of Business Interests for Trust updated for 2021/ 22.*
- *Website Review undertaken flagging issues for governance and compliance – action plan being implemented.*
- *RPA Audits completed for the Trust, St Mary's College and Endsleigh PS. Reports issued and updated. Lead auditor to present to Board on 9 December 2021.*
- *Public Sector Apprenticeship Target Reporting complete.*
- *Mass Testing – exceptional premises costs claimed in line with published timescales.*
- *Summer School funding claimed in line with published timescales.*

2. Propriety

- *Annual Performance Management, Pay Policy and Pay Awards ratified by HR Committee on 18 November 2021.*
- *External Audit of Governance arranged by the Trust's Governance Professional for New Year. The auditor is a qualified member of the NGA.*
- *Deed of Variation and updated Master Funding Agreement have been issued by DfE for SMC expansion to be signed off at this meeting and ratified by the Board on 9 December 2021.*

3. Value for Money

- *A range of mid value procurement exercises underway on statutory 5-year electrical services, CCTV and IT Hardware items.*
- *Business Support Manager is studying for Level 5 Certificate in Procurement qualification to improve internal skills and expertise.*
- *School Management Resource Advisor (SMRA) deployment underway to help identify further efficiencies.*

4. Sustainability

- *We have been unsuccessful with our application to the DfE Decarbonisation Fund for St Mary's College main school to renew heating and hot water systems.*
- *We have submitted one bid to Salix for low carbon replacement of boilers at St Richard's.*
- *We are investigating the possibility of renewables (solar panels) at other primary sites.*
- *2020/21 Streamlined Energy and Carbon Report completed*

685 ESFA REPORTING. This had been included in the Accounting Officer report (minute 684 refers).

686 RISK REGISTER. The CFO reported that the risk register would be circulated and be the focus of discussion at the next meeting.

687 AUDIT AND ASSURANCE REPORTING.

Directors asked if an action plan was in place in response to the internal scrutiny report. The CFO confirmed that a progress report would be presented at the next meeting.

Mr Fearnley reiterated comments made earlier that he received a monthly report from the internal auditor; he confirmed no significant issues had been identified.

The CFO reported that in addition to the financial statement and external audit, an internal scrutiny report would also be submitted to the ESFA.

688 DATES AND TIMES OF NEXT MEETINGS. Dates and times for meetings were confirmed as follows:

- 20 January, 17 March, 12 May (to be rearranged) and 7 July 2022

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signature of Chair