



Audit & Risk Committee Meeting
Focus: Finance & ICT
Monday 6 February 2023 at 17:00 – 19:30
via Teams

Directors present		
Sue Shelley	Nexus MAT Director/Chair	Chair
Rachel Potts	Nexus MAT Director	RP
Steve Booth	Nexus MAT Director	SB
Naveen Judah	Nexus MAT Director	NJ
Also present		
Warren Carratt	Nexus MAT CEO	CEO
Joel Hardwick	Nexus MAT Assistant CEO – Strategy & Partnerships	JH
Karen Smith	Nexus MAT CFO (in attendance until 18:35)	KS
Lana Stoyles	Nexus MAT Procurement and Contracts Lead (in attendance from 19:16)	LS
James Kelly	Advisor to the Committee	JK
Tracie Lockwood	Nexus MAT Clerk	Clerk
Apologies:		
Ray Palmer	Nexus MAT Director	RPa

1. APOLOGIES FOR ABSENCE	
1.1. To receive but not accept apologies for absence	
Apologies were received, via the Chair, for RPa	
1.2. To accept apologies for absence	
Apologies were accepted for RPa	
2. ITEMS OF URGENT BUSINESS	
2.1. Chair to determine any items of urgent business to be considered	
None	
3. DECLARATION OF INTERESTS	
3.1. Individual Directors to declare any personal, business or other governance interests on any item on the agenda.	
None.	
4. AUDIT & RISK COMMITTEE MEETING MINUTES	
4.1. To approve the minutes of the following meeting: Audit and Risk Committee held on 14th November 2022	
The minutes of the Audit & Risk Committee Meeting held on 14 th November 2022 were received and agreed as a true and proper record.	
4.2. Review of Action Tracker	
The outstanding actions on the tracker were reviewed and updated during the course of the meeting.	
4.3. Matters arising from the minutes	
None	
5. ITEMS TO BE CONSIDERED	
5.1. High Level 12-month Delivery Plan	
KS discussed the headlines from the circulated report:	
<ul style="list-style-type: none"> • The Aged Debtors and Creditors report will be added to the February and July agenda's, so reviewed twice a year. • Auditors to submit dates by the end of the month. • The Trust is on schedule. 	
SB queried the delay in relation to the Land and Buildings return.	
KS confirmed the Trust are within the timescale, as the DfE pushed back the deadline for all schools.	
5.2. Trust Budget Monitoring Report (December 2022)	
KS provided an overview of the report and relayed the following key changes:	

- There is an improvement in the Abbey and Kelford forecasts, due to changes in top up income. This was previously not included within the forecasts, due to its uncertainty.
- The new employer contribution rates for South Yorkshire Pension Authority are now higher, as schools are no longer required to meet the additional deficit contribution. There is now also a uniform, single rate employer contribution across all schools within the Trust. This takes effect from April 2023.
- Risk identified for income forecast at Becton (Chapel House) relates to EHCP funding. Clarity has been sought from Sheffield Council with a response due imminently.
- The RLB meeting re: SCA (Schools Condition Allocation) took place in January.

SB: Commented on the useful content and detail of the report. **Do we have figures for P4 (table 2 of the report)?**

KS: P4 figures are detailed in table 1. The heading was omitted in error.

RP: Was the £145,000 bespoke income at Kelford unexpected?

KS: Not unexpected, but unconfirmed. This related to historical pupil funding and despite conversations with the local authority, it was not confirmed that this income would be received.

RP: The work undertaken by the team and Headteachers re: their budgets: are the outcomes of these discussions included within the forecast, is it too early, or a bit of both?

KS: A bit of both. A reduction in agency staff costs can affect the in-year forecasts, but other conversations will affect next year's budget using scenario analysis.

NJ: The P4 net income shows exceeded expenditure. What was the reason for this?

KS: Invoices being submitted at Christmas, but payment not being received until January. Local authority payments are not received on a regular monthly basis. The SCA spending will increase over the summer, which will reduce the cash position.

Chair: Also commented on the usefulness of the report. **Does the uniformity on pensions include the Nottinghamshire schools?**

KS: Nottinghamshire already have one rate for all schools (including MATs).

Chair: When do we include income 'in the books'?

KS: The 'Forecasts' relate to what income is expected to be received by, and in relation to this year. The 'Year to Date' figures relate to what has actually been received. Adjustments/Accruals are then made at 'Year End'.

CEO stated that a small number of pupils can impact budgets in a big way and previous forecasts would have been amended where we believed funding was assured. However, projections now only include confirmed funding.

SB: Do we have any schools in deficit using the 'carry forwards' and is this a problem?

KKS: We have a few, but this is not a problem at Trust level. Most will disappear, due to the amounts being small, but the ones that are of concern; we are aware of these and are working closely with the Headteachers to improve their in-year position.

CEO stated that during these exceptional times, the Trust has to adopt an exceptional approach in how we expect schools to manage their finances. Some schools will require more assistance over time. The trust is working closely with the local authority re: Hilltop and Kelford. The council wants these schools to grow and the Trust is actively exploring ways to support this.

CEO relayed that Fountaindale have also experienced changes to their income re pupils, but the school is also actively seeking to grow.

CEO advised that Craggs continues to slowly reduce their deficit, despite a cost of living and energy crisis, which is positive. Hilltop are also within the Ofsted window, so stabilisation is also a factor.

CEO confirmed that deficits are reported on a school basis within the Trusts accounts and explanations can be offered if requested.

Chair: This explanation is very helpful, especially re: the volatility. The risks and mitigations have to be balanced.

Chair: How will the increasing energy costs affect the school budgets?

KS: The energy contracts were all retendered across all of the Trust schools and have the Trust has secured a more certain rate. A lower rate should be charged from April and an annual estimate of gas and electricity costs will be provided.

Chair thanked KS for the report and for its really useful format. This was agreed by the committee.

5.2.1. Aged Debtors and Creditors Report

KS provided an overview of the report and confirmed that some payments have been made since the report was submitted.

KS explained that there was nothing of concern contained within the report. Refunds are being requested against one-off credit notes. KS confirmed that this list is being actively processed by the Finance Team Leader and these will be actioned by the next report.

SB: Some payments have been received, but still included in the outstanding debt?

KS: Those payments had cleared in between the report being run and being submitted to the committee.

RP: Finds the report reassuring, particularly that KS has confirmed that the income is not 'at risk'. Who is responsible for liaising with the local authorities/chasing payments? Is it the Trust's Central Team or the individual School Office Managers?

KS: This is dependent upon the experience of the school Office Manager. For some schools, it being dealt with by the Assistant CFO. The focus is on better communication between schools and local authorities re: pupil funding. The schools, the Assistant CFOs and the Transactional Team are all working together as team.

NJ: Will some of the historical debt listed in the report affect this year's accounts?

<p>KS: This will affect this year’s accounts, as a sales invoice would have been raised. The Trust’s finance team are reconciling and chasing payments on a regular basis to address this. Payments from Sheffield are also inconsistent, which requires constant adjustments.</p> <p>NJ: Commented that this will affect a balanced budget and could result in deficit. KS: Assumptions are key, as well as the breakdown and allocation of payments received. Assistant CFOs are reviewing this on a monthly basis.</p> <p>JK: Appreciates the detail within the report and the evidence of actions taken. This is a noticeable improvement and thanks were extended KS.</p> <p>Chair: Echoed JK comments and appreciates the opportunity to scrutinise the report and its contents at the meeting.</p>	
<p>5.3. Medium Term Financial Strategy</p> <p>KS provided an overview of the report with a request to recommend aligning the Medium-Term Financial Planning with the Budget Forecasting Return, which will focus on a 3-year projection instead of a 5-year projection.</p> <p>KS stated that the DfE only request a 3-year forecast and that the Trust are also being transparent by publishing these assumptions and figures on its website.</p> <p>Chair: Will the Directors not see this until the scheduled Trust Board meeting in September. Would we also be sufficiently sighted on what may arise from the 3-year forecast, when the first of the three years will have started?</p> <p>KS: The budget will be approved in July and this will also form part of approving the budget for the 3-year forecast. CEO confirmed that this is an agenda item for the 10th July Audit & Risk meeting and also the 19th July Trust Board meeting.</p> <p>The Committee voted unanimously in favour of this request.</p>	
<p>5.4. Internal Audit Workplan for 2022-23</p> <p>KS provided an overview of the email that was re-circulated in Governor Hub in December 2022. KS has since liaised with the Chair and SB re: changing the focus of the February visit to Governance and the Scheme of Financial Delegation (requiring multiple quotes and looking at thresholds).</p> <p>Action: KS to circulate the updated Internal Audit Workplan after the meeting.</p> <p>CEO referred the Directors to this associated paper for further details.</p> <p>KS continued with the overview of the April and July focus, is as per the re-circulated email and stated that the auditors are supportive of this workplan.</p> <p>Chair: Is there anything in the Management Letter that has not been addressed in this?</p>	<p style="text-align: right;">KS 07/02/23</p>

KS: The issues re: petty cash have now been resolved, as the Trust has now removed this operation. A couple of other issues will now be picked up via the new Governance audit. A minor income issues had also been raised.

SB: Will this audit be any different to previous ones and what will be their brief?

KS: There will be a particular focus and questions have already been submitted.

CEO commented that this is consistent to previous audits, but the Trust is now looking at higher value areas of audit.

RP: Welcomes the change in focus for February. How do we get the rigour of audit testing in audit right?

KS: They are evidencing what we already know. However, instead of conducting a sampling exercise, the Trust will be requesting they look at all transactions and more analytical.

A discussion took place re: managing expectations of this process, which concluded that looking at the Academy Trust Handbook and Governance will be a purposeful.

Chair stated that it's been a very useful discussion, particularly when looking at the quality and criteria of any future audits.

5.5 Summary of Write-Offs

KS provided an overview of the document. KS explained that the discrepancy re: petty cash has led to the removal of this operation within all Trust schools. This is also evidence that this risk has been clearly managed.

CEO gave assurances that he has had oversight of this matter. It has been brought to the meeting for information under the agenda item and that a write off has been deemed necessary.

JK commented that petty cash was a previous concern, so accepts and supports closing down this process.

KS was thanked by all for her contribution and left the meeting at 18:35

5.6. ICT Information Governance and Strategic 2022/23 Update

JH provided an overview of the report, raising the following headlines:

- Lessons were learned from sending a new engineer (new to the Trust and to education) into a new school (Discovery). The problems were resolved within 48 hours and positive feedback was received from the Headteacher.
- An external ICT review was carried out prior to Nathan Bingham starting.

RP: Requested more information on the 'engineers working with school safeguarding leads'.

JH: This relates to the 'Senso' software, a safeguarding software which ensures student safety from harmful content on their device. This software enables access to all machines across the network e.g. desktops, so the Trust needs to ensure all the necessary safeguards are in place.

RP: How did the first Transformation Board meeting go?

JH: A good start was made and the Trust is looking at aligning the programme of need over the next 6 months, e.g. using the effective Bromcom system within a school, instead of purchasing a new timetabling software.

Chair: Would appreciate more understanding around the Transformation Board, how it works and how it links in.

CEO commented that the number of stakeholders working within the Trusts schools has increased and the absence of understanding is generating a disconnect around decisions taken.

CEO stated that Directors will start to see more transparency around strategic decisions and changes, not only in respect of ICT, roles, assets, roles and responsibilities, but also how decisions are taken in response to the changing needs of the organisation by the executive.

Chair replied that it's good to build understanding on why decisions are taken.

SB acknowledged the increase of infrastructure and thanked JH for the report. The format is very easy to understand.

CEO added that this is a positive example of collective efficacy and shared collaboration, leading to a change within the Central Trust team.

SB acknowledged the receipt of information and that is aligned to the strategic plan and objectives.

Chair queried the time line for the Cybersecurity Essentials Kitemark and the implications for the Trust if this is not in place?

JH confirmed that the kitemark is a rigid checklist, which poses no risk. Suggested that more information be provided at a future meeting, under its own agenda item.

Chair suggested this be done before the summer as it's a case of 'when' and not 'if'.

CEO assured Directors that the Trust are compliant with ICO expectations in relation to the integrity of its information security and data protection systems. In terms of the Information Governance external review timeline, cybersecurity is intrinsic to how we secure our information. CEO suggested that the Directors look at having the external review on Information Governance include a review of the effectiveness of the Trusts cybersecurity.

Action: JH to include the remit of the Trusts cybersecurity to the external Information Governance review. JH to return to the A&R meeting with the noted Terms of Reference and additional wording relating to cybersecurity.

**JH
15/05/23**

5.7 Infrastructure Strategy

JH provided an overview of the report and the values and ethos behind it. JH stated that the Trust will take a considered and thoughtful decision if any changes are required and necessary.

RP: Appreciates the structure of the document and being able to focus on strategic priorities. **What happens with this document next? Schools should see this and look at how they connect with it.**

JH: This could be shared at a Headteachers meeting. Having an Assets Lead in place would be useful. JH would like a little time to consider how the Trust communicates effectively and delivers these messages.

CEO stated that the strategic plan has driven the Trust’s work over the last 8 years and this also drives behaviour. Widespread communication of this document is not necessary, but Directors can be assured of the Trusts intention to implement this document, and its implementation which will interface with Heads.

SB: How does the Audit and Risk Committee deliver the strategy (as outlined in the report)?

CEO: The report submitted for agenda item 5.6 addresses this (ICT Information Governance).

CEO also stated that the Trust is embarking upon a transformational programme of work, utilising the SCA. A question for Directors is how are they sighted on improvements made in school, as CIF (Condition Improvement Funding) was historically reported via the budget at the Board Meetings. The agenda for the Transformation Board includes capital projects and the evidence for decisions reached. The Infrastructure update report (presented at this committee), includes the strategy details and the summary update.

CEO confirmed that the current ICT Information Governance report (agenda item 5.6) will change to include asset and other governance areas.

Chair wanted to ensure that everything was captured.

The committee unanimously agreed to adopt the report

5.8. Land & Buildings Return

JH talked Directors through the contents of the report and highlighted areas where they should feel assured and where it’s consistent as headline data. More detailed reports will be provided to this committee, throughout the course of the year.

CEO as the accounting officer, will be signing this document off as a true and accurate record, in line with his requirements.

5.9. External Information Governance Review Timeline

JH talked Directors the proposed timeline, with the addition of the note on cybersecurity (as agreed earlier during this meeting).

RP: How will a provider be sourced?

JH: The Trust will approach the Confederation of Schools Trust and other strategic partners. The number of suitable providers is limited. JH confirmed that a specification would be developed prior to sourcing.

LS joined the meeting at 19:16

SB: How much will this cost? CEO confirmed this would likely be a maximum of £3,000.

Chair: Would be interested to see the specification and had assumed the Trust would go out to tender.

JH: A specification would be required irrespective of the route taken. The Trust would go out to tender if the market supported this.

CEO stated that information/corporate governance sits away from IT. CEO talked through 3 pillars used within the Trust. Opportunities to look holistically would be lost if the audit remit was narrowed.

Chair: The outcome of this first audit will determine if we need to go further.

The Committee accepted the report without further questions.

5.10 Procurement Update

JH provided an overview of the report.

LS detailed the benefits of the CIPS programme to the Directors, including the commercial guidance that would be offered to the Trust.

Chair: complimented the clarity of the report. It was easy to understand, especially the information re: the pipeline.

SB: Asked for further details re: publication of the pipeline.

JH: This is on the Central Trust website. This will also be a future requirement, so the Trust is getting ahead of the game.

SB: Have our procurement Trust Board Members had sight of this?

JH: Yes and LS has been in frequent contact with Gillian Askew to get her expert opinion as a procurement consultant on the development of the pipeline and its consistency with other sectors.

SB: Have the amounts listed on the pipeline been accounted for in the budgets? JH/LS both confirmed this.

RP: The report is very helpful and it's easy to see the progress made. Are there any specifics re: frameworks?

LS Provided details on two cleaning contracts and the frameworks used for these. LS also confirmed that frameworks are being used more frequently to procure everyday goods and services e.g. ESPO/YPO, as well as the ICT frameworks. LS intends to measure the outcome of this. The budgeting software has also been looked at through a framework.

RP: As well as financial efficiencies, it's also really useful to look at system process efficiencies. This could be used positively during times of audit.

JH: The Trust Office Managers are now seeing the financial and compliance benefits in their processing.

LS: Discounts are also negotiated regularly with current suppliers and this is being shared internally.

CEO stated that it would be helpful to include a couple of case studies within the annual accounts e.g. cleaning and utilities. Highlighting how costs have been avoided and

<p>volatility risks minimised, whilst factoring inflationary rises. These will be estimates in nature, but rooted in evidence.</p> <p>RP: How is the decision made re restricted v open tender for the capital works at Worsborough?</p> <p>JH: This was determined by Barnsley Council.</p> <p>RP: Queried the Supply Agency Staffing</p> <p>LS: This is currently under review, due to limited number of suppliers approved to work in the Trust schools. Possibility of using CPS framework.</p> <p>CEO complimented the Chair on keeping the meeting to time, in spite of a large agenda.</p>	
6. ANY OTHER URGENT BUSINESS	
<p>6.1. To consider any other urgent business agreed by the Chair</p> <p>None</p>	
7. CONFIDENTIALITY & RISK	
<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 to add.</p>	
8. DATES OF NEXT MEETINGS	

Monday 6 th March 2023	17:00 – 19:30	MS Teams	Audit & Risk
Monday 15 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