



Audit & Risk Committee Meeting
Focus: Finance & ICT
Monday 10th October 2022 at 17:00 – 19:30
via Teams

Directors present		
Sue Shelley	Nexus MAT Director – Chair	SS
Rachel Potts	Nexus MAT Director	RP
Ray Palmer	Nexus MAT Director	RPa
Steve Booth	Nexus MAT Director	SB
Naveen Judah	Nexus MAT Director	NJ
Also present		
Joel Hardwick	Nexus MAT Assistant CEO – Strategy & Partnerships	JH
Karen Smith	Nexus MAT CFO	KS
Vicky Hawksley	Nexus MAT Clerk	Clerk
James Kelly	Advisor to Committee – joined at 6pm.	JK
Apologies:		
Warren Carratt	Nexus MAT CEO	CEO
No Apologies:		

1. WELCOME & APOLOGIES FOR ABSENCE	
1.1. To receive apologies for absence	
Apologies were received for CEO.	
1.2. To accept apologies for absence	
Apologies were accepted for CEO.	
2. ITEMS OF URGENT BUSINESS	
2.1. Chair to determine any items of urgent business to be considered	
None.	
3. DECLARATION OF INTERESTS	

<p>3.1. Individual Directors to declare any personal, business or other governance interests on any item on the agenda.</p> <p>None.</p>	
4. AUDIT & RISK COMMITTEE MEETING MINUTES	
<p>4.1. To approve the minutes of the following meeting: Audit and Finance Committee held on 11th July 2022</p> <p>The minutes of the Audit & Risk Committee Meeting held on 11th July 2022 were received and agreed and will be signed electronically by the Chair.</p>	
<p>4.2. Review of Action Tracker</p> <p>The outstanding actions on the tracker were reviewed and updated.</p>	
<p>4.3. Matters arising from the minutes</p> <p>Item 5.3 – Audit Action Tracker – agreed that procurement would be kept on review as this has been flagged on a number of occasions but wasn't included on the Action Tracker. Agreed that the Clerk would add this to the Action Tracker.</p>	Clerk
5. ITEMS TO BE CONSIDERED	
<p>5.1. High Level 12-month delivery plan</p> <p>KS explained that the document circulated in advance of this meeting details the returns we have made over the last three months. Audits have been carried out around teachers' pensions and this has now been sent off. The Apprenticeship report has also been sent to the DfE and all deadlines have been met for the required returns.</p> <p>Land and Buildings Return – KS explained that this report has been delayed and the deadline is now set at February 2023.</p> <p>No questions raised.</p>	
<p>5.2. Trust Budget Monitoring Report (August 22)</p> <p>KS referred to the financial management documents within the meeting papers. KS had provided members with a summary of the documents and the main points for discussion.</p> <p>The main points to note are:</p> <p>The Monthly Management Report for August is looking at the year-end for 2021/22 and changes between the July and August forecasts. The August forecast showed an improvement of around £438k and we are expecting an in-year surplus of around £1m. The Trust has a very healthy anticipated carry forward of £2.8m with a cash reserve of £1.2m.</p> <p>KS explained that the report covers month-on-month changes across schools in the Trust and noted that there are two schools in particular who have seen significant</p>	

changes; Abbey School saw a significant increase in their in-year surplus of over £100k because of a delay in the spend of a capital project. Abbey also received more from an LA payment than expected. This is a payment in advance relating to the 2022/23 financial year so this will need to be considered.

Becton School – KS explained there had been a few issues around LA funding for Becton but we now have clarity on what is due and what isn't in terms of income. KS explained that there had been some confusion about what income was due and their financial position will be slightly worse than expected because of this.

KS explained that there will be some movement between audited figures and year end.

KS explained that there will be a bigger in-year adjustment for the in-year pay award which is not included in any of these figures. However, this award still has not been formally approved. KS explained that every support staff member on JNC terms and conditions will receive a pay increase of £1924 per annum regardless of their pay scale. We are looking at this issue and the costs associated with this, particularly as this is likely to be backdated to April 2022. We estimate the cost of this will be around £0.5m.

With all these changes taken into account we expect to finish the year as we anticipated.

SB asked if we should be concerned that half of our predicted outturn is from one school (Abbey) and what the consequences would be for the Trust if the school were to fail? JH explained that Abbey School is an outlier in terms of funding and the other schools will catch up over a period of time. The proportion is not seen as a risk in itself and it is important that we are using Abbey's funding appropriately.

SB asked if there is any additional funding available for the support staff pay rise? KS explained that there is no additional funding for this. Significant savings will need to be made in this year to fund the pay rise.

NJ - Looking at the sector as a whole, how are other schools coping with the additional pay rise, who may not be in the healthy financial position we are in? KS explained that there is a lot of concern around this, particularly for schools who do not have large reserves or who are not part of a MAT.

Is any further lobbying happening at national level to get more funding for this? KS explained that lobbying is taking place nationally but there is little expectation that this will change the current situation.

RP asked about the reference to financial risks on Page 8 - item 5.2 talks about clarity from the LA. Has there been anything major that has caused any swing? KS reported that this relates to Becton School.

SS asked what the proportion of staff on JNC terms and conditions as opposed to teaching terms and conditions? KS agreed to obtain this information and bring this to a future meeting as it will be useful for this committee to look at the make-up of the workforce. The committee requested a workforce report for the next meeting as this does present a significant area of risk to the Trust.

KS
14/11/22

<p>NJ asked - Regarding the cashflow forecast, out of the £6m that we have and are forecasting the same figure for the next 12 months, how much can we safely say we will not use over the next year? For example, if we could save £1m we could put this into a high-interest account. KS noted this point and agreed that we will look at this when all payments have been made.</p> <p>All committee voted to confirm that the Trust Budget had been fully scrutinised before discussion at TBoD.</p>	<p>KS 14/11/22</p>
<p>5.3. July Internal Audit Report</p> <p>KS explained that BHP have completed their third report for the year and have highlighted two medium RAG rated recommendation, both of which relate to petty cash. KS explained that one of the petty cash reimbursements did not have receipts and the second issue is a difference between what is on the finance system and the school reconciliations. KS explained that the plan is to remove petty cash completely after October half-term to avoid any of these types of issues in the future.</p> <p>SB commended KS and her team and noted that this is a big improvement on past years when there have been many pages of issues raised and this year there are only two.</p> <p>All members supported the proposal of removing petty cash completely and felt that this is a good step forward.</p> <p>RPa queried an item on Page 3 – outstanding matters relating to BHP waiting for information for Kelford and Becton. What is the information they are waiting for? KS explained that this relates to Kelford’s figures not being on the system. We are now resolving this to make sure that all expenditure is recorded. There are some questions around how petty cash is being handled at Kelford and KS and WC will bring a report back to the next meeting. KS confirmed that there is no info that BHP need at this stage.</p> <p>SS asked about the census figures and when will they be brought to this committee? KS explained that the October census is not as relevant to how special schools are funded. KS will present the figures with other information around pupil numbers etc.</p> <p>SS asked whether there is more we should be doing about directors being aware of the possibilities of fraud? We will raise this with our external auditors in the November meeting to see if there is anything else they would recommend by way of systems or training for Directors.</p>	<p>KS/CEO 14/11/22</p>
<p>5.4. ICT Information Governance and Strategic 2022/23 Update</p> <p>JH explained that the report is slightly different from last year and has been presented as three main areas with a section at the end picking up on issues and risks. Performance indicators for this year are largely the same as last year.</p> <p>Key points to note:</p>	

A Trust-wide ICT team is now in place and this service has been centralised and is already showing positive benefits.

We have appointed a Performance and Data Analyst who is working closely with JT and Nathan to align systems across the Trust.

JH explained that senior leaders attended an event at the Apple HQ in London. This was looking at how iPads can assist with technology in special schools. One Trust is already operating this system and Nathan will contact this Trust to arrange to visit them.

The new Procurement lead has picked up a lot of tasks and is working well with Nathan to streamline our procurement processes and purchasing. Positive feedback has already been received from office managers across the Trust.

Possible risk areas were highlighted as:

Capacity within the ICT Team – we are looking at this issue as workload has increased significantly in this team over the last few months of growth etc. We are considering whether an apprentice post would be appropriate to pick up some of the more basic tasks.

The report has three strategic objectives and this will be brought together as an Assets and ICT Strategy in the spring for the next three years.

SS asked if Information Governance is being replaced by the Assets and ICT Strategy? JH confirmed that this is the case and that a separate report might be needed in future.

RP praised the format of this report which is clear and avoids duplication.

RP asked what M Sorby’s role will be? JH explained that he will be working with JT to support her in school improvement and QA.

SB asked what the role of J Westwood is in the Trust? JH explained that her background is in the LA and following a gap in employment she worked at Bader Academy.

SB asked whether there are any plans for Nathan to come to this meeting to present reports on developments etc? JH explained that we could look at this for specific areas in future.

All members agreed that the ICT engineers had worked extremely hard and that this is very much appreciated given the workload they currently have. It was agreed that JH would draft an email on behalf of the committee, expressing their appreciation and acknowledgement of their contribution.

JH
14/11/22

5.5. Record of Accounting Officer Financial Decisions

KS circulated the updated list with transactions for August and noted that there are a few instances where three quotes were not obtained, but there are justified reasons for these.

<p>SB asked what the £674k item was? This is the new modular post-16 building at Abbey School as discussed at a previous meeting.</p> <p>JK asked if the minibus is new or used? JH confirmed that it is used.</p> <p>JK asked about the Employee Assistance/Rewards package and whether this is available for every member of staff and what the rewards package consists of? JH explained that this covers all types of advice to all employees across the Trust and has access to legal, health advice, Westfield services, counselling helpline and many other services. The Rewards package is an app which every Nexus employee has access to which offers discounts to staff.</p> <p>RP asked whether we should have input from the procurement lead to ensure we are getting value for money on this? JH explained that to an extent some of these initiatives have already led to us getting access to frameworks etc.</p> <p>Concern was raised that there might be a question around the thresholds we have in our policies at the moment and whether these might need to be reviewed.</p> <p>No further questions raised.</p>	
<p>5.6. External Audit 2022/22 Plan</p> <p>KS explained that this is a high-level summary of what is happening and when with the audit and the year-end testing. Auditors have already started doing some initial testing and are asking questions as appropriate.</p> <p>The plan is to send this to the auditors by 21st October 2022. The auditors will be on site again on 7th November and then again on 14th November for the pre-meet with this committee.</p>	
<p>5.7. Academy Trust Handbook 2022 – Overview of Updates</p> <p>KS confirmed the main changes to this version. The main change is a confirmation that we do not need to do a budget forecast outturn report to DfE every year now. Also, clarification was given around special payments and where special approval is needed around severance payments etc. There have not been any occasions where this has been needed.</p> <p>NJ asked if there are any indemnities in place for Directors' decisions? KS explained that this should come under our RPA insurance but will confirm this.</p>	<p>KS 14/11/22</p>
<p>5.8. New format for monthly Management Accounts</p> <p>KS explained the difference between this and the previous Word report. KS explained the limitations of the current finance system being used and is looking at tendering for a new finance system this year to start next September.</p> <p>The report covers all areas needed in a Monthly Management Account pack and also contains everything the ESFA require.</p>	

<p>SB feels this is a major step forward if we are getting this information directly from the finance system and that the accuracy of the information is also improved.</p> <p>Agreed that KS would report on aged debtors at the A&R Committee on 14th November.</p> <p>KS explained the tabs in the report which are produced out of the finance system.</p> <p>KS explained that a minus figure in these figures is actually an in-year surplus and we need to agree whether we need to change the way negatives are treated in this report. Directors agreed to keep with this style – the note at the top of the sheet is a useful aide memoire as to the plus and minus figures.</p> <p>RP asked how significant variances will be determined? Should we set a percentage which would equate to a significant variant? KS to consider what is significant not just in financial terms but where it might highlight a risk or impact on a school or something.</p> <p>KS will use the 'overview' tab to make any summaries or explanatory notes about points in these accounts.</p> <p>All members agreed that this would be an appropriate time to adopt this new format and thanked KS and her team for her extensive work on this.</p>	<p>KS 14/11/22</p>
<p>6. ANY OTHER URGENT BUSINESS</p>	
<p>6.1. To consider any other urgent business agreed by the chair</p> <p>RPa asked whether there are any gaps in IOSH H&S training for staff? JH explained that there have been several rounds of IOSH training delivered to staff in the last 12 months.</p> <p>SS asked whether the item on composition of the workforce should come to this committee as we already discuss the Gender Pay Gap? JH to consult with CEO and report back.</p>	<p>JH 14/11/22</p>
<p>7. CONFIDENTIALITY & RISK</p>	
<p>7.1. To consider the confidentiality of any items discussed during the meeting</p> <p>None.</p>	
<p>7.2. To consider any area new risks identified during the meeting</p> <p>No specific risks but further work on the impact of the proposed pay award may result in a new area of risk.</p>	
<p>8. DATES OF NEXT MEETINGS</p>	

Monday 14 th November 2022	16:00 – 17:00	MS Teams	Pre-mtg with Auditors
Monday 14 th November 2022	17:00 – 19:30	MS Teams	Audit & Risk
Monday 6 th February 2023	17:00 – 19:30	MS Teams	Finance & ICT
Monday 6 th March 2023	17:00 – 19:30	MS Teams	Audit & Risk
Monday 8 th May 2023	17:00 – 19:30	MS Teams	Finance & ICT
Monday 10 th July 2023	17:00 – 19:30	MS Teams	Audit & Risk

Minutes approved

CHAIR	SIGNATURE	DATE