

Trustees & Members (Remote) Audit Meeting
16th December 2020
12.00pm – 1.00pm

Minutes

Present:

Ms Louise Hutchinson (LH)	Trustee
Dr Elaine Burfitt (EB)	Chair of Trustees
Dr Martin Hanbury (MH)	Executive Headteacher
Mr Cole Andrew (CA)	Trustee
Mr Andrew Bent (AB)	Trustee
Mr Patrick Johnson (PJ)	Trustee
Mrs Helen Birkinhead (HB)	Head of School
Mrs Francine Brower (FB)	Member (attended part of meeting)

Apologies:

In Attendance:

Ralph Moretti-Walker	Auditor, Haines Watt
Miss J Thorp	Just A Sec (Minutes)

Key: **Governor question/comment** **Response** **Action Required**

Annual Accounts and Audit Findings Report

The consolidated accounts are not yet finalised but are not expected to change from the Chatsworth Futures and High School accounts presented today.

Futures

The headline figures confirm a £54,000 overall in-year operating surplus which is a significant increase compared to last year.

Administrative expenses were considerably higher last year with a large proportion related to the disposal of assets to the high school. A reduction in admin expenses is reported this year due to Covid although income remained fairly consistent.

The net asset position is £295,246 which is the total funds to be carried forward. When removing the £95,000 of fixed assets, the final figure to be carried forward into 2020-21 is £200,000.

There were no disposals of tangible assets to report in the year to 31st August 2020.

A slight reduction of £10,000 is noted in educational supplies due to Covid and in wages and salary costs.

The Management Letter is written in the same format as in previous years highlighting the work carried out by the auditors and the areas of risk.

Section 2.4 confirms there are no significant findings to report on.

Section 2.6 provides a summary of the funding position and confirms the balance brought forward.

Section 2.7 reports on the reconciliation of adjustments made and confirms that there are no areas left uncorrected or not amended for any reason.

Section 2.8 confirms there were no difficulties encountered although the audit did take longer than anticipated due to Covid restrictions.

Section 3 highlights areas deemed as high risk. These areas will be the same for the high school. The areas include fund accounting, how restricted and unrestricted funds are accounted for and how funds are spent – this must be looked at in terms of regularity to ensure public funds are spent appropriately.

Section 4 details the findings and highlights areas in red, amber or green according to the severity of concern. Red areas indicate issues that must be corrected immediately.

1 - The same issue was raised last year in relation to purchase orders being raised after the invoice date. It would be appropriate for the purchase order to be in place prior to placing the order with the supplier and prior to the invoice date to demonstrate that the purchase is authorised before being made. In some cases, there was no authorisation on the invoice or order.

2 – One Governor pecuniary interest form was not submitted by the end of August. The Financial Handbook states that the Trust must maintain an updated register. Although pecuniary interests are declared at the start of each meeting, it is also a requirement to submit a form and for an official register to be maintained and updated regularly.

3 – During the review of petty cash, it was found that two bottles of wine were purchased for staff. The value of the gifts is trivial but nature of expenditure using LA or ESFA funds is inappropriate as detailed in the Academies Financial Handbook.

Section 6 confirms that no issues of irregularity were identified and therefore, there is nothing to report to the ESFA.

High school

The report does not yet include the Trustees report. This has been completed and will need to be merged into the accounts.

The statement of financial activity for the year is broken down into sections with further explanation included in the notes.

There are no changes to report in terms of accounting policies or additional disclosures.

Why has GAG funding reduced from £1027 to £1024 when it is based on the same number of pupils?

This relates to the Education Standards Grant which has reduced over time and has now ceased.

In terms of other trading activities, income from parental contributions has fallen due to Covid and the school being closed. Some other income was received from trips, uniforms, the café, donations and £10,000 from the Manchester United Foundation.

The in-year surplus of restricted general funds has reduced from £220,000 last year to £51,000. Unrestricted funds show a cumulative surplus of £132,000, and an in year surplus of £43,000 compared to £19,000 last year.

The pension deficit remains as a liability in the accounts although any shortfall has been underwritten by the ESFA.

The Management Letter details the following points to note:

1 – Two Trustees did not submit a pecuniary interest form last year. These were also missing from the website for some Trustees. It is a requirement in the Academies Financial Handbook to ensure all Trustees and Members complete a form and that the details are published on the website and Get Information about Schools.

2 – Overtime forms in some cases had not been authorised by the line manager or department manager. This must be completed to ensure correct hours are claimed and that no duplication occurs.

3 – Bank reconciliation documents had not been authorised by the Headteacher in all cases. It is important for the school to have a process in place that is practical and workable and the Scheme of Delegation should set this out. If it is not feasible for the document to be signed off by two members of staff, the Scheme of Financial Delegation should be amended to reflect the practice in place.

It is recommended as best practice that the Trust has a Financial Control Policy and an Asset Control Policy in place to accompany the Scheme of Delegation. This will set out the procedures for purchasing, bank reconciliation, payroll, charge cards etc. In the event that the responsible member of staff is absent, an individual covering the position would then be able to confidentially follow the processes and know who is responsible for the various authorisations.

VMc confirmed that this will be an exercise completed this year now that the Scheme of Delegation and Scheme of Financial Delegation have been written and approved.

4 – Cashflow reports were not reported to Trustees on a monthly basis to accompany the Monthly Accounts.

The Chair of Finance suggested that this was not a requirement and that the latest version of the AFH requires the Chair of Trustees to be presented with monthly financial information but the board receives more detailed financial information six times per year.

Action: RMW to review the AFH and confirm the requirement

5 - During the review of petty cash, it was found that two bottles of wine were purchased for staff. The value of the gifts is trivial but nature of expenditure using LA or ESFA funds is inappropriate as detailed in the Academies Financial Handbook.

6 – Terms of Reference for Finance Committee and Trustees. This has since been addressed.

Section 6 confirms that no issues of irregularity were identified and therefore, there is nothing to report to the ESFA.

The final consolidated accounts will be received by the end of the week and will be reviewed over the next two weeks. The Trustees and Members can then reconvene in the new year to confirm and sign off the final accounts prior to submission to the ESFA.

Action: VMc to forward the final consolidated accounts to Trustees and Members w/c 4th January 2021 for final approval and sign off before submission to the ESFA by the 31st January 2021.