



The Chatsworth Multi Academy Trust

Minutes of Finance, Audit & Risk Committee Meeting

On Monday 15th November 2021 @ 12:00 Remote

Meeting via Microsoft Teams

Present:

Ms Louise Hutchinson (LH)	Trustee
Dr Martin Hanbury (MH)	CEO Chatsworth Multi-Academy Trust (Chair)
Mr Paul Willoughby (PW)	Trustee

In Attendance:

Mr Peter Atkinson (PA)	Audit Partner: Jackson Stephen Accountants [part meeting]
Ms Vicky McRae (VM)	Trust Finance Manager
Ms Lucy Rudd (LR)	Audit Senior: Jackson Stephen Accountants [part meeting]
Mrs Emma Taylor (ET)	Clerk, Just A Sec

Absent:

There were no absences.

The meeting met its quorum

1. Welcome, Introductions and Apologies

The Clerk welcomed attendees to the meeting.

Apologies for absence were received and accepted from Mr Andrew Bent, Chair of Trustees, who had nominated MH to Chair the meeting in his absence. Trustees confirmed their agreement to MH acting as Chair.

All attendees introduced themselves to PA and LR and thanked them for attending the meeting.

2. Declarations of Non/Pecuniary Interests

There were no declarations of non/pecuniary interests in relation to any agenda items.



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LH confirmed her position as Director of Chatsworth Engage [CE]. GovernorHub declarations had been updated to reflect this.

MH declared his position as Trustee of the Tutor Trust Charity, which delivered additional academic support via tutoring services. In the event of the Trust working with the Tutor Trust Charity in the future, MH would step out of any discussions.

3. Minutes of the Previous Meeting (18th October 2021)

The minutes of the meeting on 18th October 2021, having been circulated via GovernorHub in advance of the meeting, were approved as a correct and accurate record.

4. Matters Arising

MH addressed the Matters Arising from the Meeting on 18th October 2021, which were updated as outlined below:-

MH will raise the Trustee strategy session with Mr Cole Andrew so that this can be raised at the Trust Board Meeting on 13th July 2021 and a timeframe for the strategy session can be identified [September/October] – discussions remained ongoing. It was anticipated that the date for the Trustee strategy session would be finalised shortly. This action would be carried over to the next meeting.

AB to provide an Omega Trust strategy session agenda for consideration - MH would progress this action, which would be carried over to the next meeting.

AB will contact LH to organise a meeting to review the Finance Committee ToR in readiness for approval in the autumn 2021 term – it was agreed that LH would progress this item.

Action: LH would prepare a first draft of the Finance Committee ToR to be presented to the meeting on 25th January 2022.

Review of the three year audit plan to be progressed and an update presented to the meeting on 25th January 2022 – Carolyn Eyre had commenced the Safeguarding Audit today and the process had already been comprehensive and informative. The remaining audit areas would be considered following review of the outcome of the Safeguarding Audit to ensure that any actions arising were achievable across the Trust. This action would therefore be carried over to the next meeting.



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PA was pleased to note that the importance of internal scrutiny beyond the area of finance had been recognised and reviewed. This approach was essential to ensure that the risks within the Trust were fully understood and informed by the Risk Register.

TQ: would the three year audit plan be completed by January 2022?

The first step would be to review the outcome of the Red-Amber-Green [RAG] rated Safeguarding Audit, which would be available in advance of the meeting on 25th January 2022. The remaining audit areas would then be addressed.

VM to provide an update in regard to the requisition process at the meeting on 15th November 2021 – VM advised that the requisition process had progressed well however, implementation had been challenging as a consequence of VM being required to manage Human Resources responsibilities in addition to her current role due to sickness. This had resulted in the delay of financial reports being presented to Trustees, however these would be provided imminently. Further procedures required adaptation to ensure audit compliance. For example, designated budget holders were unable to raise audit acquisitions within cost areas which did not fall within their individual budget areas and the salary process procedure required further consideration with payroll. VM was confident that all aspects of the requisition process would be fully embedded by Christmas.

Action: VM to provide an update in regard to the requisition process at the meeting on 25th January 2022.

MH added that the Trust had been significantly impacted by interruptions attributable to Covid-19, which were compounded by a number of absences due to long-Covid. It was important to acknowledge that VM and other staff members were doing their very best in extremely challenging circumstances.

TQ: were the procedures which required adaptation attributable to the design of the system itself or to user training and communications?

The designated budget holders and audit acquisitions point was a supply issue however, this was not insurmountable and could be adjusted. VM was confident that the right system was now in place and staff members would become accustomed to the new processes, which were in place. The supplier had been very helpful, providing designated training days and resolving any issues with the system.

MH/HB/VM to review sickness and maternity insurance policies and alternative means of covering staff absences and report the findings at the meeting on 25th January 2022 – this action would be completed in readiness for the next meeting.



PW and MH to review and challenge the draft Risk Register, for presentation to the meeting on 15th November 2021 – review of the draft Risk Register was an agenda item.

MH and AB to discuss the format for Performance Management review approval offline and feedback to Trustees via email – the Performance Management reviews for Headteachers and MH had been progressed and required finalisation.

Action: LH and MH to review Performance Management progression outside of meeting.

MH to ensure that the draft Annual Accounts Report will be available in readiness for the meeting on 15th November 2021 and to communicate any issues to Trustees – the draft Annual Accounts Report would be presented today.

5. Items for Any Other Business

Trustees received and accepted the following confidential items as Any Other Business:-

10.1 SLT salaries at Chatsworth Futures [CF].

10.2 Pastoral Manager role salary at CF.

6. Draft Year End Accounts

PA and LR presented the draft Year End Accounts for scrutiny, sharing copy documents on the screen.

Trustees were invited to confirm if the list of Trustees/Members or other Trust detail required amendment. Following the meeting, Trustees were invited to forward any questions or comments to PA or LR.

Consolidated Balance Sheet as at 31st August 2021 •

The cash at the end of the financial year was £404,353.

- Following collection of all monies owed to the Trust [included in debtors] and discharge of liabilities [included in creditors], the net current assets would be £730,509.
- £730,509 was represented by two main areas; unrestricted income funds and restricted income funds. Subject to restrictions around restricted income funds, this sum could be carried forward and spent.



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- All Academy balance sheets had been impacted by the local government pension scheme for non-teaching staff, which had increased pension liability. The Trust liability had increased from £2.1m to £3.2m.
- The main impact for the Trust was that it continued to be able to fund the pension contributions. The increased liability should not otherwise be of concern to Trustees and PA noted that the government had supported Trusts with the provision of additional funding.
- The reserves policy was more than adequate and there would be sufficient reserves to allow the Trust to fund future projects.

Statement Of Financial Activities

- Academy accounts were split into three funds:-
 - Unrestricted funds: funds other than those attributable to the day to day running of the Academies. For example, hire of venues and catering.
 - Restricted funds: funds accounted for by the day to day running of the Trust, provided by the Education and Skills Funding Agency [ESFA] and Local Authority [LA]. this was stripped out, the running of the Trust resulted in a surplus.
 - Fixed Asset funding: this would include grant funding and depreciation.

There was a slight error within the accounts from last year which had been addressed. The figure of £204,910 corresponded with the fixed asset net book value because there would be no remaining fixed asset funds to carry into the current financial year.
- Other trading activities included the re-charge for CE. The inclusion of the recharge represented a change to the method of reporting however, it did not change the overall figures.
- Comparison of the funds between 31st August 2020 [2020] and 31st August 2021 [2021] revealed:-
 - increased income of £721,000. This consisted mainly of increased funding for educational operations attributable to increased pupil numbers.
 - increased expenditure of £897,000, which included the teaching costs required to support the increased pupil numbers.
 - increased expenditure outweighed increased income, which resulted in an increased overall deficit of £373,000 compared to the 2020 deficit of £197,000.
- From a cash perspective, when depreciation and interest element costs of the £467,000 were removed, the cash operations revealed a surplus of £133,000; comprising £76,000 unrestricted funds and £57,000 restricted funds.
- The figure of £133,000 compared to £229,000 in 2020, which meant that £90,000 less had been generated in 2021.
- Working capital assessment reflected movement on debtors and creditors. In the current financial year there was a net deficit of £364,000 in working capital, which



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compared against £64,000 in 2020. The explanation for this was the increase in debtors due to delays from Salford funding.

- Creditors had reduced in the current financial year resulting from payment of two extra months of the Salford payroll, which cleared the liability from 2020.
- There was an overall capital decrease of £236,828 which was mainly attributable to the working capital movement, resulting in a cash reserve of £404,353. When monies were received from Salford and creditors discharged, the reserve figure would be £730,509.
- VM confirmed that she had been able to clarify the banding figure with the LA this morning which would result in receipt of an additional £30,000, which increased debtors and would be added to the current reserve figure of £730,509.
- PW reassured Trustees that whilst the figures had been complicated by the requirement to account for the local government pension scheme and working capital movements, the remainder had resulted in a surplus.
- The Trust should be credited with maintaining its financial position despite the significant impact of the pandemic.

TQ: PA referenced tidying up of the 2020 accounts in regard to categorisation and the approach to funding. Had this resulted in adjustment to the 2020 figures within the report or were the figures those which had been reported? The figures were those which had been reported. The reporting errors were not significant enough to amend the accounts which had been submitted.

TQ: why had the funding from Salford been delayed and what steps had been taken to resolve this?

VM confirmed that the main delay had resulted from submission of the V10 document in regard to top up funding for CF however, the remittances had since been received.

TQ: how would PA split the reserve figure between CF and CHSCC?

CF was detailed as £352,801, which would leave the balance for the Trust of £377,000. PA would like to consider this further and review the figure for the Trust with CF as the balance. PW did not anticipate that this would result in a significant difference but would like to undertake this check.

Audit and Business Review as at 31st August 2021

- Total funding for educational operations increased by £246,000 for CHSCC and £326,000 for CF. The increased General Annual Grant [GAG] funding had caught up with the previous subsidisation from the LA.
- Additional income had been received to support with Covid, which included Catch Up Premium, mass testing and additional cleaning costs, for example.
- In respect of other areas of trading, most costs had reduced as a consequence of the pandemic.



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- Expenditure had increased by £897,000, of which teaching and support staff wages made up an increase of £710,000 across the three sites. Increased expenditure on wages reflected the increased pupil numbers.
- The overall findings were positive.

Audit Review

- The Report incorporated review of those items which would be identified as 'high risk' within the Academy business structure. For example, related parties, depreciation adjustments, processing of journals, revenue recognition and pension valuations would be high risk items.
- The conclusions did not highlight any issues from a management control perspective.
- An overall surplus had been generated this year and PW was confident that the budgets were appropriate.
- CE would be disclosed as a related party and Trustees were reminded of the requirement to disclose any further related parties.
- Control processes were reviewed, which included control of cash and credit cards. PA had considered control processes with MH and VM and was not aware of any areas of exposure. PA was not aware of any claims being brought against the Trust, which were likely to require notice as a contingent liability or provision.
- Internal controls were audited and the following practical points were raised for consideration:-
 - Fixed asset registers were required to record the assets held by the Trust. The fixed asset register was a working document, which would ensure the safeguarding of Trust assets and facilitate accurate depreciation evaluation. The depreciation policies must be accurate. For example, in the event of Information Technology assets being retained for seven years, the depreciation should take place over the seven year period to reflect the life of the assets.
 - Up to date personnel records, to include updated employment contracts, should be held in respect of all staff members and could form part of the internal audit process.
 - The Education, Health and Care Plan [EHCP] annual review process should be fully documented.
 - Remittance records should be maintained.
 - Clear processes in regard to Purchase Orders [POs] must be followed by reference to robust policies with appropriate levels of authorisation.

Action: ET to add review of the internal control actions to the FAR for consideration over the course of the next financial year.

VM responded to the internal control points which had been raised:-

- Trustees were assured that the fixed asset register would be reviewed.
- PA agreed to assist with this process and to guide VM in regard to the depreciation calculations.



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- Historically, personnel files had been retained by the LA and it was acknowledged that those personnel files required auditing. VM was confident that documents created since the formation of the Trust were in good order.
- Instructions in regard to remittances were clear and the Finance Officer would secure missing remittances if these were not available at the point of reconciliation.
- EHCPs had not recorded the initial banding level and any subsequent changes to banding levels. This had been addressed by the Senior Leadership Team [SLT] and an additional question had been inserted within the review to ensure that banding was recorded.
 - As a consequence of working with two separate finance systems during the last financial year it had not always been possible to raise POs or for purchase processes to proceed in the correct order. However, Trustees were assured that approval had always been sought before purchases were made.
 - The accruals system had been inherited and continued to be used with the previous auditors. PA recommended that the accruals were processed in advance of future audits and VM would ensure that they were processed.
- LR and VM had completed a review of salary costs and recharge income to ensure that these were accurate. The new accounting system would improve the requirement for manual journals and recharges moving forward and VM intended to reach the stage where recharges would only be required for CE.

TQ: personnel files and contracts had been detailed as the responsibility of the Headteacher. Should that be the Trust responsibility of MH?

MH clarified that within the section under discussion, the Headteacher should be replaced by the CEO and the Business Manager should be the Finance Manager. This would be the responsibility of MH.

TC: GDPR should be a focus when creating personnel files in order that unnecessary information was not collated. The Trust should be clear about the purpose for which the records were held to ensure compliance.

VM confirmed that the main priority was to obtain employment contracts from Salford. VM intended to digitise the files to avoid the need to maintain paper copies within a physical file and would take advice on this point as part of the ongoing Safeguarding Audit with Carolyn Eyres.

Chatsworth Engage

PW suggested that if CE was not brought within the Trust structure, consideration should be given to separating out the payroll structure. The current arrangement was that one payroll would cover CF, CHSCC and CE.



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MH confirmed that further to discussions with the ESFA, CE would not be brought into the Trust because this would be incompatible with the charitable articles of the Trust. Further to this decision being made, discussions had taken place with parents in regard to their willingness to keep CE going and the result was that CE had been formed as a CIC of which LH was a Director. Recent discussions with CE Directors had considered staffing and it had been agreed that staff members would be engaged by the Trust and 'seconded' to CE and accounted for via recharge. It was acknowledged that this represented a financial risk in the event that CE ceased trading and surplus staff members remained, however, this risk was sufficiently mitigated by the fact that staff members could easily be absorbed into roles within the Trust. In turn, CE benefitted the destination measures for the learners within the Trust. CE was an associated organisation which provided a launchpad into adult life with the possibility of the future development into a hybrid workplace.

PW thanked MH for clarifying the position.

Action: MH to raise the risks identified with CE and the steps taken to mitigate this risk at the meeting of Trustees on 29th November 2021 to ensure that Trustees fully understood the position.

Audit Opinion

- An unmodified opinion would be issued.
- Up to date budgets were required to understand that the Trust operated from a balanced budget and would continue to operate as a going concern.
- The terminology required confirmation that PA had not experienced significant difficulties and this confirmation would be provided.
- Regularity was confirmed to be in order.
- Internal scrutiny had been reviewed and PA had was pleased to note that Risk Registers, risk reporting and internal scrutiny remained high priorities within the Trust.
- PA would take a keen interest in the progression of the three year audit plan and would provide feedback as appropriate.

Housekeeping

- There had been a difference of £10,000 on the opening reserves which has been written off.
- There had been a debtor in the sum of £311 on CF, the origin of which was not known. It was agreed that this would be written off.

PA reiterated his thanks to VM, MH and LR for their work on the Report. The process of LR and VM reviewing the accounts and processes together had been extremely beneficial. PA was confident that this would be an excellent partnership and would provide Trustees with confidence in their financial reporting. PA was satisfied that the



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Trust treated finance and financial controls seriously as an organisation and was confident to express this view to Trustees.

Trustees thanked PA and LR for their comprehensive overviews, reiterating that they would expect independent challenge to continue.

PA would not be available to attend the Trust Board meeting on 29th November 2021 however, LR would provide an overview of the Report and provide an opportunity for Trustee questions.

13:51 PA and LR left the meeting.

7. Risk Register

Trustees were referred to the draft Risk Register, which had been circulated via GovernorHub in advance of the meeting.

PW and MH had completed a forensic review of the RR and were satisfied that the RR incorporated a clear approach to defining and assessing risks and the steps required to achieve mitigation of the risks. The highest risks had been identified and PW was confident that the quality of the RR was robust and complemented by good audit processes.

Trustees thanked PW for his work on the RR, which was a very thorough document.

TQ: how often would the RR require review?

Each item contained a timeframe for review leading to a completion date. The ongoing review of the RR would remain within the remit of the FAR Committee and would be reviewed at the beginning of each meeting to ensure that actions remained up to date.

Trustees agreed that the RR was appropriate for consideration at Trust board level at the meeting on 29th November 2021.

8. Budget Update Report

MH confirmed that there were no items to bring to the attention of Trustees.

9. Covid Catch-Up



Covid Catch-Up was not addressed.

10. Any Other Business

MH confirmed that the salary element of the performance management process had been approved by the CF Local Governing Body [LGB] and would be ratified by Trustees on 29th November 2021 in accordance with the Scheme of Delegation. The CHSCC LGB were not in a position to approve the salary reviews due to the postponement of their meeting until 10th December 2021 however, this would be addressed immediately following approval and increments backdated.

Refer to confidential minutes.

As a final point, VM highlighted that information concerning the renewal of the new photocopier lease would be forwarded to MH to add to the Board meeting agenda.

** Post meeting it was agreed that this item would not require Trustee approval.

11. Date and Time of Next Meeting

25th January 2022 at 12:00.

Trustees noted the date and time of the next meeting.

The meeting concluded at 14:05.

Signed **Dated**
Dr Martin Hanbury (Chair)



Summary of actions

Item	Action	Owner
4	MH will raise the Trustee strategy session with Mr Cole Andrew so that this can be raised at the Trust Board Meeting on 13 th July 2021 and a timeframe for the strategy session can be identified [September/October].	MH
4	AB to provide an Omega Trust strategy session agenda for consideration.	AB
4	LH would prepare a first draft of the Finance Committee ToR to be presented to the meeting on 25 th January 2022.	AB
4	Review of the three year audit plan to be progressed and an update presented to the meeting on 25 th January 2022.	AB, VM and MH
4	VM to provide an update in regard to the requisition process at the meeting on 25 th January 2022.	VM
4	MH/HB/VM to school to review sickness and maternity insurance policies and alternative means of covering staff absences and report the findings at the meeting on 25 th January 2022.	MH/HB/VM
4	LH and MH to review Performance Management progression outside of meeting.	LH/MH
6	ET to add review of the internal control actions to the FAR for consideration over the course of the next financial year.	ET
6	MH to raise the risks identified with CE and the steps taken to mitigate this risk at the meeting of Trustees on 29 th November 2021 to ensure that Trustees fully understood the position.	MH