

EDMONTON ACADEMY TRUST

FINANCE, AUDIT AND PREMISES COMMITTEE

WEDNESDAY 12 SEPTEMBER 2018 AT 5.00PM TELECOM

MINUTES – PART ONE

**Members:** Salih Suavi, Justine McLennan, David Clarke, Owen Vallis

**Trustees:** Salih Suavi, Peter Blane, Susan Tranter (ex officio), Konrad Halls, Rob Leak, Christine Martin and Liz Whale.

**Committee:** Konrad Halls\*  
Susan Tranter (ST)\*(EHT)  
Clinton Page\* (Chair)  
Neha Shah^  
Christine Martin\*  
Rob Leak\*

Also in attendance George Georgiou (GG)\* - Business Manager

Clerk: Andreas Adamides\*

^ denotes Absent  
\* denotes Present

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PART ONE

1.0 COMMITTEE MANAGEMENT

1.1 Welcome

Rob Leak chaired the meeting (because the Chair was delayed) and welcomed everyone to the meeting.

1.2 Declaration of Interest

**NOTED** there were no declarations made regarding any item on the agenda.

1.3 Apologies for Absence

Apologies were received from Neha Shah.

1.4 Minutes

The Committee **RECEIVED** and **ACCEPTED** the minutes of the meeting held on 10 July 2018. The minutes will be signed by the Chair.

1.5 Matters Arising:

There were no matters arising.

## 2. SCHOOL BUSINESS MANAGER'S REPORT

The Committee **RECEIVED** a report including school house planning, the Q4 budget update and IT/premises update, which was presented by George Georgiou (GG).

### 2.1 GG highlighted the following about premises:

- A permanent repair was carried out to the water supply for the new block
- Remedial repairs were carried out to the alarm system
- The School has budgeted for the fence replacement in the Cambridge Campus, the timing of the repair will be decided over the next year
- Small plumbing repairs
- Media room repairs
- The Cambridge Sixth Form common room was improved
- We have replaced all the classroom doors to the ground floor of the Bury Campus so that they have viewing panels but also work on the electronic door access system. As we replace doors to classrooms and offices we will install the electronic access system to remove the need for keys.

Q= How was the information organised, were these items within the budget? What was not planned that could be a risk?

A= GG- We need to look at a better way of putting this information together in future. This is an on ongoing document and it would be good to better link it to the budget in future.

**ACTION: Christine Martin (CM) to send suggestions about the IT/premises document to George Georgiou (GG) after the meeting.**

Q= Which of these items are we anticipating spending on this financial year?

A= GG- Anything planned for in future years is anticipated spend and has not started yet. The 2017/18 work is completed, but the figures presented are based on estimated costs, which need to be matched to the actual invoices after the year end. Plus, we have had some small repairs, for which not all of the invoices have been received yet.  
A= Susan Tranter (ST) added that the scope of the premises budget means that only urgent or work likely to be urgent is included in this list of repairs, due to funding constraints.

Q= Are we delaying possible health and safety issues?

A= ST- We do regular walk arounds and ensure that health and safety is the highest priority. If we have spare funds this year we will look at how to invest to lever CIF monies and support the IT strategy.

A= GG- We have to balance building and staff costs, which is the challenge.

### 2.2 GG highlighted the following about IT:

- Reconditioned PCs have been purchased, and solid-state drives (to extend the life of current PCs)
- Google Classroom has been installed, it is currently being trialled in Primary, where we are looking at bandwidth issues. It is currently free
- ST added that when planning for the possible pay awards for teachers, 3% was budgeted for. The pay award was announced in the summer break, it is tapered at 3.5% for the main scale, 2% for UPS and 1% for SLT. It is currently out to

consultation and will be partly funded. DFE is part funding the pay award. Available funding could be used for the IT strategy.

2.3 GG highlighted the following about the Q4 budget update:

- The Q4 figures are an estimate, the School team is currently finalising the transactions
- There are only a few changes to the document presented in July
- There are more invoices for telecoms, due to more texts being sent home, with more parental meetings taking place. The July/August invoices were received very late.
- Telephone charges had big increases
- Catering contract, credits are still due of about £5k. the main difference is due to a late invoice in July. The duty meals cost about £3/4k
- The buildings over spend is partly funded
- The overall surplus is now about £13.5k. This estimate may improve, and we will need until October for final position.

Q= Was the catering contract late invoice a surprise?

A= GG- We were not expecting it. The catering company send five documents a month, with VAT and hospitality etc. Every month we need to question the invoices, which means keeping track is difficult, with many adjustments. The quality of food and invoicing is an issue. Their invoice is correct, but it was not profiled for.

Q= When does the current contract run until and what is the notice period?

A= GG- The contract ends in April 2019, with 3 months' notice.

Q= Have we adequately budgeted for catering this year?

A= GG- Yes, the variance was due to late invoices last year. This year we have put July/August invoices in the year end.

Q= The literacy revision guide (page 3) is the variance wrong?

A= Yes it will be corrected.

**ACTION - GG for the next meeting to provide a more detailed estimate for the year end, and actual figures for December.**

2.4 GG highlighted the following about capital funding;

- Roof re-refurbishment works to start in October, due to the cost following tendering being above the grant. We went back to the bidders to get discounts, which may bring costs down below the grant threshold. This has caused a delay
- HR, the new payroll provider is on track, with a training day taking place tomorrow, about data and pay slips
- Site managers house, planning permission was granted, we will tender soon, completion by Easter/summer.

Q= How much is the estimated conversion?

A= GG- About £70K for the house. Architects recommended dividing the contract to save costs. The capital costs are included within the capital carry forward.

2.5 The Committee **AGREED** that since the conversion cost is likely to be above the delegated Executive Headteacher (EHT) threshold, she will liaise with the Chair of FA&P who will take Chair's action.

### 3. 2018/19 DRAFT BUDGET

The Committee **RECEIVED** discussed and **AGREED** the 2018/19 draft budget.

3.1 GG highlighted the following about the revised 2018/19 budget:

- The EAT budget for 2018/19 includes salary increases. 1% of the increase in salaries will be funded by the revenue budget with the rest funded by the DfE
- The £87K forecast surplus is an increase of £60K from the original budget
- ST added that the pay award is in consultation. The DfE grant for the pay award is based on the number of pupils, there are uncertainties about how the mechanics of the pay award may work
- GG added that we do not know when the grant element will be received, which could be a cash flow issue.

Q= The Free School set up income of £220k, should that only be for a year?

A= GG- Yes, it is incorrect, we must take it out for years 2 and 3 of the budget

- The carry forwards will be re-calculated.
- The budget tool that assumes that all teachers remain with the School for 3 years.

**ACTION GG to revise the 2018/19 draft budget. Subject to these changes the draft budget was approved and recommended to the Board of Governors for ratification.**

### 4. EMERGENCY PLAN & POLICIES

The Committee **RECEIVED** and **ADOPTED** the following:

- Emergency plan.
- Audit Committee SOP
- Bribery Prevention SOP
- Capitalisation and Depreciation SOP
- Emergency Closure in the Event of Bad Weather
- Emergency Closure of the School SOP
- Expenses SOP
- Health & Safety Policy
- Investments SOP
- Retirement & Celebrations SOP
- Rewards and Motivation SOP
- Scheme of Financial Delegation
- Trade Debtors and Trade Creditors SOP
- Academies Financial Handbook 2018

Q= The Bribery Prevention SOP, paragraph 4.2 is about who authorises staff gifts, who covers the EHT's gifts?

A= ST= I will insert that the EHT should refer to the Chair of the FA&P Committee

## **ACTION ST to insert that the EHT should refer to the Chair of the FA&P Committee**

### 5. INTERNAL AUDIT REPORT

The Committee **RECEIVED** the internal audit report update.

5.1 ST highlighted the following about the internal audit report, which included ST's comments to the auditors:

- Systems and central bank reconciliation issues: About 50 transactions are still to be posted and this whole problem was caused by the Bank's software issues. Bank reports could not be put into the finance system. The impact of not doing monthly reconciliations is minimal, because the finances work on a cashbook basis and we have a good over view of the finances. The Bank has compensated the Trust for this issue that is now resolved
- The School had an account with HSBC, which was closed after 9 months, because some income was still going to the old bank account.
- The School did go overdrawn, because the ESFA income dates vary. In total the trust account and school account had sufficient funds, so the bank refunded the interest charged.

Q= About the overdraft events, the auditors are saying there is a risk with current processes? When are we doing to close the risk?

A= GG- The auditors are concerned about interest, that the School manages cashflow well and are paying suppliers on time, to not get overdrawn. We did have funds in the trust account. The Bank understands that we have funds in the other account and the overdraft charges were refunded. Because bank reconciliations are not up to date we use a paper system, and ensure we manage cash flow not to get over drawn and pay suppliers accordingly.

Q= they were concerned about using manual process, but no actual reconciliation?

A= G- Our reconciliations are up to date, in the new financial year we will have a different approach.

A= ST- The advice is that we should have 2 months' salary in the bank, about £1m, we have to question if is that the right thing to do when current revenue is for education of the pupils in the Trust. We want to ensure we can cashflow forecast and pay invoices but must look at the right reserves amount.

Q= Many charities have a reserves policy with clear direction?

A= ST- The intention is to get a reserve policy in future. We have all policy needs covered, but need to develop the cashflow forecasting methodology

Q= In conclusion, they should say the inaccuracies are immaterial?

A= ST - We will bring up these points with the auditors

Q= Will there be an internal audit this year?

A= ST - Yes, we are required to in our accounts, and believe it is a good practice to learn from audits

6.0 NEXT MEETING

6.1 Items for the Next Agenda

- Standard items
- Finance
- Risk register

6.2 Date and Time of the Next Meeting

- Tuesday 27 November at 5 pm

7.0 ANY OTHER BUSINESS

None.

***Clerk's Note: Meeting ended at 6.05***

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Chair of Finance

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