



## AUDIT COMMITTEE

**Minutes** of the Audit Committee held on 28 November 2018 at Truro College.

Trustees: Prof A Livingston, Terry Lister, Mr P Wroe (Chair)

Also Present: Dr J Blunden (Chief Executive), Mrs J Brinson (Director of Finance & Business), Ms A Oliver (Bishop Fleming), Ms N Hughes (Bishop Fleming) and Mr E Burns (Company Secretary)

Item	Decision	Action
18/11	<b>Welcome, Introductions and Apologies</b> The Chair welcomed members and introduced those present.	
18/12	<b>Minutes</b> The Minutes of the meeting held on 18th June 2018 were <b>APPROVED</b> and signed as a correct record.	
18/13	<b>Matters Arising</b> The Director of Finance and business <b>AGREED</b> to inform the Internal Auditors that they would only need to attend meetings on an exceptional basis when there was only significant concerns or recommendations arising from the audits.  A fourth Trustee, Mr Terry Lister has been appointed to the Audit Committee, as agreed at the last Committee meeting.	
18/14	<b>TPAT Audit Plan 2017/18</b> The Committee <b>NOTED</b> the Bishop Fleming Audit planning paper for the year ended 31 Aug 2018. The Chair requested that the 2019 Audit Plan should be produced earlier in 2019 and that it should be presented to the June 2019 Audit Committee for consideration and <b>APPROVAL</b> .	Director of Finance and Business
18/15	<b>Trustees Report and Audited Accounts for 2017/18</b> The Auditors presented the Trustees Report and Audited Accounts for 2017/18 to the Committee. The Auditor also presented the Key Issues Discussion Document (KIDD) to the Committee to highlight the key issues affecting the audit and its preparation for the financial year ended 31 <sup>st</sup> August 2018.  The Committee <b>REVIEWED</b> the KIDD paper and the Trustees discussed the key risks encountered by the Auditors in the completion of the audit. During the discussion a range of risks were explored and clarification was provided by the Audit Manager and the Director of Finance and Business in relation to the following:	

	<ul style="list-style-type: none"> <li>• The overall disclosure of related party transactions in the accounts for the Trust was transparent and the Auditor concluded that they have no significant issues. The Auditor also <b>NOTED</b> the improvement in LGB's reporting for transactions greater than £25000. The financial relationship of the Trust to the College in relation to 'some staff and other related costs' was also <b>NOTED</b> by the Committee as was the need for additional LGB Clerk training to be provided.</li> <li>• The Committee <b>REQUESTED</b> that the TPAT management response to the allocation of overheads risk section of the report be included in the final KIDD. The Committee was provided with assurance that there were <b>NO ISSUES</b> in this area</li> <li>• The Auditor <b>CONFIRMED</b> that the data analytics testing summary for journals was in line with expectations.</li> <li>• The Pension valuations schedule of the report was <b>DISCUSSED</b> and the Auditor concluded that the underlying assumptions had been benchmarked and appeared to fall within 'reasonable parameters'.</li> <li>• The Auditor reported that two schools (ST Ives &amp; Newlyn) are in deficit and the Director of Finance <b>CONFIRMED</b> that the Finance Team is working with the Headteachers to bring them back into surplus.</li> <li>• The Director of Finance <b>CONFIRMED</b> that there was a significant gift aid transaction to be processed but that it would not be progressed until full registration had been completed.</li> <li>• The Committee <b>NOTED</b> the size of the audit adjustments and unadjusted items and the assurance provided by the Auditor that the differences had been adjusted in the financial statements.</li> <li>• The Director of Finance <b>CONFIRMED</b> that the need to use purchase orders in schools was being re-iterated to Business Managers. Petty cash and credit cards expenses are also being checked by the Finance Team to ensure that they are not being used to circumvent the authorisation process.</li> </ul> <p>The Committee <b>CONSIDERED</b> the Annual Report and Financial Statements presented by the Auditor. Overall the Auditor concluded that the Trust was in a sound financial position, that systems and controls were good and that the Trust had good financial procedures in place. Overall a clean, unqualified audit was <b>CONFIRMED</b> by the Auditor.</p> <p>Following discussion, the Committee recommended:</p> <ul style="list-style-type: none"> <li>(i) Including a diagram of the TPAT organisational structure on page 5 of the Trustees report.</li> <li>(ii) To form a single paragraph on page 5 of the report by combining the third and second from last paragraphs.</li> <li>(iii) Removing 'Ellen Winsor' from the Governance structure on page 14, as she was included twice in the schedule.</li> <li>(iv) Ensuring that the proposed amendment to the Reserves Policy is discussed and approved by the Committee – see item 18/18 below.</li> </ul>	<p>Director of Finance and Business</p>
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	<p>(v) Including a description of the Department of Education funding on- page 12 of the report.</p> <p>(vi) Changing the statement on page 15 of the report regarding the frequency of Board meetings from every 'six weeks' to every 'half term'.</p> <p>Subject to the points raised above being resolved, the Committee <b>RECOMMENDED</b> approval of both the Trustees Report and Audited Accounts for 2017/18 to the Board.</p> <p>The Chair expressed the thanks of the Committee to both the Auditors and the Director of Finance for all the hard work of their Teams in producing the annual accounts.</p>	All to note
<b>18/16</b>	<p><b>Risk Register Annual Review</b></p> <p>The Committee reviewed the Risk Register setting out the key risks, mitigations and responsibilities. The Trustees <b>NOTED</b> the inclusion of new risks relating to the transferring of failing schools into MAT's, PFI contractor vulnerabilities, and the higher unit costs/overheads per pupil in smaller schools.</p> <p>Trustees reviewed the issues identified with the risks and were satisfied that appropriate measures were in place. During the discussion it was <b>AGREED</b> to move the narrative relating to the recruitment of staff with a high safeguarding risk (risk 4.3) from the risk description column into the mitigation section of the report and to replace it with a risk relating to a safeguarding incident occurring.</p> <p>Following further consideration, the Committee was assured that the risks were being appropriately managed and they <b>APPROVED</b> the Risk Register.</p>	Chief Executive
<b>18/17</b>	<p><b>Pension End of Year Certificate (EOYC) 2017/18</b></p> <p>The Committee <b>NOTED</b> the independently audited Teachers Pensions End of Year Certificate (EOYC) for 2017/18.</p>	
<b>18/18</b>	<p><b>Any Other Business</b></p> <p><b>Reserves Policy Amendment</b> – The Committee reviewed and <b>AGREED</b> an amendment to the existing Reserves Policy that will require individual TPAT schools to work towards reserves of 'at least six weeks of their individual out going costs'. In response to Trustee questions, the Director of Finance and Business <b>CONFIRMED</b> that the six week reserve would be enforced during budget setting and also that 14 Academies of the current academies are holding reserves above the agreed six week target.</p>	Committee Agreed
<b>17/19</b>	<p><b>Date of Next Meeting</b></p> <p>The Audit Committee would next meet at 4.00pm on Monday 17 June 2019.</p>	ALL to note