



HART SCHOOLS TRUST AUDIT & RISK COMMITTEE

A meeting of the HST Audit & Risk Committee was held on Thursday 22 June 2023, starting at 16.00, by videoconference (Microsoft Teams).

PRESENT

Jonathan Ellam (Chair/Trust Board member) Andy Palmer (LGB member)
Paul Extance (Trust Board member)

IN ATTENDANCE

Mark Lewis (Chief Executive) Kate Prince (HST Business Manager)
Andrew McLeod (HST Chief Financial Officer) Robert Dale (Governance Professional)

MEMBERSHIP

- Members sent best wishes to Howard Crompton while in hospital recovering from his recent operation.

ITEM 1a: APOLOGIES FOR ABSENCE

- Howard Crompton and Paul Harte.

ITEM 1b: DECLARATIONS OF INTEREST

- Jonathan Ellam declared that he was working for HFL Education (formerly Herts for Learning) as a member of its Governance support team.

ITEM 1c: MINUTES OF THE PREVIOUS MEETING

- Minutes of the meeting held on 16 March 2023 were agreed as an accurate record and would be signed in due course.

ITEM 1d: MATTERS ARISING/ACTIONS

- Actions had been addressed as follows:
 - Seek support from RSM for a session on Risk Management training. **Action complete.** Various training opportunities could be booked via GovernorHub.
 - Prepare report on how the COVID recovery grant had been spent in Trust schools including consideration of impact where possible. **Action under way.** Spending was reported on at local governing body level and details of impact recorded although Roebuck reporting was stronger on this than TAA. DfE expected Boards to be able to challenge decisions on spending allocations and so this matter would be added to the Autumn Term agenda plan.
 - Develop increased reporting of unrestricted income and costs. **Action complete.** This action related to the internal audit recommendation in respect of increased granularity in financial reporting (including the setting up of new

account codes). New account codes had been set up in discussion with the auditors and it was believed that this would satisfy the recommendation.

- Include biomass pellet fuel costs in future Management Accounts reports. **Action under way.** Since the previous discussion, biomass pellet costs had been significantly reduced. This data would be reported periodically in future management accounts reports.
- Include Balance Sheet in future Management Accounts Reports. **Action under way.** This would be addressed in future management accounts reports.
- Correct the record of attendance at finance discussions. **Action complete.** The record had been corrected.
- Invite the Board to consider the formation of a Finance Committee. **Action complete.** This matter was on the agenda for the July Board meeting. The Committee agreed that it did not see a requirement for such a committee at present, with the Board acting in that capacity instead.
- Consider seeking cyber security advice from Hertfordshire Police (Jonathan Ellam to provide contact). **Action complete.** Hertfordshire Police was able to provide training geared towards staff and presentations to students. Dates for INSET training were being considered.
- Discuss how frequently HfL Education undertook penetration testing and consider whether this could also be carried out at school level. **Action complete.** Penetration testing was undertaken quarterly via a third party and testing against the school IP addresses was also undertaken. It is not currently considered necessary to undertake further internal testing.
- Consider how to avoid using generic log-in accounts in future and report to the next meeting. **Action complete.** This matter was on the agenda at Item 7.
- Consider scheduling a periodic internal audit of the TAA SCR. **Action under way.** This would be discussed as part of planning for Internal Scrutiny in 2023/24 and beyond.
- Circulate future HIP visit reports to both schools as part of Audit & Risk Committee meeting packs and include any recommendations arising as part of the follow-up of internal scrutiny actions. **Action under way.** Since the previous meeting, Roebuck has received a HIP report which will be circulated with the papers for the next meeting.
- Adjust the future agenda structure as proposed. **Action complete.** Current agenda reflects the previous discussion.

ITEM 2: CORPORATE RISK REGISTER

- One risk (Risk 13) had been added since the last report to the Board. This related to roofing work at TAA which had just begun and was expected to last until the October half-term. There was some loss of parking on site and restricted access to some rooms, though this was likely to have only a short term impact. Since the previous Audit & Risk Committee meeting, Risk 12 (relating to the risk that the TAA Admissions Policy for 2024/25 might be referred to the Office of the Schools Adjudicator) had been closed as the deadline for raising the matter had passed.

- Ongoing review by the senior teams at both schools had also resulted in the post mitigation impact scores for risks 4,7 & 9 being reduced from 4 to 3. The post mitigation probability rating for Risk 9 has been increased from 2 to 3, to make them consistent with the new risk score descriptions.

Question: *What was the rationale underlying the risk associated with the roofing work?* There would be works ongoing during term time, including the erection of scaffolding, so student access would need to be carefully managed. An overrunning timetable would potentially affect classroom availability in the autumn term and parking space would be restricted because of the need for a contractor's compound. In terms of the project timescale, there was adequate time provided and the contract provided for liquidated damages in the case of unreasonable delay.

Question: *Was it acceptable to undertake the scaffolding erection during term time?* Yes, there was limited impact on student access to teaching spaces, and there were boundaries in place to help manage noise impacts on learning.

Question: *Did the contractors' staff have DBS certificates in place?* Yes, this was a contractual requirement. Communication with parents about the project had been carried out to ensure that they were aware of what would be taking place.

- Governors agreed that the governance risk (Risk 6) could be closed.

Action: Update Risk Register to close Risk 6.

- Governors suggested that the committee might discuss one or two more risks in more detail at each meeting.
- **The Audit & Risk Committee accepted** the latest version of the Risk Register.

ITEM 3: P8 (APRIL 2023) MANAGEMENT ACCOUNTS REPORT

- As the year-end approached, the financial position remained slightly ahead of the budgeted year-to-date (YTD) surplus, although the full year forecast would remain at the target surplus; any excess above forecast would be considered for covering additional summer capital works.

Question: *The forecast spend in August was higher than previous months; what was the reason for this?* August was the period when significant capital works generally took place. The Trust's improved financial forecasting helped provide more security to cashflow projections.

Question: *What was the budget process for 2023/24?* Budget proposals would be shared with both local governing bodies at their meetings on 27 June and 4 July and would be presented to the Board on 12 July for final review and approval if appropriate. Having to await the 31 May teaching staff resignation deadline was a material factor influencing the budget as until that date had passed, it was not clear whether recruitment would be needed for the autumn term.

Question: *What was the risk affecting Buccaneers?* This wraparound provision at Roebuck currently generated an annual excess of income over costs which represented the majority of the school's annual surplus. The school had opted not to increase charges for attendance for the start of the new academic year, because it wanted to avoid discouraging local families from participation. There was a risk, however, that if attendance numbers fell, the provision would make a loss. The option of increasing prices during 2023/24 would need to

be kept open; the prices charged by other local providers would be researched. There was currently a waiting list for attendance.

Question: *Were TAA utility meters read regularly?* This had been affected by long-term sickness absence but meters would now be read monthly. The Trust's business manager now also had access to the utility provider's portal.

Question: *How was the interest paid on deposits being accounted for?* Interest receipts of £30k had been budgeted for in 2023/24, which was considered to be a reasonably prudent forecast. If more was received, the extra could support summer site works.

Question: *What further investigation was being carried out into the Ashtree Primary School's financial position?* A second bank account used for the School Fund had been identified; no others were likely to exist. Greater certainty about the financial position was gradually being obtained as evidence was secured from HFL and the local authority, which diminished the level of risk associated with taking the school into the Trust.

Question: *The Balance Sheet showed that the majority of the Trust's value derived from property assets; did this fairly represent the Trust's position?* The sub-total showing net current assets was probably the most interesting and useful figure to monitor. The CFO would consider how to highlight this better in future reporting.

Question: *What did the figure for long term creditors represent?* This was the lease for the low energy lighting system which was repaid via the regular utility charges.

Action: Highlight the Net Current Assets figure in future reporting.

- **The Audit & Risk Committee welcomed** the report.

ITEM 4: ASHTREE PRIMARY SCHOOL – DUE DILIGENCE AND RISK

- The CEO reported that Ashtree Primary School had submitted a request to join the Hart Schools Trust and the Trust Board had supported that application. Since then, the CEO had been working with the school staff and community and was confident that there was increased morale among the staff team and confidence in the Trust's leadership. Some stakeholders including the local authority were also supportive. However, there was a distinct possibility that the Regional Director would issue a directed Academy Order, which would permit other MATs to submit an expression of interest in taking on the school. This would be particularly frustrating given the high level of support being given by HST for line management, governance, finance, and soon. A development plan for the school was also in progress and would be submitted as part of the HST expression of interest.

Question: Why was the Regional Director considering issuing a directed Academy Order? The stated reason was to ensure that conversion took place promptly, because there had been circumstances in which schools had delayed conversion by saying that they were looking for a MAT to join but then being very slow about progressing this.

- Governors expressed disappointment that the Trust's support for a local primary school which appeared to have had a rapid impact might not lead to Ashtree joining a local Trust with a good record of improvement.

- **The Audit & Risk Committee noted** the report.

ITEM 5: INTERNAL AUDIT REPORTS: EQUALITY, DIVERSITY AND INCLUSION

- Since the report covering TAA had been circulated, a second report in respect of Roebuck had also been received. Both were broadly similar, providing a generally positive sense of the schools' commitment to equality, diversity and inclusion (EDI). A number of recommendations for improvement were made:
 - Implementing Equality Impact Assessments.
 - Using EDI data to inform policy.
 - Leading and training all subject and curriculum areas to incorporate a diverse and inclusive curriculum.
 - Developing a systematic approach to evaluating the impact of policy and curriculum changes.
 - Reviewing the approach to the teaching of the Relationships, Sex and Health Education (RSHE) curriculum.
 - Recruiting a diverse and representative staff and governing body at all levels.
 - Continuing work to support students and staff on attitudes and behaviour, recording and reporting procedures.
- Governors were satisfied with the overall conclusions of the reports, which highlighted clear evidence of governors' and senior leaders' commitment, the fact that EDI developments have been informed by a secure knowledge, training and research base and that staff have responded positively to the EDI training with some subjects already having made strong progress in adapting and revising their curriculum.
- **The Audit & Risk Committee accepted** the report.

ITEM 6: REPORT ON PROGRESS WITH INTERNAL AUDIT RECOMMENDATIONS

- This paper reported on progress to address actions arising from the Health and Safety compliance audits and the Safeguarding audit conducted in 2021/22. Most actions had been fully addressed; four were in progress and these continued to be monitored.
- **The Audit & Risk Committee accepted** the report.

ITEM 7: CYBER SECURITY UPDATE

- Howard Crompton had met staff to discuss the continued use of some generic log-in arrangements at the schools. This practice was generally considered to create security risks and so was generally deprecated. The report set out reasons for continuing to use these arrangements and the protections in place to mitigate the security risks. Members understood the rationale for retaining the arrangements and were satisfied that the mitigations were proportionate to the risk.
- **The Audit & Risk Committee accepted** the report.

ITEM 8: PROPOSED CALENDAR OF MEETINGS 2023/24

- A suggested programme of meetings and agenda items had been circulated. Members suggested that annual Health and Safety and Safeguarding reports (already shared with local governing bodies (LGBs) also be shared with the Audit & Risk Committee.
- **The Audit & Risk Committee approved** the proposed meeting schedule and outline agenda schedule for 2023/24.

Action: Issue diary appointments for meetings in 2023/24.

ITEM 9: FRAUD AND WHISTLEBLOWING REPORT

- No cases of fraud had been identified and no instances of whistleblowing had been raised since the previous report. Staff were reminded periodically about the Trust's Whistleblowing Policy.
- **The Audit & Risk Committee accepted** the report.

ITEM 10: ANY OTHER BUSINESS

- None.

ITEM 11: DATE OF NEXT MEETING

- The next meeting was scheduled to take place on Thursday 12 October 2023 starting at 16.00, by videoconference (Microsoft Teams).

ITEM 12: CLOSED SESSION

- **The Audit & Risk Committee agreed** that there was no need for a closed session at this meeting.

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Signed as an accurate record: Chair

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Date

ACTION LOG

	Item	What	Who	When
30/11/22	3.	Prepare report on how the COVID recovery grant had been spent in Trust schools including consideration of impact where possible.	Andrew McLeod/Mark Lewis	28/02/22
16/03/23	3.	Include biomass pellet fuel costs in future Management Accounts reports.	Andrew McLeod/Kate Prince	30/04/23
16/03/23	3.	Include Balance Sheet in future Management Accounts Reports.	Andrew McLeod	30/04/23
16/03/23	6.	Consider scheduling a periodic internal audit of the TAA SCR.	Robert Dale	30/04/23
16/03/23	6.	Circulate future HIP visit reports to both schools as part of Audit & Risk Committee meeting packs and include any recommendations arising as part of the follow-up of internal scrutiny actions.	Robert Dale	30/04/23
22/06/23	2.	Update Risk Register to close Risk 6.	Kate Prince	31/07/23
22/06/23	3.	Highlight the Net Current Assets figure in future reporting.	Andrew McLeod	30/09/23
22/06/23	8.	Issue diary appointments for meetings in 2023/24.	Robert Dale	31/07/23