

Risk, Audit and Compliance Committee Minutes

Meeting	Risk, Audit and Compliance Committee	Date	Tuesday, 26 <sup>th</sup> November 2024
Location	EKC Schools Trust Boardroom	Time	1.30 p.m.
Membership	Peter Goldsack (Chair), <i>Peter Troke (PT)</i> , Alan Horton (AH); Emma Wilkinson (EW)		
In attendance	Tammy Mitchell, Chief Executive Officer (CEO); Chris Legg, Chief Financial Officer (CFO); Sharon Hollingsworth, Group Director of Governance (GDG), Dan Lewsey, Director of Projects, Safeguarding and Compliance (DPSC), Claire Edgeworth – Notetaker		
Guests	Duncan Dyett-Cochrane (DDC) – MHA Auditor (for items 3, 4 & 5) Finance & People Committee - Ollie Laughton (OL), Paul Sayers (PS), Alison Gray (AG) – (for item 4)		

	ITEM	COMMENTS	ACTION
1	Welcome and apologies for absence	The Chair welcomed everyone to the meeting.  Apologies were received from PT.	
2	Declarations of Interest	There were no additional declarations to the meeting other than those declared as standing.	
3	Independent Meeting with the External Auditors	<i>Officers not in attendance</i> GDG reminded Trustees that this item gives the Committee an opportunity to meet with the external auditor's independent to the Officers in attendance.  The Trustees met with Duncan Dyett-Cochrane of MHA. DDC confirmed that the conduct of the Audit went smoothly and there was nothing he felt needed to be brought to the attention of the members of the committee.	
4	Trustees Report and Financial	DDC (Auditor) and Trustees of the Finance and People Committee joined the meeting.	

<p>Statements for year ended 31 August 2024</p> <p>Audit Findings Management Letter</p>	<p>The Trustees Report and Financial Statements and the Audit Findings Letter had been shared with the RAC Committee members prior to the meeting.</p> <p>DDC summarised the papers for the meeting.</p> <p>DDC reported that there were a lot of good disclosures around what the Trust is doing and how they manage and work with people.</p> <p>The streamline energy and consumable reporting was missed last year but has been included this year, as it must be reported and disclosed. There is more legislation being developed so there may be more reporting undertaken. Scope 1 and 2 is a measure of the Trusts carbon usage, and this comes up with a total tonnage of CO2 and what tonnage the Trust is using per pupil. This section does not have to be audited just reported and DDC advised that the data still needs to be added. The reserves classifications will change but will not affect the income and expenditure statement and balance sheet.</p> <p>DDC advised that the Auditors report is a clean report, and the Regulatory Report will be a clean report, also.</p> <p>DDC summarised the income and expenditure statement and advised the figure of £9.2m relates to Churchill. When a new school joins the Trust it is considered a donation and will then be filtered into relevant sections. The restricted fixed asset fund is a depreciation figure, and this will run down each year.</p> <p>On the balance sheet the tangible assets have increased due to Churchill joining the Trust. There is not a pension scheme liability and the investments under-pinning the pensions scheme have increased in value.</p> <p>DDC highlighted the positive inflow from activities and advised that this is after capital movements and is purely day to day operations. The cash and cash equivalents at the end of the year have increased to £2.8m.</p>	
---	--	--

		<p>DDC advised that the staff payments have gone up due to the increase in staff and the Government funding being forced through. The statement shows a banding for higher paid staff, and it must disclose that the CEO is an employee.</p> <p>DDC gave an analysis of each individual fund during the year. Gains and losses tend not to be cash related e.g. the pension scheme. There is a substantial increase in funds. DDC reported that the numbers are healthy and there are no major areas for concern.</p> <p>DDC advised that on the statement of funds (note 22) there is a slight timing issue. There is one school with a deficit at year end, but it is a marked reduction from last year. Overall, the position shows continued improvement. There is nothing note-worthy to report on the expenditure incurred by each academy.</p> <p>DDC advised the Auditors did a lot of work to identify any related party transactions and noted transactions between the Trust and the EKC Group. There were no other party transactions noted.</p> <p><u>Audit Findings Report</u> DDC highlighted the key findings in the Audit Findings Report.</p> <p>DDC advised that there are mandatory disclosures that they have to report.</p> <p>The areas highlighted in red on the risk mapping, are significant risks but not concerns about EKC Schools Trust.</p> <p>Management override of controls highlights potential risks associated with management overriding controls. The Auditors undertake a lot of work in this area including downloading all transactions and picking random samples and examining them. The outcome is then reported and DDC advised that they did not find anything in any of the risks to bring to the Trustees attention.</p>	
--	--	---	--

		<p>The Auditors must report any adjustments and DDC advised there was one adjustment for Sheppey Secondary which was a reclassification, so there is nothing to be concluded from this. There was a detailed audit undertaken but there was nothing on unadjusted transactions. The Audit Findings Report highlighted one recommendation around looking at automation and integration of systems.</p> <p>DDC advised that recommendations from previous years external and internal Auditors are looked at and the recommendations from last year's audit was completed.</p> <p>Overall, the Auditors felt that EKC Schools Trust is a well-controlled organisation and there is no deviation from controls. The Scheme of Delegation is effective and no areas of risk coming out.</p> <p>The Trustees queried where the Trust was in terms of benchmarking and DDC advised that the Auditors had discussed this and felt the Trust was in the top percentage.</p> <p>The Trustees thanked CFO and his team for all their hard work.</p> <p>The Finance and People Committee left the meeting.</p> <p style="text-align: center;"><b>NOTED: Trustees Report and Financial Statements for year ended 31 August 2024 and the Audit Findings Management Letter</b></p>	
5	RAC Committee Development Session	<p>The CFO circulated the Sector Update paper prior to the meeting and DDC summarised the paper.</p> <ul style="list-style-type: none"> <li>• DDC advised that the highest number of regularity modifications in 2022/23 were around Management Accounts. There had been no issues with the Management Accounts for the Trust.</li> <li>• There has been a change in reporting accounting practices, so revenue and leases are recognised. The Trust cannot have an operating lease but can have financial leases. There needs to be a fixed asset with a corresponding liability and the fixed assets are depreciated.</li> </ul>	

		<p>Finance leases do not need to be approved, and this will be brought in around 2027. This will affect items such as photocopiers and minibuses.</p> <ul style="list-style-type: none"> <li>• DDC advised that a Good Practice Guide for Management Accounts has been published.</li> <li>• There are not many changes to the Finance Handbook for next year. The most relevant is around excessive reserves, which is not something the Trust needs to worry about.</li> <li>• There are some tax opportunities for electric vehicle sacrifice schemes and DDC advised if this was something the Trust was looking at, to contact him.</li> <li>• Trusts should refer to the DfE’s digital and technology standards and a link has been added in the handbook.</li> <li>• If the Trust income exceeds £50m, Trusts must use an in-house internal Auditor or buy in an internal audit service, which the Trust already have in place.</li> <li>• There is a new Related Party Transaction Guide being published later in the year, and the Trust will need to look at the arrangement with EKC Group and make sure they are not breaking any regulations.</li> <li>• The ESFA is closing 31<sup>st</sup> March 2025. Teams will move to a different management structure.</li> <li>• There is some uncertainty what grants will be funded. Pension increases should be fully funded but not advised how this will happen. DDC advised here is some discussion about pooling the scheme and whether they can pool all the local pensions schemes together. It is a theoretical liability.</li> <li>• The ESFA is looking to align FE College and Academies in terms of guidance, however this is a long-term project.</li> </ul>	
--	--	--	--

		<ul style="list-style-type: none"> <li>DDC recommended that the RAC Committee look at the ESFA Good Practice Guide on Reserves. The Reserves Policy need to be reviewed annually. The CEO advised that the Finance and People Committee are given a paper on this every year.</li> </ul> <p>DDC and his team were thanked for all their work.</p> <p>DDC left the meeting.</p> <p style="text-align: center;"><b>NOTED: RAC Committee Development Session</b></p>	
6	Minutes of the meeting held 21 May 2024 and 15 July 2024	The minutes of the meeting held on the 21 May 2024 and 15 July 2024 were agreed as an accurate record and will be duly signed by the Chair following the meeting.	
7	Matters Arising not covered by this agenda:	<p>During the RAC Committee meeting held on the 21<sup>st</sup> May 2024, monitoring of safeguarding and division of labour in the Central Trust was discussed. The CEO wanted to update the RAC Committee that this was launched two weeks ago. Schools are monitoring their safeguarding and need to update the LGBs to align Governor’s monitoring. There is one form with all the checks identified for the school, Governing Board and the Trust. The checking is ongoing and spread across the year.</p> <p>Part of this item was deemed confidential and will form Part A of the minutes.</p>	
8	Terms of Reference for the RAC Committee	<p>There are no changes to the RAC Committee Terms of Reference, and these were approved.</p> <p style="text-align: center;"><b>APPROVED – RAC Committee Terms of Reference.</b></p>	
9	Internal Scrutiny Annual Report 2023-2024	<p>The Internal Scrutiny Annual Report 2023-2024 was shared prior to the meeting.</p> <p>The GDG advised that it is a condition of funding that the Trust must have a Risk, Audit &amp; Compliance Committee (RAC) and under this requirement produce an annual report for the Trust Board and members, summarising the Committee’s activities relating to the financial year.</p>	

		<p>There was a review of the external auditors, and it was agreed that McIntyre Hudson continued to be good value for money.</p> <p>Trustees queried that in the report it advises that no funding audit review has taken place since 2020, and whether Trustees should have a view on this. The CFO advised that this was not something that was requested and it is risk based. The Trust have no control when a review will take place, however we are due a review because of Sheppey Secondary. Trustees asked if the wording could be changed on the report to advise it is risk based.</p> <p>EW queried that her attendance states she missed two meetings, but only missed 1. GDG thanked EW for raising the issue, the attendance log will be checked and amendments made.</p> <p>The RAC Committee were happy to recommend the Internal Scrutiny Report is presented at the Trust Board on the 3<sup>rd</sup> December 2024.</p> <p style="text-align: center;"><b>RECOMMEND - GDG to update and present at Trust meeting.</b></p>	<p>GDG</p> <p>GDG</p>
10	<p><b>Draft Internal Audit Plan 2024-25 to include: External Board Review</b></p>	<p>The draft Internal Audit Plan was shared prior to the meeting.</p> <p>The CFO has met with the Christiaan De Lange from Azets to discuss the Financial Controls Internal Audit and the CFO will share the scope at the next meeting.</p> <p>The DfE recommends that Trusts arrange an external review of their Governance regularly. In September 2024, Trustees agreed that an External Board Review should be undertaken during 2024-2025. The Review to be commissioned and overseen by the RAC Committee. The findings from the Review to be reported to the Trust Board.</p> <p>Trustees advised that two dates need to be amended in the report as it states the work is planned for January 2024 and the reviewer to attend a meeting in March 2024 and both these dates should be 2025. GDG to amend.</p>	<p>CFO</p> <p>GDG</p>

		<p>The Trustees were happy with the work to be undertaken, and the person recommended to carry out the work.</p> <p>Trustees discussed who should attend the interviews on day 2. The Trustees questioned how many days work this was likely to be and the GDG advised it is likely to be three days as it is a low-risk review.</p> <p>The GDG will contact Catherine Carden for some dates. The budget is £1500 and the GDG will clarify if there are any extra costs for the days writing the reports.</p> <p style="text-align: center;"><b>AGREED: Internal Audit Plan 2024-2025</b></p>	<p><b>GDG</b></p>
<p>11</p>	<p><b>Risk Register</b></p>	<p>The Risk Register and papers were shared prior to the meeting.</p> <p>The DPSC advised that Sheppey Secondary has altered the risks.</p> <p>The Chair advised that in terms of the failure to deliver the Trust Growth Strategy, risk 7, this is a red risk but on the matrix it is not in the right place, and this needs amending. DPSC to amend Risk 7.</p> <p>The Trust Growth Strategy implementation was looked at in terms of the increased risk following a change in Government. Trustees advised that they had been unaware of the three new associate schools and queried the governance of these schools and asked for an overview. The CEO advised she had completed a paper for the Trust Board, however the schools have not joined the Trust, and the Trust is not overseeing them, so this did not need to come to the Trustees. The Trustees felt they needed some oversight due to capacity. The CEO advised the Trust has a strategic plan and have put capacity in place for this. The associate schools were an operational decision based on the operational plan. The Chair advised he was happy to meet with Monkton and Minster and AH with Teynham.</p> <p>Trustees queried that there are now two Executive Heads and would like a presentation on how this works. The CEO advised that Chrissie Tomlin (CT) is the Headteacher at Queenborough and Kate Espley (KE) works with Jason Howard (JH), and this is what KE requested. JH and Emma Law</p>	<p><b>DPSC</b></p>

		<p>(EL) are Executive Heads, and both are leading on projects for the Trust. The roles are more about school improvement priorities Trust wide. Neither of them line manage. At the end of the academic year, JH is likely not to be working with KE. The CEO will put a paper together outside of the Trust Board meeting.</p> <p>The Chair raised concern regarding the financial risks as to whether everything is fully funded. Trustees queried the pupil behaviour at Aylesham. The CEO advised there is a lot of effort being put into it and it is better than it was. The pace of improvement is slower than the CEO is comfortable with, and the CEO will expect this to be quicker once they join the Trust. The CEO is meeting regularly with the Governors.</p> <p style="text-align: center;"><b>NOTED: Risk Register</b></p>	<b>CEO</b>
12	<b>Any other business</b>	EW queried with the changes to the Government, whether there is there anything the Trustees need to consider regarding the changes to central curriculum. The CEO advised that the Trust does not have a central curriculum approach, but follow a broader curriculum, so this will not affect the Trust. The Trust has used their freedom to move away from the national curriculum as some academies have. JH is the curriculum expert, and he is starting to get as much information as he can. The biggest issue will be for the secondary school, so this will need unpicking when the school gets to that point. The LGB at Sheppey will need to be kept informed. The CEO will start to put things on the agenda as things start to happen.	
13	<b>Matters Considered Confidential</b>	Part of Item 7 was deemed confidential and will form Part A of the minutes.	
14	<b>Date and time of next Meeting</b>	The next meeting is Tuesday, 18 March 2025 at 2.00pm	

There being no further business the meeting closed at 4.30 pm



Signed: ..... *Peter Goldsack* .....

Print: Peter Goldsack

Date: 18<sup>th</sup> March 2025