



# Epping Forest Schools Partnership Trust

Held on Wednesday 28<sup>th</sup> November 2018 at 7.00pm  
at St John's Primary School

## MINUTES of the FINANCE and AUDIT COMMITTEE MEETING

	<u>Trustees</u>		<u>Observers/Advisers</u>
*	Gillea Rossetti (Chair)	*	Sharon Freeman (CFO)
*	James Wood	*	Elisabeth Nunn (Clerk)
*	Dee Wood	*	Laura Ambrose (Auditor)
*	Peter Tidmarsh (CEO)	*	Tom Rogers (Auditor)

\* indicates attendance

(The meeting started at 7.00pm.)

		<u>ACTION</u>
<b>1</b>	<p><b>Apologies (and reasons for absence); declarations of interest in agenda; plus declaration of Business Interests; changes to the Gifts and Hospitality Register</b></p> <p>a) Trustees noted that Mrs Rossetti has completed her business interest form. However, all Trustees were advised that they will need to complete another form (see agenda item 2).</p> <p>Trustees welcomed to the meeting two auditors from Haslers: Laura Ambrose and Tom Rogers.</p>	All Trustees to complete another business interests form
<b>2</b>	<p><b>Audit Matters</b></p> <p>a) <u>The Auditors to discuss the Annual Report and Financial Statements for 2017/2018 with Trustees:</u> The Auditors tabled the Annual Report and Financial Statements for the period ended 31<sup>st</sup> August 2018. They gave a verbal report on their audit findings which was discussed fully. The following, in particular, was highlighted:</p> <ul style="list-style-type: none"> <li>SOFA Summary (Statement of Financial Activities): There was a £66.1m surplus at the end of this accounting period, 31<sup>st</sup> August 2018.</li> </ul>	



		<b><u>ACTION</u></b>
	<ul style="list-style-type: none"> <li>• <u>Income</u>: Income totalled £71.3m and included the fixed assets transferred on conversion for 9 schools (the value of the land and buildings and other assets) but did not include the value of the Church/Diocesan land and buildings. ESFA and LA Grants totalled £5.1m and consisted of GAG (£3.5m), Pupil Premium (£0.2m) , UIFSM (£0.25m) and other income (£1.15m). It was noted that ‘other income’ is made up from teaching school and self-generated income such as breakfast clubs, catering.</li> <li>• <u>Expenditure</u>: Total expenditure was £5.5m with wages accounting for £4.2m.</li> <li>• <u>Gains/Losses</u>: The auditors explained that at conversion, pensions were valued at £6.3m; however, there has been an increase in valuation from conversion to the end of August of £289,000. Trustees noted that the pension valuation must be completed each year. The auditors predict there will be a deficit by 2020/2021 and that the Trust should bear this in mind when looking at future budgets.</li> <li>• Trustees looked closely at the surplus/deficit reconciliation figures for the Trust as a whole as well as the trading position of each school. The auditors explained that this first set of accounts looks unusual with some anomalies as there are many one-off elements included. For example, it was noted that between conversion and the end of August, St John’s surplus reduced by £103,986 to £153,224. Trustees queried this figure, concerned it may be skewed owing to the inclusion of the WETSA and SCITT accounts. It was agreed that Mrs Freeman will look into this further.</li> <li>• On page 38 of the Annual Report, the CEO queried why St John’s paid £24,880 for central services when other larger schools paid much less, for example Staples Road paid £2,211. It was agreed these figures will be analysed further; Trustees noted that the auditors are able to present an adjusting balance at the end of year.</li> <li>• Mr Tidmarsh agreed to provide information for page 14 of the Annual Report regarding the composition and membership of the Trust’s HR Committee.</li> <li>• <u>Benchmarking</u>: Miss Ambrose explained that it had been difficult to benchmark for this short period and also as schools joined the Trust at different times. However, Trustees discussed the benchmarking data provided and were interested to note the staffing costs as a % of the GAG income: 80% is the ESFA expected figure. Trustees noted that for St John’s this figure is 103% and Oak View is 119%. The Auditors agreed to look into St John’s percentage further to ensure it hasn’t been skewed by WETSA and the SCITT accounts.</li> </ul> <p>b) <u>Auditors’ Management Letter</u>: The Auditors’ Management Letter had been received and was discussed. The following was</p>	<p>CFO to investigate St John’s surplus and the central services payments</p> <p>CEO to provide information for page 14 of the Annual Report</p> <p>CFO to confirm with auditors the St John’s staffing %</p>



	<b><u>ACTION</u></b>
<p>noted:</p> <ul style="list-style-type: none"> <li>Miss Ambrose reported that the audit report was clean and that there were no material issues with only a few points raised. She added that the Trust had not complied with part 2.2.1 of the Academies Financial Handbook in that there were internal controls weaknesses surrounding the monthly reconciliation of bank accounts.</li> <li>Points noted during the course of the audit were ranked in terms of severity (high = must be implemented; medium = should be implemented; low = best practice) and these were discussed.</li> </ul> <p>There were only three further High risk points: the first was the recommendation that schools (Hereward, Hillhouse and Epping Upland) ensure each individual responsible for the authorisation of invoices is aware of the requirements in the finance manual which state they must sign off on invoices; the second was the recommendation that schools (White Bridge and Ivy Chimneys) provide training for the School Business Managers to ensure tendering procedures as defined in the finance manual are adhered to; the final point was the recommendation that all policies and procedures with regards to operations and finance are approved in a timely manner to ensure they are implemented for the start of operation. This last point related to the late approval in October of the Financial Regulations Policy. Mr Tidmarsh reported that a draft policy had been in place at the time; however, the auditors determined that not all schools were following this.</p> <p>One low risk point was with regards to the Trust’s register of business interest forms: the auditors recommended that all Trustees and key management personnel receive adequate training with regards to the completion of the forms and any summary matrix should include all key information to identify related parties. The Clerk agreed to ensure this is done.</p> <ul style="list-style-type: none"> <li><u>Summary</u>: Miss Ambrose reiterated that there had been a very good outcome from the audit. She stressed that there needs to be an ‘external’ internal scrutiny of the finances, possibly carried out by the Finance and Audit Committee and that Trustees should focus on the point raised in the management letter.</li> <li>Trustees noted that Lord Agnew expects the recommendations made in the audit report will be reviewed year-on-year to check they have been cleared.</li> <li>A general discussion was also held about there being just one bank account for all the Trust schools; Miss Ambrose reported that that the Trust is the only MAT she works with which operates in this way. However, she pointed out that there are pros and cons for this and after discussion it was agreed that it will be reviewed at the end of next term.</li> </ul>	<p>Clerk to reissue business interests form</p> <p>Review of single bank account at March committee meeting</p>



## Unlocking the Potential of Collaboration

Company No. 11240455

Registered office: Lambourne Primary School, Hoe Lane, Abridge, Essex RM4 1AU

		<b><u>ACTION</u></b>
	<p>b) <u>To recommend a response to the Board on the Auditors' Management Letter</u>: The Auditors' Management Letter had been received and was discussed. It was noted that the Trust must respond quickly to the comments made as the accounts and the Management Letter will need to be filed with the ESFA by 31<sup>st</sup> December. It was agreed that the Trust's response will be completed by Mrs Freeman and approved by the Board meeting on 4<sup>th</sup> December.</p> <p>The auditors left the meeting at 8.12pm and thanked Mrs Freeman for all her support during the audit.</p>	<p>CFO to respond to Management Letter; ratification by Board on December 4</p>
<b>3</b>	<p><b>To recommend the Annual Report for 2017/2018</b> This was discussed under agenda item 2.</p> <p>The following key dates were noted: Filing of year-end accounts and management letter with EFSA: by 31<sup>st</sup> December 2018 Filing of year-end accounts with Companies House: by 31<sup>st</sup> May 2019 Academies Accounts Return: by 21<sup>st</sup> January 2019 Accounts uploaded onto Trust website: by 31<sup>st</sup> January 2019</p>	
<b>4</b>	<p><b>MAT Budget 2018/2019</b> a) <u>A general overview by the CFO</u>: Mrs Freeman had previously circulated her report which was discussed. The following, in particular, was noted:</p> <ul style="list-style-type: none"> <li>• <u>Oak View</u>: The Budget Return for Oak View was not submitted on time owing to complex issues around their funding. The EFSA have not put any time constraints on this submission and have not deemed it a late return.</li> <li>• Mrs Freeman carried out a benchmarking comparison between Oak View and a school with the same pupil numbers, Kingsdown Special School in Southend. It was noted that the percentage of their budget spent on staffing is 79% while Oak View's is 121%. Mrs Freeman explained that she will be making fortnightly visits to Oak View and will ask for support from the Southend Trust in challenging Oak View's staffing costs.</li> <li>• All budget reports are now on Sage.</li> <li>• Mrs Freeman is waiting for the final close of the LA maintained accounts for a couple of schools. It was noted that the deadline for the Budget Returns to the EFSA is December 11<sup>th</sup>.</li> </ul> <p>Sarah Noden from Lambourne School has benchmarked some schools against her own school and this will be reported back to Trustees at the next committee meeting.</p> <p>b) It was confirmed that the Budget for 2018/2019 was approved under Chair's Action.</p>	



		<b><u>ACTION</u></b>
<b>5</b>	<p><b>To receive feedback on the progress of the DfE's financial check</b></p> <p>Trustees noted that the EFSA's audit on the Trust's Financial Management and Governance Self-assessment Return had been received. They noted the action which needs to be taken in order for the Trust to become fully compliant with the Academies' Financial Handbook: this related to the Trust holding scrutiny reviews of its financial controls. It was agreed that Mrs Freeman will approach Mrs Reed to carry this out.</p> <p>The audit report also set out other areas for improvement which represent recommendations for best practice: point 33 stated that the Trust did not have a Whistleblowing Policy. However, the CFO will ask for this action to be removed as there is a relevant policy in place. Trustees were pleased to note that all other recommended actions were easily achievable.</p> <p>Mrs Freeman reported that the Trust has to respond to the recommendations within 20 working days of receipt of the report. The Trust will be contacted by the EFSA within two months of the report being issued to ensure it has taken action to address the recommendations.</p> <p>Trustees took this opportunity to thank Mr Cranwell for his input in ensuring the Trust was compliant.</p>	<p>CFO to ask Mrs Reed to carry out internal controls review</p> <p>CFO to request action regarding Whistleblowing Policy is removed from audit report</p>
<b>6</b>	<p><b>To approve the Committee's Minutes of 4<sup>th</sup> October 2018</b></p> <p>The Minutes from the meeting on 4<sup>th</sup> October 2018 were approved and signed by the Chair.</p> <p><b>Matters Arising</b> (those which do not appear elsewhere on the agenda)</p> <p>a) <u>Agenda item 3d</u>: Trustees noted that the committee's ToR were ratified at the October Trust Board meeting.</p> <p>b) <u>Agenda item 3f</u>: It was noted that the production of a Consultancy Policy will be looked at during the next round of policy approval.</p>	<p>Board to review policy schedule to include Consultancy Policy</p>
<b>7</b>	<p><b>To review the Risk Management Plan in relation to this committee</b></p> <p>It was agreed that the Risk Management Plan will be discussed at the Board meeting on December 4<sup>th</sup> once the CEO has compiled all the schools' plans.</p>	<p>December Board agenda item</p>
<b>8</b>	<p><b>Benchmarking</b></p> <p>Governors noted that the benchmarking exercise against other similar MATs regarding income and staff numbers will be presented in the autumn term 2019; Mrs Freeman will ask Haslers if they could provide information from some of the other Trusts they work with.</p>	<p>Autumn 2019 agenda item</p>



		<b><u>ACTION</u></b>
<b>9</b>	<p><b>Policies</b></p> <p>a) <u>To ensure Mrs Freeman has incorporated a Capital and Reserves Policy into both the Accounting Policy and the Financial Regulations:</u> Mrs Freeman reported that she has written a Capital and Reserves Policy which she will circulate. She added that this is a stand-alone policy which sits outside the Financial Regulations. It was agreed that Trustees will approve it by email.</p> <p>b) Trustees discussed the following policies as well as the comments made by the LGBs. The Clerk captured the responses made and will compile a report which will be circulated to the MAT schools and the Board. Trustees recommended to the Board the approval of:            Gifts and Hospitality            Procurement            Anti-Fraud, Corruption and Bribery</p> <p>It was also agreed that the Clerk will make any changes needed to the policies.</p> <p>c) <u>To note the comments from Theydon Bois Primary regarding the planned authorisation limits for expenditure within the Financial Regulations:</u> Governors discussed the comments from Theydon Bois and agreed that the CEO will respond to inform the LGB that the policy is in line with previous financial regulations. However, the policy will be reviewed in a year's time at which point the school will be asked for their tracking of how many transactions have been deemed problematic.</p> <p>d) Trustees approved the changes made to the previously approved Pay Policy. These will be ratified by the Board in December.</p>	<p>CFO to circulate Capital and Reserves Policy: Trustees to approve by email</p> <p>Board to approve policies at December meeting</p> <p>CEO to respond to Theydon Bois</p> <p>Board to ratify Pay Policy</p>
<b>10</b>	<p><b>Financial Planner</b></p> <p>a) <u>To confirm Mrs Freeman sent Mrs Rossetti a financial planner and Mrs Rossetti has produced the committee's work plan:</u> This item will be carried forward to the next meeting.</p>	<p>March 2019 agenda item</p>
<b>11</b>	<p><b>To discuss the completion of the Trustees' Skills Audit</b></p> <p>This item will be carried forward to the next meeting.</p>	<p>March 2019 agenda item</p>
<b>12</b>	<p><b>Clerk's Items</b></p> <p>There were none, although the Clerk agreed that she will attempt to send out all the supporting documents for meetings in one</p>	



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		<b><u>ACTION</u></b>
	email. However, she reported that this is dependent on her receiving them in time from the CFO.	
<b>13</b>	<b>AOB</b> Trustees were delighted to note the appointment of Carly Ryan as the new member of the Central Team who will be offering finance support to the Trust.	
	The meeting ended at 9.10pm.	