



Audit & Compliance Committee

Monday 22nd November 2021

Minutes

Present: Sugra Alibhai
Heidi Dixon
Funmi Esuola
Linda Horbye
Matthew Konneh
Zubair Shaikh (Chair)

In Attendance: Subarna Banerjee (item 5)
Shachi Blakemore (item 4)
Claire Mugridge
Beth Yap

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| 1. | Governance |
| 2. | Minutes of Previous Meeting |
| 3. | Matters Arising |
| 4. | Financial Statements Report 2020-21 |
| 5. | Internal Scrutiny Report |
| 6. | Audit Action Plan |
| 7. | Risk Management Plan |
| 8. | IT Risk Report |
| 9. | Health & Safety Report |
| 10. | Fraud Report |
| 11. | GDPR |
| 12. | Any Other Business |

| Minute | Decision /Action/Recommendation | D/A/R |
|--------|--|-------|
| 4. | To recommend the Financial Statements Report to the Board for approval. | R |
| 6. | The review of My Concern to be shared with Ruth Henrywood, Safeguarding Trustee. | A |
| 8. | Heidi Dixon to ensure that a reminder on phishing is added to the staff bulletin due to the high number of attacks that are taking place nationally. | A |
| 8. | Senior Leadership Team to discuss a long-term IT strategy that will include cyber security training and feed back to the Committee at the next meeting. Senior Leadership Team to also consider whether a specialist cyber security audit is needed. | A |
| 9.2 | To approve the Health & Safety Policy. | D |
| 10.2 | To approve the Fraud Policy. | D |
| 11. | Sugra Alibhai to inform the Committee who the new Data Protection Officer will be and what their capacity will be to report at meetings of the Audit & Compliance Committee. | A |

1. Governance

1.1. Apologies

Angela Hille and Ellie Smith.

1.2 Declaration of Interest

None declared.

2. Minutes

The minutes of the meeting of 14th June 2021 were approved as a true and accurate record of the events that took place. It was agreed that the minutes could be uploaded to the Trust's website in their entirety.

3. Matters Arising.

5. The final set of Woodhouse accounts were approved by the Board of Trustees at its June meeting.

4. Financial Statements Report 2020-21

Shachi Blackmore presented the 2020-21 Financial Statements Report explaining that the audit approach is similar to that of previous years, despite academisation. However, Shachi explained that the accounting narrative is different from what would have been presented to the Corporation.

Shachi explained that there was a risk around the transfer of assets from the Corporation to the Academy Trust. As land and buildings are treated as fair value, a valuation was required at the point of academisation, which resulted in a £1m increase in assets. Shachi also explained that there are fundamental changes to how capital funding is treated and the Trust is no longer required to only recognise the amount of income that matches depreciation, which resulted in an additional £3m of deferred capital grants. This meant that the value of fixed assets increased by £4m.

In response to a question from the Committee, Shachi explained that this valuation does not affect the final accounts of Woodhouse College, as the Corporation no longer exists. **In response to a follow up question**, Shachi explained that most academies treat the land and assets at 'cost', meaning that valuations do not need to be conducted regularly.

The Committee noted that the Trust commenced trading on 1st January 2021 and generated an operating surplus of £125k at year end (31st August 2021). The Committee noted that, as a corporation, some income streams could be carried over to the following year to be matched against costs, such as the Free School Meals funding. However, this is no longer the case under academy regulations.

Shachi commended the work of the Trust's finance team, who have had to conduct more analysis and complete new disclosures as a result of academisation.

The Committee went on to discuss the financial KPIs, particularly the KPI around reserves, and noted that Trusts are required to adopt a reserves policy and make reference to this in the Financial Statements. Shachi explained that Trusts are also expected to explain if there is a material difference between the reserves policy and the actual figure. Claire Mugridge explained that the Trust's reserves policy is contained in the Financial Statements. Claire reminded the Committee that the Trust is looking to draft 5-year premises and

financial plans and will review the proposed reserves policy after this.

Finally, Shachi highlighted the developments in the sector, explaining that, unlike the sixth form sector which was well established, the academy sector sees a number of changes in requirements from year to year, such as the requirement for Trusts to conduct an external review of governance every 3 years. **In response to a question from the Committee**, Shachi agreed that the fact that governance is reviewed annually as part of the internal audit programme would satisfy this requirement.

In response to a question from the Committee, Shachi agreed that there is no material risk around going concern but explained that this was included in the accounts as Frontier Learning Trust is a new Trust.

The Committee also considered the fraud and regularity questionnaires, which is required as part of the audit and noted that the auditor's response to this is contained in the post-audit report.

The Committee thanked Shachi for her comprehensive report and agreed to recommend the Financial Statements Report to the Board for approval, subject to minor amendments.

Decision

In response to a question from the Committee, Claire Mugridge explained that whilst the Finance & Operations Committee oversees the finances and budget of the Trust, it is the Audit & Compliance Committee who receive the external audit report and recommend this to the Board for approval.

5. Internal Scrutiny Report

Subarna Banashee presented the internal scrutiny report on behalf of UHY Hacker Young, reminding the Committee that this was a thorough audit with a large amount of testing on the following areas:

- Income
- Payroll
- Cash
- Fixed assets
- Control accounts and accounting entries.

The Committee noted that this was a clean audit with only one recommendation to ensure that governors and trustees who have left in the last 12 months remain on the website, which was low risk.

The Committee questioned why this report looked similar to the last one that was received and Subarna explained that this is because an annual programme is completed, and the report builds on previous areas and recommendations.

In response to a question from the Committee, Subarna explained that the annual programme has now been completed and this would restart again. Subarna explained that the same programme of testing is conducted for all academies, but it is unusual to find so few recommendations.

The Committee thanked Subarna for his comprehensive report.

6. **Audit Action Plan**

The Committee reviewed the audit action plan, noting that Frontier Learning Trust's company information has now been added to all email signatures and the Remuneration Committee has met to review the pay of the Senior Post Holders.

Sugra Alibhai presented a review of the My Concern system, which the College has now been using for over a year. Sugra reminded the Committee that prior to My Concern, there was no system which held safeguarding information centrally.

The Committee noted that My Concern is working well, as all entries are data stamped, which provides a clear chronology of cases. It took some time for the system to be embedded but it is now being used consistently across the College.

Sugra explained that the College is aware of the risk that some staff may circumvent the system, but this is something that is covered in training and monitored by the Safeguarding Team. It was also noted that operational staff, who are not student facing, have received training on My Concern.

The Committee thanked Sugra for her report and agreed that this recommendation to conduct a review of My Concern can now be closed, as the College has considered how this is working and the potential risks.

In response to a question from the Committee, Sugra explained that the oversight of safeguarding does not lie solely with the Audit & Compliance Committee as both the Local Governing Body and Board of Trustees receive safeguarding updates at each meeting. In addition to this, the Board of Trustees receive an annual report and approve the safeguarding policy. Ruth Henrywood is the Safeguarding Trustee working closely with the Safeguarding Team. It was agreed that the review of My Concern should be shared with Ruth.

Action

The Committee noted that there was one outstanding recommendation on the audit action plan around the Trust's finance policy, which is due to be reviewed in the new year.

7. **Risk Management Plan**

Sugra Alibai presented the Frontier learning Trust risk management plan, explaining that there had been no major changes since this was last considered by the Board of Trustees. Sugra highlighted the risk around a potential reduction in Woodhouse's Ofsted grade and informed the Committee that a large amount of work is taking place to prepare for an inspection.

8. **IT Risk Report**

The Committee considered the IT risk report, noting that the Trust remains stable in terms of viruses and infections, with the majority of data being stored on the cloud. Heidi Dixon drew attention to the fact that the Trust receives

cyber insurance cover as part of its Cyber Essential accreditation.

In response to a question from the Committee, Heidi explained that a phishing test was conducted in December 2020 with a number of staff clicking on the link. Heidi explained that training was provided following this but agreed that reminders could be added to the staff bulletin again due to the high number of attacks that are taking place nationally.

Action

The Committee noted that password changes have been enforced for staff and the Senior Leadership Team is looking at a long-term IT strategy that may include cyber security training. It was agreed that feedback on the progress of this would be presented at the next meeting. **The Committee requested** that the Senior Leadership Team also consider whether a special cyber security audit was needed.

Action

Heidi explained that, whilst there is a robust process in place to ensure that staff who leave the College no longer have access to the system, home working poses an additional risk with staff accessing information outside of the College.

9. Health & Safety Report

9.1 Health & Safety Report

The Committee received the Health & Safety report noting that there have been a number of issues related to the new fire alarm system. Claire Mugridge explained that the main issue is that the system installed in phase 1 of the project does not connect to that installed in phase 2. The Trust is currently in discussions with the contractor and hoping to resolve this issue this term, but this has taken longer than expected as the work can only be conducted on weekends. **In response to a question from the Committee**, Claire explained that this work is not yet urgent, as a manual intervention has been implemented, but a project manager is overseeing the work to ensure that this is completed as soon as possible.

The Committee questioned whether safeguarding on site has improved and Sugra Alibhai confirmed that there definitely has been an increase in the number of students wearing badges in the College.

The Committee raised concerns that there have been 3 recent breaches of security, one of which involved pranksters gaining access to the campus and flipping picnic tables over. Sugra assured the Committee that the site is secure, and additional measures, such as installing barbed wire could impact the ethos and feel of the College.

9.2 Health & Safety Policy

The Committee reviewed and approved the Health & Safety Policy, noting that only cosmetic changes had been made as a result of academisation.

Decision

Claire explained that the Health & Safety Policy had not been reviewed since 2019 and a full rewrite of the policy would be conducted going forward, once the 5-year premises plan had been drafted.

10. Fraud Report

10.1 Fraud Report

There had been no instances of fraud or attempted fraud.

10.2 Fraud Policy

The Committee reviewed and approved the Trust's Fraud Policy, noting that this has been updated to reflect the new governance structure of the Trust.

Decision

11. GDPR

The Committee considered the GDPR report, noting the number of breaches and subject access requests that took place last year. **In response to a question from the Committee**, Beth Yap confirmed that a large number of requests were made again this year in relation to TAGs but these fell under the formal appeals process, rather than subject access requests.

In response to a final question from the Committee, Sugra Alibhai explained that Beth Yap will be stepping down from the role of Data Protection Officer at the end of this term and the Senior Leadership Team are currently exploring options for her replacement. The Committee requested an update at the next meeting.

Action

12. AOB

None.

The meeting concluded at 7:37pm