

Audit and Risk Committee (ARC)

10am Wednesday 15th December 2021 via Zoom

Attendees: Andrew Majury (Chair), Richard Foster (Audit and Risk Committee Member), Muir Laurie (Audit and Risk Committee Member), Joanne Smithson (Trustee), Simon Jarvis (CEO), Paul Edwards (COO), Alan Poole (Director of Operations),

Present: Lisa Rhodes (Head of Finance), Graham Clarke (Mazars), Mark Mitchell (Mazars), Hugh Swainson (Buzzacott), Kate Thomlinson (Governance Professional)

Meeting opened 10am

1. Standing Items

Apologies: None

Declarations of Interests not previously declared: ML declared a connection with Mazars who carry out an audit role at Hillingdon.

Approval of Minutes: 17th October Minutes approved

Matters Arising:

- JS appointed as ARC lead on the ICT Core Service Review to receive regular reports from PE with AM copied in - **Completed**
- PE/DC to arrange follow up Cyber Security Audit in the spring term
- KT to forward Payroll and Follow Up reports on receipt from Mazars – **See Item 2.1**
- KT to investigate developing an Anti-Fraud Policy –**ARC updated via Governor Hub**
- AP/JS to discuss setting risk appetite – **Meeting to be arranged for the New Year**
- AM/AP to take snapshot/summary of Risk Register to Trust Board, 21st December 2021 - **Completed**
- KT to invite Gary Chapman (as well as Lisa Rhodes) to ARC 15th December 2021 – **LR in attendance. PE to give IT Review update**

2. Internal Audit

2.1 Internal Audit Reports

These reports were delayed as they required Mazars to be on site. It is hoped that next year it will be possible to spread the work more evenly throughout the year – assuming Covid restrictions allow. PE thanked Mazars for their flexibility.

a) Payroll

The assurance of effectiveness of internal controls was substantial. Due credit was given to Lisa Rhodes, the Finance Team and the HR Team in maintaining their high standards in what has been a challenging year due to staff turnover as well as Covid issues.

b) Cash

The assurance of effectiveness of internal controls was moderate. This was the best possible outcome given that Covid restrictions had created access problems. It was noted that the level of cash handling is low across the Trust.

c) Follow-up

Progress has been made in outstanding recommendations and follow-up items are now continually monitored by TPT through an internal tracking system created earlier this year.

Committee Action: ARC noted the issues arising from the internal audit reports

2.2 Internal Audit Annual Report

Overall the assurance from the annual report was moderate. This is the second highest rating possible. The Capital Projects/CIF audit was postponed to 2021/22 due to delays in the notification of outcomes by the ESFA. The importance of ensuring audit findings relate to the Risk Register was noted.

Committee Action: ARC noted the overall effectiveness of TPT's internal control framework as outlined above.

Action: *KT to co-ordinate ARC Self-Assessment in January 2021*

3. External Audit

3.1 2020/21 Financial Statements

This is the first year that the Financial Statements include Frimley Junior which added £3m of assets as well as increased income and expenditure. The £330k operating surplus mirrors the financial position reported within the Management Accounts. Liquidity remains strong. Unrestricted reserves have decreased due to CAPEX.

Committee Action: ARC reviewed the Annual Report and Accounts and recommended to Trust Board for approval, subject to some minor corrections.

3.2 External Audit Management Report

The external audit process is up-to-date and complete. The Financial Statements Report is longer than in previous years due to new auditing standards. All ESFA Covid requirements have been met. External audit welcomed the addition of Going Concern as a separate paper. With regards to benchmarking it was noted that the pay to income ratio has increased.

Committee Action: ARC reviewed the audit approach and noted the highlighted risks as outlined above.

PE, SJ, AP, LR left the meeting at 10.42am

3.3 ARC Private Meeting

HS recognised the challenging year faced by the sector as a whole and the staffing challenges for the Trust Central Team.

GC commented on the positive working relationship that was co-operative while providing challenge. Next year the aim will be to complete the process before external audit and hopefully a more stable environment will allow for this.

JS suggested that the audit processes demonstrated a potential lack of resource in the Trust Central Team and that this should be a focus for the Board. This was agreed by both HS and GC.

Committee Action: ARC reviewed the co-operation of TPT staff with internal and external auditors. Congratulations was offered to all Trust staff involved with the audit process.

PE, SJ, AP, LR re-joined the meeting at 10.51am

4. TPT Going Concern Review 2021

Going Concern has previously been included in the Financial Statements but PE has now developed a standalone paper in line with considered best practice. This provides more explicit assurance and will be signed by Andrew Needham as Chair following approval by the Board.

Committee Action: ARC recommended the Going Concern Assessment to Trust Board for approval.

5. Risk Register

Two items have been changed on the Risk Register since 17th November 2021.

- 1) COVID related. Due to the spread of Omicron there are now increased risk with regards to the potential impact on student learning, staff wellbeing, staff retention and catering-related finance,
- 2) IT related. The Risk Register has incorporated the comments from internal audit. Two members of staff from SFCF IT have announced that they will be leaving in the New Year.

Committee Action: ARC noted the changes to the Risk Register since 17th November 2021 and recommended the summary Risk Register to Trust Board.

JS left the meeting at 11am

6. ITC Review Update

PE updated ARC on the paper going to Board 21st December 2021. This paper includes the findings from the review so far and a summary of the current IT set up across the Trust. It was noted that centralising IT was a normal progression in business following acquisitions and both sets of auditors confirmed that the proposal replicates the approach taken in other multi-academy clients.

Committee Action: ARC noted the progress of the ITC Core Service Review.

7. Calendar

10am, Wednesday 27th April 2022

10am, Wednesday 15th June 2022

8. AOB

SJ thanked all the ARC members for their time and valuable contribution over the last year since ARC was set up. The support that it offers to the Trust was recognised.

Meeting closed: 11.23am