

## Audit & Compliance Committee

Monday 28<sup>th</sup> November 2022

### Minutes

**Present:** Sugra Alibhai  
Angela Cooper  
Funmi Esuola  
Linda Horbye  
Lucy Needleman  
Jeremy Ruff  
Zubair Shaikh (Chair)  
Ellie Smith

**In Attendance:** Shachi Blakemore (items 1-4)  
Claire Mugridge  
Jenisha Patel (items 1-5)  
Beth Yap

1.	Governance
2.	Minutes of Previous Meeting
3.	Matters Arising
4.	Financial Statements Report 2021-22
5.	IT Risk Register
6.	Internal Scrutiny Report
7.	Audit Action Plan
8.	Risk Management Plan
9.	Health & Safety Report
10.	Fraud Report
11.	GDPR
12.	Any Other Business

Minute	Decision /Action/Recommendation	D/A/R
4.	Sugra Alibhai and Claire Mugridge to draft a statement outlining how much money should be spent on entertainment and decide which policy this should be contained in.	A
4.	To recommend the 2021-22 accounts to the Board for approval, subject to the Trust confirming that the outcome of the Supreme Court ruling has been considered and is not material.	R
6.	To continue to use UHY for the internal audit for another year but move to an annual audit, rather than termly. Zubair Shaikh to contact UHY to discuss expectations.	D/A
8.	A risk around financial uncertainty be added to the risk register, as a result of the cost-of-living crisis.	A
8.	Sugra Alibhai to discuss with SLT whether the risk around <i>safeguarding and/or radicalisation incident causing harm to students giving rise to adverse publicity</i> should be split into 2 separate risks.	A
9.2	To approve the Health & Safety Policy.	D

The Committee welcomed Lucy Needleman who has joined the Board of Trustees.

#### 1. Governance

##### 1.1. Apologies

None.

## 1.2 Declaration of Interest

None declared.

## 2. Minutes

The minutes of the meeting of 13<sup>th</sup> June 2022 were approved as a true and accurate record of the events that took place. It was agreed that as some parts of the minutes were confidential these would be removed prior to being uploaded to the Trust's website.

## 3. Matters Arising.

4. Claire Mugridge confirmed that the new accounting software was now in place. **In response to a question from Trustees**, Claire explained that PS Financials is being used, which is the leading software for academies, and was reviewed as part of the audit.
6. Zubair Shaikh confirmed that he had discussed the scope of audit work with UHY.

## 4. Financial Statements Report 2021-22

Shachi Blakemore presented the 2021-22 Financial Statements Report explaining that there is one outstanding issue that needs to be confirmed before these accounts can be signed off. The Committee was informed that a recent supreme court ruling has determined that all staff are entitled to 5.6 weeks of holiday pay, regardless of the hours that they work. Claire Mugridge informed the Committee that this affects a very small number of staff within the Trust and would not significantly impact the budget. **In response to a question from Trustees**, Claire confirmed that the Trust has also considered possible back pay, noting that claims must be made within 3 months of a member of staff becoming aware of the error and only up to 2 years' pay can be claimed back. Claire explained that there is a further piece of work to ensure that staff's contracts are amended to reflect this change going forward.

Sachi confirmed that the audit reviewed the new accounting system, including the opening and closing balances and transfers, and these were all correct at year end.

The Committee was informed that the Trust should consider setting an internal policy which outlines how much money should be spent on entertainment, following the recent governors' dinner. Shachi explained that the audit believed that the amount spent on this was reasonable but advised that the Trust should decide a cost per head and put this in writing. The Committee agreed with this suggestion and requested that Sugra Alibhai and Claire Mugridge draft a statement and decide which policy it should be contained in. **In response to a question from Trustees**, Shachi confirmed that there was no material risk, as this was not raised as part of the regularity audit, and explained that the Trust had obtained a number of quotes for the dinner.

Action

Shachi informed the Committee that the Trust is posting a surplus of around

£700k, which is higher than that of previous years. Shachi reminded the Committee that the Trust's reserves policy states a target reserve figure of £1m but went on to explain that the Trust currently has around £3.5m in reserves. Shachi explained that Trusts are advised that free reserves should be no more than 20% of income and explained that the Frontier Learning Trust's figure is currently 40%. **In response to a question from Trustees**, Shachi explained that the consequence of this may be that the Trust receives a letter from the ESFA asking why its level of reserves is so high and what it plans to do with these funds, as there are concerns that some academies are holding too much money in reserves. Shachi explained that, whilst she has not known these funds to be clawed back in the past, the Trust is unlikely to receive any bids when the level of reserves is so high.

The Committee discussed this in detail, particularly the need for high reserves at this time given the current economic climate and agreed that previous guidance that stated that academies should only hold one month's payroll in reserves is no longer realistic. Shachi acknowledged this and agreed that it is not a high risk but reminded the Committee that Frontier Learning Trust is very much an outlier in this regard, with Buzzacott's other clients holding no more than 20% of income in reserves.

**The Committee questioned** when the Trust last reviewed its Reserves Policy. Claire explained that this was reviewed in the summer after a long period of discussion. It has been agreed that this will be reviewed annually as a result of the cost-of-living crisis.

Sugra Alibhai reminded the Committee that there is a big piece of work planned around improving the estate over the next 5 years. After this, money will be held in reserves which will allow for a rolling plan of improvements for Woodhouse College and ICLMS.

Finally, Shachi thanked the Trust's finance team for their support during the audit and explained that it was a good clean audit with only 1 low level recommendation.

It was agreed to recommend the draft accounts to the Board for approval, subject to the Trust confirming that the outcome of the supreme court ruling has been considered and is not material.

**In response to a question from Trustees**, Shachi confirmed that there is no need to divide the pension funds between Woodhouse College and ICLMS, as they all come under Frontier Learning Trust, who is the employer of all staff.

## 5. IT Risk Register

Jenisha Patel presented the IT risk register, explaining that work around Cyber Essentials is complete and the College is now covered by cyber security insurance. It was noted that 90% of staff have undertaken cyber security training.

**Trustees questioned** whether the College was planning to undertake Cyber Essentials Plus and Jenisha explained that, whilst this is still the intention, in

Recommendation

order to obtain this accreditation there are strict rules around colleges 'bring your own device policy' which are difficult to manage given the number of students. However, this is still being looked into.

The Committee was informed that there have been no virus attacks or issues with the internet, but Jenisha explained that the Wi-Fi may need to be improved as the Trust expands.

Jenisha also informed the Committee that the College has now rolled out the Barracuda back up system, which means that overnight on-site and cloud back-ups are taking place.

**In response to a question from Trustees**, Jenisha confirmed that cyber security remains a priority for the College with the cyber security working party continuing to meet on a fortnightly basis.

## 6. Internal Scrutiny

Claire Mugridge presented the recent internal scrutiny report, which included one low level recommendation in relation to gifts and hospitality. This has now been completed, as all staff have been reminded that any gifts must be declared on the gift register.

The Committee discussed the internal audit service, noting that this is a resource-intensive exercise for staff and does not provide the College with a great deal of feedback.

**In response to a question from Trustees**, Claire explained that a tender for the internal audit service went out in 2021 and received 3 responses, of which UHY was the best value for money. However, UHY have now said that they are no longer able to provide termly audits. The Committee also noted that the Trust is due to tender its external audit next year and would not want to preclude firms from applying because they are already contracted to carry out the Trust's internal audit work.

It was noted that the ESFA advises that a termly internal audit should be undertaken but it was agreed to continue with UHY for another year, moving to an annual audit, as the timeframe for recruiting a new auditor at present would be too tight. The Chair to contact UHY to set the expectations of this work.

Decision

Action

**Trustees requested** that the Committee Chair contact UHY to outline the expectations of the upcoming audit and it was also agreed that the Trust consider specialised audits alongside the internal audit, such as health & safety and cyber security.

## 7. Audit Action Plan

This was covered under item 5.

## 8. Risk Management Plan

Sugra Alibhai presented the risk register, explaining that the Trust remains in a

strong position in terms of recruitment. It was noted that references to covid have now been removed from the risk register, with the Trust being led by government guidelines on this.

**The Committee requested** that a risk around financial uncertainty be added to the risk register, as a result of the cost-of-living crisis.

Action

However, risks around the delay of then ICLMS build have been added back into the risk register, given the significant risks as a result of moving into temporary accommodation.

Sugra also informed the Committee of the new risk that has been added around malpractice in exams, as a result of the move back to external exams last year. Sugra explained that the College will ensure that training for staff on this is exemplary and there will also be an assembly for students around malpractice.

A long discussion took place around the risk that *safeguarding and/or radicalisation incident causing harm to students gives rise to adverse publicity* and **Trustees questioned** why this risk remains high despite the large amount of work that takes place across the College. Sugra confirmed that the College must not become complacent in this area, given that a new cohort of students arrive each year. The Committee was reminded that safeguarding data is presented to the Board of Trustees and Local Governing Body at each meeting. **In response to a question from Trustees**, Beth Yap confirmed that an external safeguarding audit took place within the last few years and Ofsted also commented on the robust safeguarding processes within the College. **The Committee suggested** that this risk is split into 2 separate risks and Sugra agreed to discuss this with the Senior Leadership Team.

Action

## 9. Health & Safety Report

### 9.1 Health & Safety Report

The Committee considered the health & safety report, noting that data around accidents is now being recorded in a different way.

### 9.2 Health & Safety Policy

The Committee reviewed and approved the Health & Safety Policy.

Decision

## 10. Fraud Report

There had been no instances of fraud or attempted fraud.

## 11. GDPR

Beth Yap informed the Committee that there had been a number of minor data breaches since the beginning of the autumn term and, as there was a member of staff who had the same name as a student, safeguards are being put into place to ensure that emails are not sent to the student in error.

It was noted that the Trust has received a large subject access request that will be completed this month.

The Committee noted that the Data Protection Policy and appendices were approved by written resolution during the summer holidays.

**12. AOB**

Noting that this was her last meeting, the Committee thanked Angela Hille for her contribution.

The meeting concluded at 7:37pm