



Audit & Finance Committee Meeting
Focus: Audit & Risk
4th March 2019 17:00 – 19:30
Nexus HQ

Attendees:		
Sue Shelley	Director – Chair	SS
Steve Booth	Director	SB
Rachel Potts	Director	RP
Also Present:		
Diane Hyner	Nexus MAT Clerk	Clerk
Warren Carratt	CEO Nexus MAT	CEO
Cath Sands	CFO Nexus MAT	CFO
James Kelly	Advisor to Committee attendance via phone link	JK
Naveen Judah	Advisor to Committee	NJ
Emma Heyes	Project Manager	EH
Apologies:		

<p>1. WELCOME & APOLOGIES FOR ABSENCE</p>	
<p>1.1 To receive apologies for absence</p> <p>No apologies</p>	
<p>1.2 To accept apologies for absence</p> <p>Apologies accepted from</p>	
<p>2. ITEMS OF URGENT BUSINESS</p>	
<p>2.1 Chair to determine any items of urgent business to be considered</p> <ul style="list-style-type: none"> Budget report dealt with at this point. <p>CFO gave reason for bringing December budget report to the A&F meeting. A discussion followed relating to the need for additional finance scrutiny meetings where A&F members could meet to review the budget in more detail.</p> <p>CEO agreed that the TBoD agenda is very busy so additional time will be helpful. CEO proposed a scheduled of monthly meetings lasting up to 1 hour each. Feedback regarding concerns and issues from people who could not get to meetings could be fed in through other members.</p> <p>CFO confirmed now there is additional finance staff in place that reports will be produced in a timely manner.</p> <p>All agree to the proposal of the additional meetings.</p> <p>Action - CEO to send round proposed list of dates for finance scrutiny meetings.</p> <p>A discussion followed relating to Headteacher and School Business Managers responsibilities. CFO confirmed that meetings have already been diarised with both to scrutinise budgets.</p> <p>RP queried if we would ever invite staff to the A&F meeting to discuss issues. CEO confirmed that it could happen. The monthly meetings are with Heads, SBM, CEO and CFO but we don't want to undermine the role of the LGB and the escalation pathway to Directors, when needed.</p> <p>RP feels that we need to be more explicit around what we want LGB's to do once agreed, which is part of the Board's current work to review the Scheme of Delegation. A discussion followed relating to budget monitoring and what has happened over the last 2 years relating to Accountants coming in looking at Nexus accounts.</p> <p>NJ stated the important thing is for Directors to make the link between financial accounts and management accounts and understanding the differences between them.</p> <p>A discussion followed relating to timescales for looking at strategic information rather than firefighting issues.</p> <p>CFO confirmed this would be at the start of the new year in September when the audit recommendations will have been embedded fully. Finance & Compliance officers are now working in schools scrutinising all budget information.</p> <p>NJ feels that we may want to look at HCSS to provide a rolling forecast which will be needed if we have a central bank account and system. We would need a working party to look at all of the aspects of this.</p>	<p style="text-align: center;">CEO Completed</p>

A lengthy discussion followed relating to an email received from the AC, Chairman of Nexus with a number of questions he wanted answers to and wanted the group to discuss at this A&F meeting.

Q1. Para 1.1.2 re the transposing of figures, was this plain human error or is there a glitch in the spreadsheet?

CFO confirmed this was human error.

Q2. Para 1.2.5 is it possible to have a timescale re confirmation of Blue Class funding?

CEO confirmed that he would expect to have an answer from RMBC by the end of May 2019 at the latest. Discussions are ongoing and the Kelford Headteacher met with the RMBC SEND lead on 4.3.19 to progress negotiations.

Q3 – what is the actual sum being sought for the 5 pupils from DMBC?

£70,000 has been requested. DMBC have offered £50,000 and the CEO is prepared to accept for 4 of the 5 pupils, with a bespoke package being pursued for the outstanding pupil.

CFO provided all with the following information which had been sent to AC.

Please note that in the December board Report that was circulated last night, in point 1.2.1 a mention is made to the November forecast surplus of £163,862 although the November High level review was showing £153,827. Please know that this is NOT an error or an oversight and was intentional (albeit not with the intention to deliberately mislead)

The November High Level review report was the first report produced in the new format with any and all intercompany transactions removed so as to eliminate double counting. In undertaking this exercise it has highlighted errors and omissions within each of the schools' ledgers where they are still getting to grips with the intercompany recording procedure. The system should work whereby any entry recognised as income in one school will be recognised as expenditure in another giving a net nil effect. There may be time-lag issues each month within this procedure but these should be easily recognised and reconciled. As mentioned in point 1.2.1 the figure on this occasion differs due to Abbey predicting the wrong amount for their partnership fee so the expected income I have removed from the trust does not fully match off against the expected expenditure I have removed from the Abbey Ledger. The November report was out by £10,035 due to these sorts of errors and omissions and I took the decision to show the consolidated outturn with ALL of the intercompany transactions removed.

I am trying to show the most accurate data we have which is why I have left each of the Academies monitoring sheets showing their full income/expenditure and outturn which when added together totals a slightly different figure to the one I have used in the High Level review. It is hoped that by the time the March report is produced both sets of figures will match.

I understand that it is not ideal to be given two different figures but I hope that you will feel more comfortable knowing that the difference between the two is minimal and can be explained and will eventually become nil.

<p><i>If anybody has any questions on this to better understand how intercompany transactions are dealt with and shown I would be more than willing to go over this in finer detail.</i></p> <p><i>Please also note a typo in 1.2.1 which reads £3,262 and should be £3,622 – I will have this corrected and replaced on Governorhub</i></p> <p>NJ asked if there is any other income identified that may not come? CFO confirmed that all potential income had been identified, though more be secured however this won't be reported until it is confirmed income. CEO gave information around funding of special schools and the natural volatility with budgets this brings.</p>	
<p>3. DECLARATION OF INTERESTS</p>	
<p>3.1 Individual Directors to declare any personal, business or other governance interests on any item on the agenda No declarations of interest</p>	
<p>4. TRUST BOARD OF DIRECTOR MINUTES</p>	
<p>4.1 To approve the minutes of the following meeting: Audit & Finance Committee meeting held on 14th January 2019 The minutes were approved and signed</p> <p>Action – Clerk to amend wording on P16 and add Fixed Asset Register to the Action Tracker</p>	<p style="text-align: center;">Clerk Completed</p>
<p>4.2 Review of Action Tracker The outstanding actions on the tracker were reviewed and updated</p>	
<p>4.3 Matters arising from the minutes There were no matters arising.</p>	
<p>5. ITEMS TO BE CONSIDERED</p>	
<p>5.1 Trust Risk Register</p> <p>A draft Risk Register was distributed and SS gave a verbal update about the updated register stating we need to be much smarter and identify where risks have escalated. SS asked the group to look at the objectives and what risks would stop us from meeting the objectives. This piece of work will bring back the focus of work around what Directors should be concentrating on.</p> <p>SS talked through the information and columns on the risk register. CEO explained how the strategic plan links in with this risk register.</p> <p>SB queried if this is going to still be called the risk register for the trust? SS confirmed that to be the case. SS asked should we clearly show how we deliver or what would stop us meeting the objectives? RP feels we could have a front sheet explaining how reports link into the register</p>	

<p>SB asked what will directors be using this for, would it be for scrutiny? SS stated she thinks Directors will be drilling down to fill in the gaps CEO stated it is about having a meaningful and purposeful risk register. This is bigger than the strategic objectives as they are just one organisational driver.</p> <p>RP queried about when to send the document to other Directors. Action 1 – SS to ask for the Risk Register to be put on the next TBoD agenda</p> <p>Action 2- RP/CEO/SS to complete the work on the Risk Register.</p>	<p>SS ASAP</p> <p>CEO/SS/RP 13/05/19</p>
<p>5.2 High Level 12-month Delivery Plan CFO talked through the report confirming the annual accounts have been completed and published. All deadlines have been hit and the Gender Pay Gap is on the agenda tonight for signing off. An internal audit was completed on the 4th February and the report was received today. The report was distributed for member of the A&F committee to take away to read.</p>	
<p>5.3 Audit Letter CFO talked through the audit letter confirmed she had visited each school to meet with Heads and SBM to go through the action plan. CFO stated she is really pleased with the report as it didn't show anything Nexus was not aware of. SB queried what the summary of adjustments means? CFO gave the explanation that it is when SBM is happy that is a true reflection of where the school is at but Hartshaw highlighted some issues.</p> <p>NJ confirmed that he has looked at the internal audit all of the adjustments and was happy to say he could see all of the adjustments and that the internal audit is doing what it should be doing and if CFO and her team manage to see all of the areas the figure will reduce.</p> <p>CFO talked through the action plan and stated she would like a full month-end pack with a tick list with evidence behind.</p>	
<p>5.4 Gender Pay Gap</p> <p>Report provided.</p> <p>JK stated he is happy with the lay out and comfortable with the content.</p> <p>A discussion followed relating to more women working in the lower quartile and what could be done to support progression and to find out what their ambitions are. CEO was clear that we needed to test assumptions by consulting with staff and collating evidence on the reality of progression pathways, as we also have a gender imbalance in the upper quartile and middle upper quartile in favour of women.</p> <p>All agreed with the Gender Pay Gap and it can be published.</p>	
<p>5.5 Competent Person Report EH gave information around her role stating she had looked at each school H&S audit</p>	

<p>and been out to schools to meet with Heads and SBM. One high risk is the access road at Abbey. A CIF bid has been submitted and we should know what the outcome is later this month. RP asked what will be done if the CIF bid is refused. CEO stated that we are restricted due to funding and may look at the possibility of putting in lay byes in the road to allow cars to pass without any risks. EH stated that what is clear from the audits is that depending on who completed the audit the reports varied quite a lot with some being more in-depth. SB asked what does the competent person do? CEO stated that each trust has to have a responsible officer called the Competent Person and that EH commissions this service on the behalf of Nexus.</p> <p>A query was raised relating to Abbey School that in the report it stated there is no one who is Paediatric First Aid trained. EH confirmed that the school now has a trained member of staff.</p> <p>SS asked about the classroom door at Kelford which is locked due to a flight risk and what is the plan if there is a fire? A discussion followed relating to the reasons and risks around this. JK raised the question about what qualification the person has who makes the decision regarding locking a door at Abbey and fire safety. Action – EH and CEO to establish EH confirmed that Nexus is currently looking at a new provider for the Competent Person role and one of the staff was a Senior Fire Officer who is completing a risk assessment in all schools. JK stated it is vital that we are assured that someone competent is completing the assessment and signing that off. EH confirmed that the new company called ProActive who will work with us and mentor the school caretakers, develop an action plan and provide training. We will be trialling this company for 12 months so we can then look at cost and value for money. I can ask Proactive to complete the Abbey audit SS asked that EH double check the qualification of person advising us from Proactive and ask them to complete the audit at Abbey – Action EH SS feels that now we have the evidence we need to see that people are addressing issues quickly JK stated that one of the attitudes that contributed to the Grenfell Tower tragedy is that good enough is good enough. There is a legal standard and I can’t say it is an acceptable situation and it is down to duty of care and the issues need sorting CEO stated we need to draw distinction about what has been identified and what we have inherited and that we now have robust systems which wouldn’t be allowed to be lapse. There is an update regarding to actions taken following risks identified at the time of the report.</p>	<p>EH/CEO 01/07/19</p> <p>EH 13/05/19</p>
<p>5.5.1. Wilson Tower Watson Risk Register for Abbey School</p> <p>Covered above</p>	
<p>5.5.2. Abbey School Health & Safety Report</p> <p>Covered above</p>	
<p>5.5.3. Pennine View Health & Safety Report</p> <p>Covered above</p>	

<p>5.6 2018/2019 Internal Audit Work Plan</p> <p>CFO talked through the Audit stating the year end accounts are included in the plan and that a lot of the items on the work plan have been completed. The most recent ones are on the bottom of the report.</p> <p>A discussion followed relating financial reports being read and understood by Heads and SBM and the need for evidence of approval when budgets signed off.</p> <p>CFO confirmed that she is going to implement a payroll exception report to check that all transactions are accurate.</p> <p>SS stated that it is worrying that Heads do not understand what they are checking CFO confirmed it will be better when the number of actions reduce and Heads are more thorough when checking reports.</p> <p>CFO went through the outstanding actions line by line and is to meet with SBM 5th March to go through the action points.</p> <p>RP queried about testing stating it looks like work is completed but you are saying there is more testing to do. How do we know what the outcome of the testing if there are issues and where it states the evidence is ok?</p> <p>CFO will add a commentary column in to better record the outcome. Action CFO</p> <p>CFO confirmed that Hartshaws do the audit and send the report. Compliance officers will be going into schools and will complete an internal audit giving information about work completed.</p>	<p>CFO 13/05/19</p>
<p>5.7 Hilltop Budget progress discussion</p> <p>Information is covered in the audit report</p> <p>Things at Hilltop are improving and a Compliance officer is working 3 days per week working with DB at Hilltop.</p>	
<p>5.8 HCSS operating system discussion</p> <p>CFO met with staff from HCSS and went through some teething problems and to iron out issues with the system. The system is doing everything it is meant to do. It is a cloud based system where you can scan documents so the CFO can check documents rather than having to go into schools' systems to see documents. Restrictions have been put in so some areas are locked down to SBM.</p> <p>A discussion followed relating to the Free schools and that support will be provided centrally rather than there being a SBM in place.</p>	
<p>6. ANY OTHER URGENT BUSINESS</p>	
<p>6.1 To consider any other urgent business agreed by the chair</p> <p>Dealt with at point 2.1.</p>	
<p>7. CONFIDENTIALITY & RISK</p>	
<p>7.1 To consider the confidentiality of any items discussed during the meeting</p> <p>No items were deemed to be confidential</p>	
<p>7.2 To consider any area new risks identified during the meeting</p> <p>No new risks identified during the meeting.</p>	

8. DATES OF NEXT MEETINGS	
8.1 Future meeting dates: Monday 13 th May 2019 at 17:00 – 19:30 – Nexus Headquarters Wednesday 19 th June – Leadership Summit – 16:00 – 19:00 at The Source, Meadowhall Monday 1 st July 2019 at 17:00 – 19:30 – Nexus Headquarters	

Minutes approved

CHAIR	SIGNATURE	DATE
SUE SHELLEY		