



Audit & Finance Committee Meeting
Focus – Risk & Audit
Monday 23rd April 2018 at 17:00 – 19:30
Nexus HQ

OUTSTANDING ACTIONS

Agenda Ref:	Actions	By & Target Date
5.5 20/11/17	Abbey Health & Safety Risk Audit. School showers & Legionella risk discussed. CEO to check with school re showers. Also Electricity & fixed wiring issue to be addressed. 05/03/18 – All remedial work completed. Question re current use of showers, & plan of regular maintenance in place? CEO/CFO to obtain a more details & bring back to next meeting 23/4/18 – CFO had checked how frequently that actions raised after the audit were reviewed. School Business Manager had cleared all urgent actions immediately and the action plan is now reviewed every half term. There is a legionella risk if showers & toilets in school are not being used, why are they still in school if they are not being used? What is the process of checking? CEO to readdress issue with school	CEO 20/06/18
5.5 20/11/17	Abbey Health & Safety Risk Audit. Action plan required from report, needs to be compared against LA reports and actions undertaken recorded and brought back to next committee meeting. CEO to speak to Headteacher 05/03/18 – School obtained certificate. Action plan to be printed & brought to next meeting. 23/04/18 The CEO reported that the school had had IT problems with imputing into the system. It is an online portal, not in the control of the school. Reports are unreadable. It is a systems issue that is still being addressed. CEO to obtain report for next meeting	CEO 20/06/18
5.1.1 05/03/18	GDPR Update - IB was requested to circulate & share ELT updates with Directors on a regular basis 23/04/18 - CFO has received first report from IB so will circulate to all after meeting	CFO 20/06/18
5.1.2 05/03/18	IB to write a formal Trust Level ESafety Strategy. 23/04/18 –With the imminent implementation of GDPR there is no capacity at present to complete this. IB now in new full time post for Nexus. Inclusive Strategy Group is new & only just formed, regular ESafety reviews in place in schools so compliant & ready for GDPR & Steering Group. CFO will work with IB to bring a broad outline of what a Trust ESafety Strategy might include to the next	CFO/IB 20/06/18

	meeting which is the Finance & ICT focussed meeting	
5.1.2 05/03/18	Agreed for IB to circulate his work plan for year 23/04/18 – not brought to this meeting but will come to the next meeting which is the Finance & ICT focussed meeting	CFO/IB 20/06/18
5.7 05/03/18	Write offs and Disposals - Directors requested and updated report with narrative with regard to the disposal of the larger items. 23/04/18 – There are no further updates on this item at present information will come to the next meeting	CFO/IB 20/06/18
5.4 05/03/18	Internal Audit Plan - This action was discussed THIS ITEMS WAS DEEMED CONFIDENTIAL PLEASE SEE APPENDIX 1 FOR INFORMATION	CFO Next Risk & Audit focussed meeting
5.1 23/04/18 Action 1	Review of Risk Register – Item 2.5 <i>safeguarding practices</i> . All LGBS have Safeguarding Link Governors, these are not mentioned in the mitigation. CFO to amend	CFO Next Risk & Audit focussed meeting
5.1 23/04/18 Action 2	Review of Risk Register – Item 2.10 – <i>Standards and testing</i> This was previously part of the role of the School Improvement Commissioner but is it now felt that the Assistant CEO will take this up as part of his role & report to the Standards Committee CFO to update	CFO Next Risk & Audit focussed meeting
5.1 23/04/18 Action 3	Review of Risk Register – Item 3.11 <i>Robust financial</i> Peer on peer review is a good step for mitigation & will be built next year's audit plan as the new HCSS system is developed, learning & training is ongoing. CFO to build into audit action plan	CFO Next Risk & Audit focussed meeting
5.1 23/04/18 Action 4	Review of Risk Register – I was felt that arrows to show direction of travel of the risk would be useful. CFO to update	CFO Next Risk & Audit focussed meeting
5.3/5.4 23/04/18 Action 1	5.3/5.4 Audit Acton Plan - DCFO to update headers on excel document. Dates of completion or expected dates of completion have been added to the action plan	DCFO Next Risk & Audit focussed meeting
5.3/5.4 23/04/18 Action 2	5.3/5.4 Audit Acton Plan - Could there be an additional column to show the impact of any new systems? DCFO will add to plan	DCFO Next Risk & Audit focussed meeting
5.3/5.4 23/04/18 Action 3	5.3/5.4 Audit Acton Plan - Could completed actions to a further worksheet and spot checks continued to be carried out. Issue will only then be removed when clear & practice is embedded	DCFO Next Risk & Audit focussed meeting
5.7 23/04/18 Acton 1	Fraud and Financial Irregularity Guidance - The CFO & ICT Lead are due to meet to ask "What ICT areas are missing from Risk Register?"	CFO/ICT Next Risk & Audit focussed meeting
5.7 23/04/18 Action 2	Fraud and Financial Irregularity Guidance - "What ICT areas are missing from Risk Register?" This will be a question that the committee can ask when the next review of the register takes place.	Directors Next Risk & Audit focussed meeting
5.6 23/04/18	Nexus MAT Financial Manual - DCFO continues to review & update and bring back to the committee as a final draft in September 2018. Document should also be approved by the auditors before going to the Trust Board.	DCFO Sept 18

COMPLETED ACTIONS

Agenda Ref:	Actions	By & Target Date
4.2 20/11/17	<p>Re Quality of LGB Finance Information. A discussion took place & action reframed. Member of A&F committee now to be involved in budget setting process at appropriate stage. 20/11/17 CFO to co-ordinate & invite SB or SS to all school budget setting meetings from Jan-Mar 2018 19/02/18 – Budget meetings not yet set, action to carry forward</p> <p>05/03/18 – LGB L&M finance meetings taking place after Easter so budget setting meetings will be set after Easter. Important to have Director input into meetings to challenge financial decisions at the planning stage.</p> <p>23/04/18 – SS had attended meeting at Kelford & SB had attend Hilltop & Abbey. Pennine meeting booked for 24th April. Felt that the presence of a Director at the budget setting meetings was very beneficial for all & that process should be repeated next year. Agreed</p>	Completed
5.5 20/11/17	<p>Abbey Health & Safety Risk Audit. Asbestos Registers how are these green when register not signed? Action for CEO to check with SBM why asbestos register not signed 05/03/18 – Assurance from Abbey School, that procedures are now being followed. Signature in question has been completed. Opportunity for CFO to set planned schedule of work for competent person to undertake compliance checks in schools 23/04/18 – RMBC will be tailoring the work of the competent person around the structure of the Risk Assessment undertaken by Willis Towers Watson</p>	Completed
5.5 20/11/17	<p>Abbey Health & Safety Risk Audit. Noted that Participants on front page states Tracey Brooke CFO, CFO not present on the day. CEO to contact company to amend. 05/03/18 – Have highlighted this with Report author but no response as yet. 23/04/18 – Still no response from the company but feel that there is no further action that can be taken</p>	Completed
4.3 05/03/18	<p>Gender Pay Gap Document for Publication - Clerk to review/redesign application form. 23/04/18 The date of birth has been removed from the application form. New version to be circulated to all schools. Will be an action from GDPR action plan to address a full redesign of the application form.</p>	Completed
5.4 05/03/18	<p>This action was discussed THIS ITEMS WAS DEEMED CONFIDENTIAL PLEASE SEE APPENDIX 1 FOR INFORMATION</p>	Completed
5.5 05/03/18	<p>External Audit Action Plan - The external audit action plan was not received and will be presented at the next meeting 23/04/18 - On agenda see item 5.4</p>	Completed
5.6 05/03/18	<p>HCSS value for money assessment - It was agreed that the CEO would put the questions to the CFO who would respond via email to Directors. If Directors are happy with the responses received it is requested that that purchase be approved so that work can start with regard to installation so that staff are able to get to know the system in the summer term and for it to be live from 1st September. Directors agreed to this proposal.</p> <p>23/04/18 – The email conversation took place and the purchase approved. Work has started and staff are beginning to look at the new system</p>	Completed

5.5 23/04/18	Emergency Response Plan - Minor amendments were made to the plan. CEO to update & share with Nexus Central team	Completed
5.7 23/04/18 Action 3	Fraud and Financial Irregularity Guidance - It was felt that this document should be circulated to all Directors at the May Board meeting – On agenda	Completed



Audit & Finance Committee Meeting
Focus – Risk & Audit
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Nexus HQ

Attendees:

Sue Shelley	Director – Chair for meeting	SS
Steve Booth	Director	SB
Warren Carratt	CEO Nexus MAT	CEO

Also Present:

Clare Southwell	Clerk	CS
Tracey Brooke	CFO Nexus MAT	CFO
Cath Sands	DCFO Nexus MAT	DCFO
James Kelly	Advisor to Committee attendance via phone link	JK
Naveen Judah	Advisor to Committee	NJ

Apologies:

Alan Meloy	Director – Chair	AM
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1. APOLOGIES FOR ABSENCE	Actions
1.1 To receive apologies for absence Apologies were received from AM	
1.2 To accept apologies for absence Apologies were accepted	
2. ITEMS OF URGENT BUSINESS	
2.1 Chair to determine any items of urgent business to be considered The follow item was raised & discussed immediately: <ul style="list-style-type: none"> Recommended new appointee to the committee Rachel Potts is to be proposed as a new Director of the Trust Board at the meeting on 25 th April 2018. If proposal agreed, it was proposed to also invite Rachel to also become a member of the Audit & Finance Committee as she has a lot previous experience around Audit & Risk. The recommendation was agreed	
3. DECLARATION OF INTERESTS	
3.1 Individual Governors to declare any personal, business or other governance interests on any item on the agenda There were no declarations of personal or business interest	
4. APPROVAL OF COMMITTEE MINUTES	
4.1 To approve the minutes of the Committee The minutes of the Audit & Finance Committee meeting held on 5 th March 2018 were reviewed Minutes approved and signed	
4.2 Matters arising from the Minutes Updated actions from the minutes were noted above	
5. ITEMS TO BE CONSIDERED	
5.1 Review of Risk Register and Issues Log Issues Log This was a document that was developed to give Directors an insight into the key issues that he CEO & CFO were dealing with on a daily basis, they are not the fine details. They are live issues that if they cannot be dealt with would be escalated onto the Risk Register. Colours change to orange & purple? – colours change error. 1.3. If a Trust issue will the outcomes be reported back to the Trust Board? CEO felt that the information will be reported back via the Headteacher Appraisals as it is part of their targets that have been set. 3.5. Can this issue be closed as Gender Pay Gap (GPG) report has been completed? Yes, it could be closed but the action plan from GPG report will be a new issue The document had not been updated recently. The CEO questioned the Directors re the value of the document? It was noted that all items shown are also included in the CEO & CFO reports that go to the Trust Board. The Committee agreed to review the Risk Register before a decision was made	

Risk Register

High level strategic risks that will probably not change, some new actions or changes to government policy may raise actions. Many of the risks are in place through no fault of the Trust but it was agreed that all risks needed to have sufficient mitigation. Are there any risks not sufficiently mitigated? Directors looked in detail as amber items

2.5 – Inadequate safeguarding practices in academies and settings. Steps to mitigate are positive but there are high areas of risk with the high level of workforce and levels of restraint used. The Trust could find itself under a Local Authority Designated Officer (LADO) investigation.

Are all processes in place & do all schools and staff understand the concept of managing risks? Are mitigations in place on the school risk registers?

Risk Registers are still being rolled out in schools & work is still ongoing to develop an understanding of managing risks. It was felt that it is important to work with Chairs of LGBs & Headteachers to reinforce the importance of this work and develop their understanding of how it links into the work of the Trust and a Trust wide document. The Trust has commissioned joint supervision for Designated Safeguarding Leads (DSLs) & a Behaviour Lead working group has also been set up. A BBC report was released recently that reported on the high number of restraints in special schools so it was felt that this should remain on the register as a risk. Catherine Hall is the Trust’s nominated Director for Safeguarding and her work programme is tracked through the Standards Committee. All LGBS have Safeguarding Link Governors, these are not mentioned in the mitigation. CFO to amend

**CFO
1**

2.10 – Standards and testing in all Academies compromised due to lack of rigour and security surrounding the handling of assessment papers. There was recent intervention at primary school in Rotherham, the school was cleared but this was not made public. The expertise sits at school level & there is a Trust wide approach. Schools need to have suitably qualified internal moderators & access to external verifiers. This area will need to be addressed as the Trust takes on mainstream schools and becomes responsible for SATs.

Who in practice in a school level would be operationally responsible? The Headteacher leads but some responsibility will be delegated to Department Heads. The Standards & Testing Agency have contacted the CEO to say that Hilltop been randomly selected to test KS2 in Science. The CEO has informed them that Hilltop is a special school. This was previously part of the role of the School Improvement Commissioner but is it now felt that the Assistant CEO will take this up as part of his role & report to the Standards Committee CFO to update

**CFO
2**

3.2 – Changes to National Funding Formulas and/or local top-up funding adversely affects the trust budget both through the level of funding and predictability. CFO had added a mitigation - that was highlighted for Directors. Trust need to wait for 2018-2019 budgets, so risk will remain as amber. Do we build a contingency fund? All budgets planned on worst case scenarios. Trends over the past 3-years are reviewed, admissions and funding are considered. All school budgets are based on the same scenarios, i.e. energy will rise at 5%

3.8 Failure to have robust Asset Register procedures in place. There have not been any updates from schools as the last meeting. The CFO has raised the issue of the regularity of reporting & the quality with Headteachers & Business Managers. ICT equipment need to be disposed of appropriately, i.e. laptop memories cleared. Reports need to be on a

regular basis not in a bulk. Business Managers informed & trained about difference between revenue & capital.
 What is the financial risk in this area?
 Could be quite considerable as some of the ICT equipment i.e. the white boards are specialist items and are in every classroom
 Should this risk be with Headteacher not with the Business Managers?
 There are different procedures & asset registers in each school-

3.11 Failure to ensure robust financial systems in place in Academies to prevent fraud.
 Additional fraud guidance just received from ESFA. Headteachers & Business Managers regularly updated. Currently 5 separate bank accounts & different systems. The new HCSS system will move the Trust to a single bank account, so it can be continual monitored by central staff. Changes still being explained & understood at school level, documents going out to schools to help them understand how their budget will be clearly defined on the new system.

Do we have a system for unannounced random checks on higher areas of potential fraud? There are no systems in place at present, but as part of internal audit with the current auditors spot checks against possible areas of fraud are carried out. DCFO will also be going in doing spot checks & DCFO will have access to all ledgers across all schools. Peer on peer review is a good step for mitigation & will be built next year's audit plan as the new HCSS system is developed, learning & training is ongoing. CFO to build into audit action plan

**CFO
3**

3.12 – Failure to ensure that an adequate disaster recovery/business continuity plans in place re financial systems & Monthly management accounts. Nexus Business Plan will be discussed later on this agenda. HCSS recovery can be made up to the last second as it is cloud based. Once HCSS is in place could this risk be reduced to 2? Yes, it was felt this would be possible.

3.13 – Failure to ensure income due to Trust is collected and recorded in an accurate and timely manner. Still a live risk as issues still being addressed from the audit findings. DCFO is chasing up & monitoring & on school month end procedures. Issues still amber until HCSS system in place in September.

How is funding received do we have to send invoices to the ESFA?
 ESFA money is sent automatically and received via a direct debit, the issue is with sending invoices to outside agencies, other LAs & debtors

3.14 – Failure to ensure Academy has adequate insurance cover. It was felt that this risk could be reduced to a 2. RPA does not cover boilers or minibuses, but warranties are in place for new boilers but need to ensure that insurance is in place. There is now a greater understanding of RPA.

Could there be a field in the asset registers to show when a warranty runs out?
 Thought to be a good idea but not known at present as the schools use different versions. It was noted that the age of the item would also give information with regard to warranty and depreciation values

4.1 - Access to school sites restricted and/or closed off. This is a continuing risk that might reduce when the access lane to Abbey School has been addressed. It was noted that Pennine View School will be in close proximity of the new HS2 train line.

4.2 Children, families, visitors and staff injured due to failure of school and Trust to assess environmental risks linked to premises development. It was felt that this risk needed to be rephrased. The risk is due to the old sites that present risks due to age & limitations

<p>All amber risks had been reviewed and discussed. I was felt that arrows to show direction of travel of the risk would be useful. CFO to update</p> <p>The CEO questioned Directors as to what they want to see regularly at this committee meeting? What are we trying to achieve & what outcomes are being achieved? Directors wanted to make sure that procedures are being followed & challenge & scrutinise to ensure they are taking all steps to mitigate. Do Directors just want to look at the high risks? It was felt that it might be negligent not to see whole document. If an event happened, then the ESFA would firstly look at the risk register to see the risk was identified and if there was sufficient mitigation in place. Do Directors want to see the register to agree that everything is covered or is it for the Directors to understand the issues being dealt with and tackled?</p> <p>How do we keep on top of new risks & if identified in a meeting are they added to register? At the end of all meetings there is an agenda item to raise any areas of risk discussed and for them to be forwarded onto the CFO to be assessed and added to the Risk Register if appropriate. Therefore, the Directors may be aware of the risk but unless they are able to see the register would not be aware of the mitigation in place to address the risk. The responsibility of the Risk Register is delegated to Audit & Finance Committee. It was felt that if the Risk Register should remain the responsibility of the Committee so that it can be addressed and reviewed in details. A report could then be made to the full Trust Board, so they have evidence that the committee is carrying out its delegated duty, that give details of any changes or updates. It was felt that the Committee needs to be addressed in details every term. It was agreed that high risk & high impact items are taken to the Directors on a regular basis.</p> <p>Directors discussed the Issue Log again & it was felt that all the information is already included in reports received by the Directors so it was felt that the Issues Log was no longer required at this time</p> <p>At next Trust Board meeting, Chair to be propose: A change to wording of future Trust Board agendas, for the Audit & Finance Committee to undertake review of Risk Register & high risk, high impact changes & updates only to be reported to the Trust Board Chair to report: That all amber risks have been reviewed and actions taken. The Audit & Finance Committee have built in time now to for a deeper review 3 times per year.</p>	<p>CFO 4</p>
<p>5.2 High Level 12-month delivery plan The document shows a summary of work ongoing, statutory deadlines are shown by the red squares. Ongoing work was discussed. Health & Safety Audit have now been added to the plan. The Budget Forecast Return is being addressed by the DCFO. New statutory deadline to be added is the Asbestos Management Assurance Process (AMAP). Information is being received from the LA to be put onto a portal. All changes highlighted on the recent letter from the ESFA are included in this document</p>	

<p>What back up plans are there in place to ensure these deadlines are met if the CFO is absent? DCFO & finance teams all have access to documents, meetings and dates of deadlines are in the diaries and all the team are working to all the deadlines. It is the responsibility of the Accounting Officer, the CEO, to ensure that all deadlines are met.</p> <p>Assessments are done by the auditors. There is a threshold limit for non-charitable activities on which tax might be payable but the Auditors would advise if the consolidated amount for the Trust started to get close to the £80,000 limit. Funds that go in to the school fund accounts are classed as a donation and are not included. As the Trust grows there will need to be closer monitoring in this area. It was noted that the dates of the future meetings of the committee were incorrect on the plan. The dates will be agreed at item 8 on this agenda.</p>	
<p>5.3 Internal Audit Action update & plan for Summer Term 2018 5.4 External Audit Action Plan</p> <p>It had previously been requested to consolidated a report to cover internal & external audits.</p> <p>DCFO to update headers on excel document. Dates of completion or expected dates of completion have been added to the action plan</p> <p>Some areas highlighted were still not being addressed & not in place even though the issue had been raised several times. What is the process, to support and improve performance & what is the escalation process and what actions will we take if there is no improvement?</p> <p>DCFO brought into post to support the school finance teams. She has only been in post for a short time. The DCFO feels that not all school staff understand the implications of not being compliant. The DCFO developing sheets that close all the loopholes and give step by step direction so correct processes are in place.</p> <p>Headteachers are the responsible officers within the schools. One Headteacher did not feel fully informed so the CFO now has a monthly 1:1 with Headteachers without the Business Managers to raise issues</p> <p>Currently changes are still being made from the poor finance system and the numerous bank accounts but once all new systems are in place the consequences will also be put in place. The Trust has a right to intervene & take away financial responsibility. It is felt that areas will improve once all systems are in place & support from DCFO has developed</p> <p>It was felt that sometimes a line is drawn and that no further leeway is allowed. All felt that there was no malicious or malpractice but felt that a date should set as a fresh start with no rules to be broken from that point onwards. – All agreed that the next report brought should show improvement or Directors will challenge CEO on actions to be taken. Schools previously did not understand the rules but need to be pressed now be consistent in practice. The results of next internal audit will give another update on actions. CFO to raise issue at next Business Managers meeting and impress that improvement is required by Audit & Finance Committee</p> <p>SB –Could there be an additional column to show the impact of any new systems? DCFO will add to plan</p>	<p style="text-align: center;">DCFO 1</p> <p style="text-align: center;">DCFO 2</p>

<p>Are spot checks made on areas that are completed? Could completed actions to a further worksheet and spot checks continued to be carried out. Issue will only then be removed when clear & practice is embedded</p> <p>Thanks was given to the DCFO for the comprehensive consolidated actions plan</p> <p>The DCFO highlighted that some issues may no longer in place as procedures will change when the new HCSS system is implemented</p>	<p>DCFO 3</p>
<p>5.5 Business Continuity/Disaster Recovery Plan A draft Emergency Response Plan had been circulated with the agenda, the change of name was explained as the plan is for the Nexus central offices who use 3rd party systems.</p> <p>All work is accessed via the Abbey School Server so the Trust is dependent on the schools Disaster Recovery Plan. Is the server backed up? Yes, there is a daily back up with data stored off site. This is a service purchased by the school.</p> <p>The Nexus offices/premises are leased and as in the recent adverse weather conditions central staff are able to e work remotely. The LA is landlord of the schools so in a large school emergency the LA would work with the ESFA to address the issue.</p> <p>Minor amendments were made to the plan. CEO to update & share with Nexus Central team</p>	<p>CEO</p>
<p>5.6 MAT Updated Financial Manual The update of the manual was an action from the May meeting. The DCFO will continue to make amendments & updates to the manual in line with the new HCSS system. It was agreed to consolidate the Delegated Financial Powers Policy with the manual to make one document. It was noted that there are currently many different financial policies. Consideration was given as to whether to consolidate all finance policies into one document including lettings which will replace the finance section within the Scheme of Delegation?</p> <p>It was agreed that the DCFO continues to review & update and bring back to the committee as a final draft in September 2018. It was agreed that the document should also be approved by the auditors before going to the Trust Board. This will be a document for internal staff and will be of great importance to new schools as they join the Trust. Directors also felt that it would be an important document for them to have.</p>	<p>DCFO</p>
<p>5.7 Fraud and Financial Irregularity Guidance A paper from the ESFA had been circulated to Directors, Headteachers & Business Managers. This was an updated version of a previous document that had also been circulated.</p> <p>The document provides a good fraud checklist which also includes a cyber-security checklist. IB has built this into the Trust GDPR checklist. Cyber training will also take place. This document highlights areas of risk that are not currently included in the Risk Register. The CFO & ICT Lead are due to meet to ask "What ICT areas are missing from Risk Register?" This will be a question that the committee can ask when the next review</p>	<p>CFO/ICT 1 Directors</p>

of the register takes place. It was noted that there are 10 Anti-Fraud checklist questions. Can we answer these 10 questions positively & confidently? Yes, Nexus responded to these questions after the fraud incident at Abbey School, but it was noted that the incident was dealt with by the Audit & Finance Committee & that not all Directors may not be aware of the issues raised. All Directors have access to the Academies Financial Handbook. It was felt that this document should be circulated to all Directors at the May Board meeting	2 CEO/Clerk 3
6. ANY OTHER URGENT BUSINESS	
6.1 To consider any other urgent business agreed by the Chair There were no items of urgent business	
7. CONFIDENTIALITY & RISK	
7.1 To consider the confidentiality of any items discussed during the meeting There were two actions discussed that were considered to be confidential and have been recorded on a confidential appendix of these minutes	
7.2 To consider any areas of risk discussed during the meeting ICT issues including cyber security to be added to Risk Register	
8. DATES OF NEXT MEETINGS	
8.1 Dates of meetings for 2017/2018 A new date was agreed for the summer term meeting of the committee Wednesday 20 th June 2018, 17:15 – 19:30 at Nexus HQ – Finance & ICT Wednesday 18 th July will also be kept in the diary in case a further meeting is required Clerk to two meetings per term in the 2018-2019 calendar with alternate focuses of: Risk & Audit; Finance & ICT	

Minutes approved

CHAIR	SIGNATURE	DATE
ALAN MELOY		20/06/2018