

GOVERNING BODY OF EDMONTON ACADEMY TRUST

FINANCE, AUDIT AND PREMISES COMMITTEE

WEDNESDAY 29TH NOVEMBER 2017 AT 5.00PM CAMBRIDGE

MINUTES – PART ONE

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

**Trustees:** Salih Suavi, Thia Kunaratnam, Peter Blane,  
Susan Tranter (ex officio), Konrad Halls

**Committee:** Peter Blane\* (Chair)  
Konrad Halls\*  
Susan Tranter (ST)\*(EHT)  
Clinton Page\*  
Neha Shah\*  
Christine Martin\*

Also in attendance George Georgiou (GG)\* - Business Manager  
Alicia Crisp (AC) - MacIntyre Hudson  
Tom Brown (TC) - MacIntyre Hudson (from item 3)  
Kelly Grant – parent governor  
Salih Suavi- Chair of Board of Trustees

Clerk: Andreas Adamides\*

^ denotes Absent  
\* denotes Present

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PART ONE

1.0 COMMITTEE MANAGEMENT

1.1 Welcome

The Chair 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

No apologies were received.

1.4 Minutes

The Committee **RECEIVED** and **ACCEPTED** the minutes of the meeting held on 12 September 2017. The minutes will be signed by the Chair.

1.5 Matters Arising: There were no matters arising.

## 2.0 RECEIVE AND APPROVE DRAFT ACCOUNTS

2.1 Alicia Crisp (AC) from MacIntyre Hudson introduced herself and informed the Committee that three documents need to be filed with the ESFA; the accounts and the trustees report (as one document) and also the management letter.

2.2 AC informed the Committee that MacIntyre Hudson have not been formally appointed yet to carry out an internal audit. It was confirmed that we do want MacIntyre Hudson to do this work. It will be carried out by a separate partner.

2.3 AC presented the accounts document, taking the Committee through it as follows:

- It was noted that it is a clean audit report, with very few regularity points
- Page 1, contains a list of key people, Members and Governors until accounts sign off
- Pages 3 to 9 are standard report items, school statement on regularity etc, covering an overview
- Page 10 contains the Statement of Financial Activities (SOFA), with notes. The numbers include donations, capital grants, and land/buildings etc. Income includes charity activity, state funding, trading, lettings and trip income etc

Konrad Halls joined the meeting at 5.10 pm.

- Total overall income in the year ending 31 August 2017 is over £30 million
- Transfers between funds are as follows:
  - Unrestricted funds are £184k, based on accrual accounting, e.g. timing of Pupil Premium payments are different from income, this can be a debtor on the balance sheet.
  - Restricted funds are £221 million
  - Restricted fixed assets, agree with the balanced sheet. This can involve a transfer due to depreciation is only £6k
  - The balance sheet on page 11, shows the position on 31 August 2017. Overall, accessible funds were £440K. The cash position is healthy, but reserves are low
  - Funds to carry forward are, restricted income funds £75k, restricted fixed asset funds £21 million and the pension reserve has a £2 million deficit, the liability varies annually, with a full valuation every 3 year. The risk is that pension contributions go up. This is the LA pension scheme, not the teachers' pension.
- Page 12 shows how cash flowed through the School during the year.
- Pages 13 to 18 lists the accounting policies

Clinton Page entered the meeting at 5.20 pm

- Page 15 shows fixed assets over £2k, with depreciation rates.
- Page 19 onwards has detailed notes supporting the SOFA and the balance sheet, based on the ESFA accounts direction. Note 2 shows information from conversion. Note 3 shows key sources of income

Q=On page 10, why are donations and capital grants £21million?

A= This includes the LA transfer and CIF funding

- Page 20, note 4 shows letting income, note 5 bank interest, and note 6 shows expenditure, split between direct and support costs.
- Page 21 note 7 shows expenditure direct costs. It was noted that the DfE will require a breakdown in Excel
- Page 22 note 9 shows staff costs, salaries, NI, apprenticeship levy, staff supply and restructuring costs. It shows the average number of staff and Individual earning over £60k and key management personnel SLT and Staff Governors
- Page 23 note 10, shows central services, Trustees remuneration and must include staff governor salaries disclosed within £5k. Plus RPA insurance
- Page 24 note 13 shows tangible fixed assets, an amount for IT

- 2.4 The Committee discussed the issue of land and buildings, given that the ESFA have delayed the valuation about land and buildings. An option is to pay a RICS surveyor a fee to do a survey or use an insurance valuation. The School has the value for buildings but not land.
- 2.5 The options discussed whether to leave the accounts, but to do a modification in audit report, to say that there is not a land valuation, or to have a valuation carried out.
- 2.6 The Committee **AGREED** that it is not a good use of money to pay for a valuation, and to put a zero value for land, with a modification to the accounts.

Q= Are there effects of the modified opinion?

A= No as we have a clean audit, and other schools are in a similar position

- 2.7 AC continued to present the accounts document, taking the Committee though it as follows:
- Page 24, note 14 shows debtors. VAT was not reclaimed but has now been dealt with
  - Note 15 creditors includes pre-payments, accrued income pupil premium, the climate change levy and power league. Other creditors include the £28k credit paid to pensions on conversion
  - Page 25 shows the statement of funds
  - Page 26, notes 18 and 19 are about cash flow
  - Page 27 note 20 shows at the conversion process, there were £97K other assets and the LGPS pension deficit
  - Note 21, the £143K capital is for the CIF project for windows
  - Page 28, note 22 pensions details provided by actuaries
  - Page 32, it was **NOTED** that the members liability is nil, it should be £10
- 2.8 The Committee noted that the VAT refund, first claim was in February, but it took until August to receive it. It will be claimed again next month. March/June is a tighter cash flow period.

### 3. AUDIT REPORT/MANAGEMENT LETTER

To be presented by MacIntyre Hudson

3.1 Alicia Crisp (AC) and Tom Brown (TB) reported it was based on a standard letter. They took the Committee through the letter as follows:

- Page 2 shows the audit process, on the basis of materiality, 1% income for the key audit areas
- Page 4 includes pension liabilities risks, if the assumptions from actuaries are not reasonable
- Page 7 show ethical considerations
- Page 8 amendments, made to journals which were small
- Page 9 shows regularity control issues, how many points are, low medium and high risk. It was noted that the Auditors did not see everybody's register of business interests.
- TB noted that regularity control issues are low risk. He will check any medium risk. TB **NOTED** the risk of the Trust only having three members
- Page 10, internal control deficiencies, Auditors have now received the VAT detail, and are checking if in future the Trust will need VAT registration. It was noted that lettings are an exempt income, plus to look at VAT on utilities
- Page 10, internal control deficiencies, it was noted that the School was overdrawn in year. There is a cash flow challenge for the School, which does get about a day over drawn. The salaries can be paid before ESFA income received. **NOTED** Trustees would like to work towards 2 months' cashflow salary in the bank.

Q=Are we cash flow forecasting?

A= GG replied, we are starting to look at this in the department

- It was **NOTED** for point 3, bank reconciliation should be carried out monthly
- It was noted that the budget forecast return was submitted late, because the School asked the ESFA questions, they delayed responding
- Page 11, point 1, it was **NOTED** that policies should be brought together into one document in a finance manual
- It was noted that one receipt could not be traced, for an agency invoice of £400
- It was **NOTED** that invoices for lettings should recognise debtors and creditors at the time of the letting
- Page 12, it was **NOTED** that purchase orders are not always raised, the tendering policy was not always adhered to, and it is being updated on the risk register. Only one accrual was not accounted for and the fixed assets in the accounts could have been misstated.
- Page 13 the creditors report was different to the trial balance. Some transactions slipped through. The School now knows how to close accounts on the finance system.
- There are no regular checks of the internal controls in place at the Academy. However, this will be arranged before Christmas
- There was a year-end bank reconciliation, accountancy issue, and there was no cashflow forecast

3.2 The Committee were advised to make sure the governance structure is correct, and that they are challenging management reports, keeping on top of the cash flow.

3.3 Overall there were no major concerns, just the need for financial information to challenge.

Q= What happens about the actions?

A= Dr Tranter will respond to them

Q= What is the timetable?

A= The deadline is before 31/12/17. There is the need for the finance trustees report and management letter

3.4 It was **NOTED** that the Governors meeting date is 12 December, the papers are needed by 5 December. The trustees report will be completed next Monday; the Trustees did see a draft in September. The Trustees meet tomorrow and can ratify it.

Alicia Crisp and Tom Brown left the meeting at 6.06 pm

3.5 The Committee discussed the issues with the finance system PS, which was not helpful for the School's needs. PS are starting to improve their support, and the School will be aiming at monthly close downs. The Committee **NOTED** that they wish to see comparative numbers with last year, to enable an understanding of changes.

#### 4. TRUSTEES REPORT

4.1 Dr Tranter presented the Trustees Report, highlighting the following:

- Constitution on page 2
- Recruitment and appointments on page 3
- Structure of the Trust on page 4
- Delegated authority on page 5
- Pay and remuneration on page 7
- Employees and disabled persons on page 8
- Objectives, strategies and activities, KPIs on page 10
- Spend staffing on page 12
- Policies listed on page 14
- Principal risks and uncertainties on page 15
- Planning for pupil progress to be outstanding, to have 2 months reserves, and capital for a nursery etc (pages 16/17)
- Page 18 covers the auditor
- Page 19 to 21 covers attendance of Trustees and GB meetings
- The Governance review is on pages 22/23
- Terms of reference of the FAP Committee is on page 24
- Page 27 contains the attendance register, VFM reviews on pages 27/28
- Pages 29/30 covers risks
- Pages 31 covers audit checks
- Dr Tranter will sign pages 33/34

4.2 The Committee gave some feedback about minor typos/amendments.

4.3 The Committee were **CONTENT** with the report.

## 5. RISK REGISTER

5.1 Dr Tranter presented the risk register. It was noted that there is a new risk 7, which is that the Trust fails to grow leading to pressure to join another Trust. The DfE view is that it wants existing MATs to grow, which could affect EAT

5.2 Risk 13 there are procedural concerns raised by auditors that lead to the accounts being qualified. For this procedural concern it was suggested to update the tendering threshold for 3 quotes to £10,000. The Committee **AGREED** this based on the auditor's report.

Q= Was it was hard to get 3 quotes for low level work?

A= GG replied yes, and it will save time and it is useful for emergency work. We have a good idea of reasonable costs, e.g. boiler costs. We had to let supplier go, who over quoted

5.3 The Committee **AGREED** the changes to the tendering threshold.

Q= Do the comments manage the risks?

A= An example was given of the risk of Senior Managers leaving the School. Trustees looked at retaining them, including the notice period. The SLT has gone through posts to see how likely it is there will be a vacancy

Q= What are we likely to want to question in future?

A= Pupil progress targets, are red due to changes to curriculum and assessments, The

5.4 The Committee **AGREED** to look thoroughly at risks, and ask about what the School is doing about risks

Q= Would we by the next meeting have modified the risk of staff leaving?

A= After Christmas we are in the recruitment period 3 staffing risks, especially risk 2 may change. Risks 8 and 9 will be down graded

Q= Risk 8 is dependent on criteria what do students feel about targets?

A= We talk to students, twice a year at academic review days, students do buy into it. The School has to provide the means to students how to achieve their ambitions

Q= Ofsted, can the Primary Phase affect the rating?

A= Yes it can, the overall judgement is on the whole school,

5.5 The Committee **AGREED** to review and amend the risk register it as the year progresses, including managing finances.

5.6 it was noted that the DfE have deep dive reports, ST could prepare more detailed reports on 2 of the risks. It was **AGREED** to do two deep dive reports for red risks, and review others in future.

6.0 NEXT MEETING

6.1 Items for the Next Agenda

- Standard items

6.2 Date and Time of the Next Meeting

- 1 May 2018 at 5 pm

7.0 ANY OTHER BUSINESS

None.

8.0 CONFIDENTIAL MINUTES

No confidential items.

*Clerk's Note: Meeting ended at 6.45 pm*

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

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