

**Minutes of the Audit & Risk Committee meeting held on Wednesday 29 March 2017
at 5.30pm to 7.00pm at Kelham Hall**

Membership			
A absence	=	Governor name	initial Academy
		Ms S Hall (Chair)	SH DAT Trustee
		Mr M Quigley	MQ Retford Oaks Academy (RO)
A		Mrs M Mays	MM East Leake Academy (ELA)
		Ms S Tongue	ST The Holgate Academy (THA)
		Mrs J Eastwood	JE National C of E Academy (NCEA)
A		Mr T Hill	TH Tuxford Primary Academy (TPA)
		Mrs S Odabashy	SO Tuxford Academy (TA)

In attendance:

A absence	=	Staff/in attendance	Initial	
		Mrs A Elway	AKE	Company Secretary and Clerk
		Mr C Pickering	CBP	CEO and Accounting Officer
		Mr L Mosley	LDM	Chief Financial Officer
		Mrs K Bonser	KBn	Standards and Projects Manager
		Ms J Stringer	JS	Smith Cooper Internal Auditors

Item No	Item	Action/ by who when
AC/31/1617	Apologies for absence Apologies for absence were received and approved from Mrs Mays due to holidays and Mr Hill due to work commitments.	
AC/32/1617	Declaration of interest There were no declarations of interest, either direct or indirect, for any items of business on the agenda.	
AC/33/1617	Smith Cooper – update on internal financial audits Ms Stringer advised that the report is an updated version of the previous one and now encompasses all the schools which have been seen since the beginning of the autumn term. She drew governor's attention to the more extensive audit undertaken at THA & NCEA which included fixed assets for the first time which is why these 2 academies appear to have more risks. Ms Hall asked if this was as a result of the external audit findings. She was advised that it is not a key internal audit risk area as it is a focus of external audits however, the tests did reveal that more local control is needed and an inventory needs to be maintained and continually updated especially for small IT equipment e.g. laptops. Spot checks were suggested however Mr Mosley advised that a measured assessment of the risk versus the cost of staff time doing the inventory needs to be weighed up against the cost of the item removal. However, he is ensuring that each academy has its own fixed asset register with the finance manager taking responsibility of this and new personnel in academy	

	<p>finance teams are tightening both finance and control procedures. Through questioning it was ascertained that there were no specific high risk items found within the audits at NCEA & THA that were not already being addressed. Mr Mosley confirmed that finance managers are shared at WGHS/ELA, THA/QEA/NCEA, WPA/TPA (and new primaries due to join DAT) TA/RO.</p> <p>Each academy now has its own bank account with staff reconciling their transactions, ledgers are organised and duplication in accounts and nominal codings rectified. Ms Hall asked for confirmation that errors found in earlier internal audit visits have been addressed. Mr Mosley advised all compliant issues have been raised with academies and he revisits the findings with his staff during his monthly meetings. He advised he is confident his staff are compliant with the Academies Finance Handbook and the Trusts' Financial Regulation's Manual.</p> <p>Ms Stringer advised that Smith Cooper had not been commissioned to revisit schools. Mr Quigley suggested that each academy's report was reviewed at the next meeting to get assurance that concerns are being dealt with. Mr Mosley advised he will have a formal review with staff and will provide a list of responses at the next meeting.</p> <p>The agenda was taken out of order</p>	LDM Agenda 5/7
AC/34/1617	<p>Safeguarding Audit schedule and internal audit process</p> <p>Mrs Bonser advised that the newly established audits form part of the safeguarding policy approved by the DALP Board last term and which mostly remove this area from FARs. An annual review will be held in each academy and QEA will be trialling the process. Ms Stringer confirmed that Smith Cooper have worked with Mrs Bonser to put the schedule together. Debbie Clinton (DCEO) Patrick Knight (Exec. Leader for PDBW) and Smith Cooper are leading the review with Mrs Bonser monitoring. Thereafter peer reviews will be undertaken. In answer to questions, Mrs Bonser advised that the academy are aware of the date of the visit and are happy to trial it. She advised that safeguarding audits are an EfA statutory requirement and will be run like a FAR. Once management comments have been added to the reports each one will go via the Corporate Leadership Group to each local academy board and through this committee for monitoring and feedback to the DALP Board.</p> <p>Mrs Bonser confirmed that the first report would be received at the next meeting.</p> <p>Ms Stringer was thanked for her attendance and she and Mrs Bonser left the meeting.</p>	KBN Agenda 5/7
AC/35/1617	<p>Minutes of the meeting held on 29 November 2016</p> <p>The minutes of the meeting, having previously been received were agreed and signed by the chair.</p>	
AC/36/1617	<p>Matters arising not on the agenda</p> <p><i>AC/25/1617 Responsible Officer schedule</i></p> <p>Mrs Odabashy asked what was happening with the RO role as this hadn't been communicated to governors. Mr Mosley refuted this and reiterated</p>	

	<p>that the role originally undertaken by ROs had developed significantly as the group has grown and it needs to be carried out by an internal audit firm. In recognising that Smith Cooper do not have the specialists to do the broad range of work he requires he is proposing to appoint a new firm who will do audits in IT, recruitment and retention, governance etc as well as the financial audits. There is still a role as an 'internal audit governor' to follow up management responses for all of these audits and report back to LABs. Exception reporting will come to this committee from the audits completed.</p> <p>KBN returned 6pm</p> <p>Mr Quigley advised he is concerned that repeated offences are still being seen between reports and this committee need to get full assurance that processes are being adhered to. C agreed.</p> <p>The actions of an internal audit function/governor were approved in principle but as those present were concerned that this had not been clearly communicated or understood by governors, Mr Mosley was asked to send an email to LAB chairs and F&R chairs at each academy to clarify the role going forward.</p> <p>Two quotes from potential audit firms RSM and ICCA were tabled. Mr Mosley advised that both companies were capable of doing the role and had expert staff to deploy to academies. Governors questioned the rationale and were advised:</p> <ul style="list-style-type: none"> - There would be no conflict in re-engaging RSM as internal auditors having replaced them with Smith Cooper as external auditors and vice-versa - Both companies fees were on a par and were charged at a day rate. Both are cheaper than Smith Cooper currently charge - The contract would be for 3 years with an annual rolling review - It was thought that a contract hadn't been signed with Smith Cooper - Mr Mosley had worked with both companies before and felt an interview processes was unnecessary - The new firm would start in September conducting thematic audits - Out of the two, LDM suggested appointing ICCA <p>It was approved that, in the absence of a binding contract with Smith Cooper, LDM could discuss work with either of the two firms and he would present a strategy of the work they would undertake at the next meeting.</p> <p>Clarified after the meeting, there is a signed contract with Smith Cooper with no notice of termination required and no penalty payable.</p>	<p>LDM after the meeting</p> <p>LDM/ agenda 5/7</p>
<p>AC/37/1617</p>	<p>Update/Confirmation re filing of DAT/NCEAT accounts</p> <p>Mr Mosley confirmed that the two Trusts' Audited Accounts had been filed at the EfA and Companies House. Annual Account Returns for whole of government consolidated accounts feeding into the treasury had also been completed. All audit recommendations and adjustments had been put into the finance systems.</p>	

<p>AC/38/1617</p>	<p>RSM Annual Findings Report for DAT & NCEAT; review of management responses</p> <p>Both reports had previously been received. Mr Mosley pointed out key areas that were for mentioned on both reports;</p> <ul style="list-style-type: none"> - Declaration of Interest forms - Mrs Elway advised that the current forms must be made clearer for governors, senior leaders and budget holders to record all interests and employment even if they do not think they are 'relevant'. She has been working with Smith Cooper about this who had suggested that once signed, 'relevant' interests will be taken and put into a spreadsheet for all finance teams to review when new contracts are awarded. This 'relevant' register will be on websites. Mr Pickering concurred that ensuring interests are recorded and declared is high on the DfE agenda. <p>Ms Hall suggested this committee should receive assurance that staff know the issues raised in the reports and gain confirmation that controls have been put in place to mitigate them. She would not wish to see the same issues raised at next year's audit.</p> <p>She advised that staff should ensure there is a proper understanding by staff of any likely balance sheet issues of new schools who join DAT.</p> <p>Mr Mosley advised he would produce a consolidated list from the findings in the 2 Trusts reports to bring to the Committee.</p>	<p>LDM 5/7</p>
<p>AC/39/1617</p>	<p>Accounting Officer schedule of meetings and report – previously received</p> <p>Mr Pickering advised that this committee will get regular reports detailing discussions between him and Mr Mosley. He will also comment on the audit outcomes in his role of Accounting Officer.</p>	
<p>AC/40/1617</p>	<p>Any fraud related issues to bring to committee's attention?</p> <p>Mr Pickering advised there were no issues of impropriety or fraud. The group is fit for growth and he assured governors that a thorough due diligence process takes place for all potential new academies both educationally and corporately. Corporate leads complete a spreadsheet of all their findings and anything needing attention is brought to his notice. He gave an example of Samuel Barlow Primary buildings which are in a poor state and he is to raise this with the LA & RSC to ascertain if any funds for repairs are available.</p> <p>Mr Pickering advised that as well as conversion grants for each school of £25k, DAT will receive additional funds for 'requires improvement' (or worse) schools towards school improvement. A £150k growth fund grant has also been approved which can be used for salaries to put capacity into academies. Ms Tongue asked if additional schools will necessitate an increase in the DALP contribution. Mr Pickering advised this may be necessary as central functions are being developed. Centralisation is fundamental to enable academies to reduce their non-pay budgets and it is estimated that c30% can be saved in each academy. Governors agreed with examples given of how every school has to change their way of recruiting specialist staff. He confirmed that all leaders on the Senior Strategy Team are aware of these proposals and every academy knows they must look to restructure to make significant savings. He confirmed</p>	

	that all staff and governors will be advised if an increase becomes necessary.	
AC/41/1617	<p>Review Investment Policy/Reserves Policy The current Investment Policy and a draft Reserves Policy had been received. Ms Hall suggested that both should be revised to enable the same document to be used as part of the Annual Account reports. Mr Mosley was asked to do this in readiness for the next meeting on 5 July.</p> <p>Mr Mosley advised that RSM UK LLP had requested an additional £15k for audit work. He had negotiated down to £7,500 and requested approval to pay this. Following a discussion, it was agreed that DAT Trustee agreement should be sought. Mrs Elway was asked to send an email to all to get agreement for paying at the end of the month.</p>	<p>LDM policy review 5/7</p> <p>AKE</p>
AC/42/1617	<p>Risk Management presentation Mrs Bonser advised that the group had not previously had a full Risk Register for each academy but had a central one with each academy risks noted. She presented a new web based application from GRC that had been purchased and advised that the school leader and support staff leader in each location had been appointed 'champions'. To date she was concentrating on the non-PFI schools registers and showed governors how information was inputted and how risks were treated and mitigated. All academies will have some generic risks but each report will also show academy specific ones they need to manage. In response to questioning Mrs Bonser advised:</p> <ul style="list-style-type: none"> - The spreadsheet should be continually updated by the 'Risk Champions' and discussed with senior leaders and governors at F&R portfolios - She will meet with champions every half term and a calendar is available to enable staff to see what they need to review <p>Governors raised concern that 'real risks' may get lost in all the other identified risks. Mrs Bonser asked governors what level of information they require at each meeting with them asking for information showing high risks and the rate change for each. It was agreed that this may be extended when they have sight of the first report at the next meeting.</p>	<p>KBn</p>
AC/43/1617	<p>Date and time of next meeting Wednesday 5th July 2017 at 5.30pm at Kelham Hall</p> <p>Ms Hall thanked Ms Tongue for her contribution to meetings and acknowledged that now she is vice-chair at THA she is stepping down from this committee. It was acknowledged that a couple more governors are needed on the committee. Ms Hall asked governors to speak about the role at LAB meetings and for any interested person to contact Mrs Elway.</p>	<p>all</p>

AC/44/1617	<p>Determination of confidentiality of business and Equality Act consideration</p> <p>Governors considered whether anything discussed during the meeting should be deemed as confidential and whether during their discussions any equal opportunities issues have arisen. It was Resolved That there were no confidential items discussed and there had been no Equality Act implications.</p>	
	<p>The meeting closed at 7.00pm Signed.....(chair) Date.....</p>	