



## AUDIT COMMITTEE

**Minutes** of the Audit Committee held on 27 November 2017 at Truro College.

Trustees: Prof A Livingston, Ms S Roby and Mr P Wroe (Chair)

Also Present: Dr J Blunden (Chief Executive), Mrs J Brinson (Business Manager), Mr M Williams (Partner, Robinson Reed Layton) and Mrs A Winter (Company Secretary)

Item	Decision	Action
17/01	<p><b>Welcome, Introductions and Apologies</b></p> <p>The Chair welcomed members and introduced those present. It was noted that Alan Livingston had joined the Committee on a temporary basis and it was hoped that an additional member would be appointed in due course.</p>	
17/02	<p><b>Declarations of Interest</b></p> <p>Members were invited to declare any interests.</p> <p>The Chair reminded the Committee of his position as a Director of the Eden Project.</p>	
17/03	<p><b>Trustees Report and Audited Accounts for 2016/17</b></p> <p>The Auditor presented the Trustees Report and Audited Accounts for 2016/17. The Board reviewed the Report and discussed the key elements which were presented in accordance with the relevant accounting standards. A detailed breakdown of expenditure was also provided to supplement the report.</p> <p>During discussion a range of issues were explored in further detail and the Business Manager and Auditor provided clarification on the following points:</p> <ul style="list-style-type: none"><li>• the impact of the mid-year transfer of Penlee multi academy trust (consisting of three primary academies) had been particularly complicated and was a 'first' in the county</li><li>• pension liabilities were based on the latest actuarial valuation for the Teachers' Pension Scheme of a £1.9m gain</li><li>• a significant increase in catering costs was largely due to full year expenditure for the first time for some schools, the growth of the Trust and PFI arrangements</li><li>• the valuation of assets when schools transfer to TPAT is given by the Council and is based upon their balance sheet value for them (the Government expects transfers to the Trust to match transfer values from the Council)</li><li>• three new apprentices had been recruited from 1 September 2017 and appropriate costs would be charged against the Apprenticeship Levy in 2017/18</li></ul>	

	<ul style="list-style-type: none"> <li>• staff costs for 'higher paid staff' disclosed in the accounts related to three headteachers (one of whom was receiving additional payment due to additional, temporary responsibilities) and the Chief Executive</li> <li>• two schools remained in deficit at the end of the year and the actions to rectify this position were explained in the report.</li> </ul> <p>Trustees considered the audit findings and issues identified by the auditor. Overall the Auditor concluded that the Trust was in a sound financial position, that systems and controls were good, the Trust was well run with good financial procedures in place. Procedures were far more uniform across the Trust and significant progress had been made to ensure consistent processes since the previous year. Overall a clean, unqualified audit was confirmed.</p> <p>The Auditor noted that a number of school websites were incomplete in relation to Pupil Premium outturn reporting for 2016/17. Audit findings also highlighted an issue of medium importance/risk to internal controls as some schools had not always complied with the requirement to obtain three quotes for orders above £1,000 or provide an explanation of the reasons when this was not feasible. Also, the Auditor recommended that the Committee considered an increase to the capitalisation level from £500 to £1,000.</p> <p>Following discussion, trustees recommended:</p> <ul style="list-style-type: none"> <li>(i) a note should be added to the accounts to explain that an enhanced salary was paid to one headteacher in respect of temporary, additional leadership responsibilities</li> <li>(ii) an increase to the capitalisation level from £500 to £1,000</li> <li>(iii) that comparisons with similar sized, rural multi academy trusts would be useful in future and benchmarking might be a useful exercise in terms of information sharing</li> <li>(iv) schools to be reminded of the necessity to publish and maintain the required website information in a timely manner</li> <li>(v) schools to be reminded of the correct procurement procedures and repeated breaches of the financial procedures should be monitored and addressed by the central team</li> <li>(vi) payments to the Eden Project should be disclosed in the related party transactions due to Peter Wroe's directorship of the Eden Project.</li> </ul> <p>Subject to the points raised, the Committee <b>RECOMMENDED</b> approval of the Trustees Report and Audited Accounts for 2016/17.</p>	<p>Chief Executive/ Business Manager to take forward recommendations</p> <p>Recommendation for Board</p>
17/04	<p><b>Risk Register Annual Review</b></p> <p>The Committee reviewed the Risk Register setting out the key risks, actions to mitigate the risks and responsibilities.</p> <p>Trustees reviewed the issues identified and was satisfied that appropriate measures were in place. During discussion it was suggested that the risk of a safeguarding matter arising and actions to mitigate this risk (such as vetting procedures, staff training, policies etc) should be added to the Register.</p>	

	<p>In response to questions the Chief Executive explained that the Risk Register was not a static document but that it was regularly updated and revised during the year.</p> <p>Following consideration, the Committee was assured that risks were being appropriately managed and <b>APPROVED</b> the Risk Register, subject to the inclusion of the risk of a safeguarding matter.</p>	
<b>17/05</b>	<p><b>Letter from the Education and Skills Funding Agency (ESFA)</b></p> <p>The Committee noted a recent letter from the ESFA to the Accounting Officer highlighting financial management and governance requirements.</p> <p>Trustees noted the key financial returns required from trusts which included a new Land and Building Collection Tool (LBCT) and new budget forecast return. Trustees noted that the first two of the necessary returns (including the LBCT) had already been submitted and was assured data would be submitted in accordance with the published deadlines.</p>	
<b>17/06</b>	<p><b>Any Other Business</b></p> <p><b>06.01 Auditor Resignation</b></p> <p>The Auditor explained that once all audit processes for the 2016/17 financial year had been completed, Robinson Reed Layton would be resigning as the Trusts external auditors. The rationale for this decision was explained.</p> <p>The Committee noted the resignation and <b>AGREED</b> that a tender process to select a new audit firm should be conducted in the New Year.</p>	Business Manager/Company Secretary to take forward tender process
<b>17/07</b>	<p><b>Date of Next Meeting</b></p> <p>The Audit Committee would next meet at 4.00pm on Monday 18 June 2018.</p>	ALL to note