AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the hybrid meeting held on 21 November 2022 at 5pm

Present virtually:	A Maltpress	M Whittingham
	J Wakelam, Vice Chair	R Inman, Chair
In attendance:	A Brewster, Finance Manager	
	A Lynch, M+A Partners (part)	
	C Shepherd, FA Risk	
	G Kerkham, Larking Gowen (part)	
	J Raffel, CFO	
	N Savvas, CEO	
	R Stevenson (part)	
	S Gales, Governance Professional	
	S Graham, CPO (part)	
Apologies:	F Shippam, M+A Partners	
	M Chatt, Deputy CFO	
	R Murray	

The agenda was discussed in the following order: 1, 2, 3, 5, 6, 7, 8, 9, 10, 4, 11

		Action
1.	**Declaration of Interests and Apologies for absence** J Wakelam declared her role as a Governor of West Suffolk College. No other conflicts of interest in relation to the items of the agenda were declared. Apologies were received from F Shippam, M Chatt and R Murray.	
2.	**Minutes of the meeting held on 3 October 2022** The minutes of the meeting on 3 October 2022 were **agreed** as an accurate record.	
3.	**Matters Arising from meeting on 3 October 2022** MA 1 – is ongoing and will be reported at the next meeting. MA 2 – is ongoing and will be reported at the next meeting. MA 3 – is complete, though the Finance Committee opted to not include the additional clause within the Committee's terms of reference.	
	MA 4- R Stevenson discussed the progress to mitigate R037 and the Committee agreed that this should be reviewed. MA 5 – is complete, this has been reviewed and regraded. MA 6 to 10 – are complete.	R Stevenson
	Trustees asked for a live version of the Risk Register to be available on GovernorHub.	C Shepherd
4.	**Audit Committee's Annual Report** Trustees received and considered the annual report provided.	
	Trustees commended the report though highlighted a few tense issues and typos, and asked the CFO to update.	CFO
	Trustees **approved** the annual report and **agreed to recommend it to the Trust Board,** subject to the amendment of the typos as discussed.	
5.	**Audited Accounts for the year ended** Trustees received and considered the draft audited accounts provided. G Kirkham highlighted the already known regularity issue with regard to the Trust's related party transactions with West Suffolk College for the period of 2021/22. G Kirkham observed that while we were aware of the regularity issue, specific disclosures were required in the accounts. N Savvas reflected that this is a legacy	

issue which we discussed with the ESFA, external auditors and the Trust Board at the point of signing the 2020/21 accounts; and confirmed the Trust's related party transactions for 2022/23 have been approved by the ESFA so will not present a regularity issue for the 2022/23 accounts.

G Kirkham noted the accounts show an increase in charitable income and costs, reflecting the growth of Abbeygate Sixth Form College.

R Stevenson left the meeting at 5.26pm

G Kirkham gave an overview of the accounts including the income and expenditure year end position, total reserves and total funds compared to last year. G Kirkham explained the key assumptions including with regard to reflecting the LGPS pension liability. The Chair noted that we need to remain live to this issue as it impacts long term solvency.

G Kirkham noted the increase in total funds before fixed asset funds and pension reserve and outlined how this relates to the Trust's reserves policy. Trustees queried whether, given the economic climate, the reserves policy gives suitable assurance for going concern. G Kirkham noted it gives assurance of going concern, but asked the CFO to provide more detailed scenario-forecasting analysis to further support the audit of going concern. CFO

Trustees **approved** the audited accounts and **agreed to recommend it to the Trust Board,** subject to the amendments discussed above and in agenda item 6.

6. **<u>External Auditors Audit Findings Report</u>**

Trustees received and considered the findings report provided, and G Kirkham summarised the key findings.

G Kirkham noted that during testing they identified a £33k tuition funding clawback adjustment, with no other issues identified.

G Kirkham noted the £80k funds transfer applied in respect of capital loan repayment, which has not been reflected in the version of the accounts presented to the Committee. Larking Gowen will update the accounts. The CFO to confirm update included. CFO

G Kirkham noted there is an outstanding test related to creditors and asked the CFO for an update. The CFO explained the circumstance and agreed to work with Larking Gowen to provide an alternative test. CFO

G Kirkham noted the variances between payroll journals and payroll reports, and the CFO confirmed this is a service provided by Schools Choice. Trustees remarked that it is unsatisfactory service from Schools Choice and asked the CFO to resolve. CFO

The Committee discussed Larking Gowen's comments with regard to the accounting of liabilities relating to holiday pay and noted that the Trust has accrued sufficient funds to cover this liability.

G Kirkham summarised the remaining Auditor comments and the internal control assessments.

Trustees thanked Larking Gowen for their audit, and commended the Executive on the clean outcome of the audit.

Trustees **approved** the audit findings report and letters and **agreed to recommend it to the Trust Board**.

7.	**<u>Internal Auditors Annual Report</u>** Trustees received and considered the annual report provided, and A Lynch summarised the key findings. Trustees thanked M+A Partners for the audits, and commended the Executive on the clean outcome of the audits. Trustees noted the recommendations arising from the internal audit of governance and asked the Governance Professional to schedule for the Committee to receive an update on information submitted to the DfE and ESFA that affects funding.	Gov. Prof.
G Kirkham left the meeting at 5.54pm		
8.	**<u>Risk Management Update</u>** There are currently **3 red, 4 amber, 6 yellow** risks on the register. 1 risk (SATR059) has been added to the register, 4 risks (R028, R011 x2 and R020) have been removed, and 2 risks (SATR051 and SATR059) have changed post mitigation scores. Trustees discussed SATR055 and noted this has combined two risks to reflect the cost-of-living crisis impacts costs in the future and our ability to retain/recruit staff. Trustees discussed SATR050 and queried if this remains red. N Savvas noted that we have made significant progress improving cyber security and to gather evidence to gain the Cyber Essentials accreditation. Trustees asked R Stevenson to review the RAG rating of SATR050 and SATR052 for next time. J Raffel asked for feedback on the new style report. Trustees confirmed that it is improved and feedback that the review of the risk register extract by other committees is working well.	R Stevenson
A Lynch left and S Graham joined the meeting at 6.04pm		
	Trustees **approved** the Risk Register and **agreed to recommend it to the Trust Board**.	
9.	**<u>Audit Recommendations Tracking Report</u>** Trustees received and considered the summary report provided. J Raffel summarised the progress on the recommendations, of which 11 are complete and 3 remain ongoing. J Raffel also noted that responsibility for this report will be overseen by C Shepherd who will be able to ensure pro-active management. Trustees noted there seems to be a pattern of issues relating to our contractual relationship with Schools Choice, and asked the Executive to discuss this with Schools Choice.	CFO
	Trustees discussed the recommendation regarding the business continuity plan and asked this action to be expedited for completion.	R Stevenson
10.	**<u>GDPR Update</u>** Trustees received and considered the report provided. The CPO noted that since the previous update, there have been 2 GDPR data breaches of which 1 were at ASFC and 1 were at OSFC (all of which have been investigated and any actions required have been carried out), 1 Data Subject Access Request (which was responded to within the legal time frame) and no Freedom of Information requests. S Graham noted the progress made on the GDPR audit recommendations.	
11.	**<u>Any Other Business</u>** • **Start time of future meetings**	

The Chair noted that due to work commitments he is unable to attend meetings before 5pm on Mondays. The Committee asked the Governance Professional to explore whether we could move the meetings to 4.30pm on Tuesdays, and **agreed** that, if this is not possible, future meetings would be scheduled to start at 5pm. Governance Professional

- **Thanks and farewell to the CFO**

The Committee thanked John Raffel for his outstanding contribution to the Committee.

The meeting closed at 6.21pm