



Bradford Diocesan
Academies Trust

**Bradford Diocesan Academies Trust Annual Internal Scrutiny Report to ESFA
for 2018- 2019 reporting period**

As per the letter and advice from Eileen Milner, Chief Executive, Education and Skills Funding Agency in her accounting officer letter dated 19 July 2019 BDAT has submitted our latest audit meeting minutes from 15 November 2019 as evidence of the content, challenge and scrutiny and recommendations of the BDAT independent audit committee for the 2018-19 reporting period.

For future years we will continue to meet this requirement by submitting an annual report which will be submitted with the Trust annual accounts. This report will follow the recommended format provided by the ESFA. This will first apply in December 2020.

Minutes of the Meeting of the Audit Committee held at BDAT Offices
15 November 2019 9.30am – 11am

Present: Richard Giles (RG), Tony Hesselwood (TH), Ruby Bhatti (RB), Nurjahan Ali Arobi (NAA)

In Attendance: Carol Dewhurst (CD), Lisa Smith (LS), Helen Williams (HW), Peter Thompson (PWT), Katherine Belton (KB), Victoria Bray (VB)

Apologies: Stephen Emsley (SE) Ashley Reed (AR)

	Item	Action
1.	<p>Welcome, Apologies, Applications to vary the Agenda/Declarations of Interest RG welcomed everyone to the meeting. Apologies were received and accepted from SE. There were no applications to vary the agenda or declarations of interest.</p>	
2.	<p>Minutes of the last meeting and matters arising <i>The minutes of the previous meeting was approved as a true and accurate record of the meeting. Proposer; NAA. Seconded by; RB.</i></p>	
3.	<p>Governance Matters</p> <p>a) Confirm Membership Membership was confirmed as RG, SE, NAA and RB.</p> <p>b) Note Chair RG noted as the Independent Chair.</p> <p>c) Elect Vice Chair RB was nominated as Vice Chair. This was unanimously agreed by the committee.</p> <p>d) Agree Meeting Dates 2019-20 The dates were unanimously approved.</p> <p>e) Note Academies Financial Handbook RG noted a report on the findings and recommendations of the audit committee is required to be submitted to ESFA by 31st December alongside the financial accounts. In year 1 BDAT will be submitting these set of minutes as our 2019 report as per the advice set out by Eileen Milner, Chief Executive, Education and Skills Funding Agency in her letter to accounting officers of Academy Trusts dated 19 July 2019. From 2020 the Trust will be required to submit a bespoke report on set headings as identified in the Academies Financial Handbook. The Head of Governance will lead on this work for 2019 and in future years. KB stated the abridged version of the Internal Audits are being used by other Trusts. CD noted that other areas are to be submitted in addition to finance as it needs to be a report covering all the areas in the BDAT Audit programme i.e. Safeguarding, health and safety and so on. From next year this committee will sign off the ESFA submission report at the Autumn meeting. This will be built in to the Audit committee programme of activity</p> <p>f) Agree Terms of Reference The committee noted this was ratified at the Trust Board on 19 September 2019.</p>	<p style="text-align: center;">VB</p> <p style="text-align: center;">Agenda</p>

	<p>Q. How will the review of effective pupil premium spend look? A. A committee member could scrutinise this. All LGBs receive impact report of previous year Pupil Premium Spend and future spend plans. These have to be approved and published on school websites. It was noted that sampling of reports is done within the External Audit report. The committee noted that pupil premium funding and effectiveness is scrutinised at three levels; local governing bodies, internal audit and external audit. It was suggested that finance could provide a summary report on pupil premium spend and effectiveness across the Trust working with the education team as part of the Audit Committee Programme. Scrutiny of pupil premium and additional funding to be added to the Audit Committee Schedulee.</p> <p>g) Agree Internal Finance Audit Plan The plan was approved by the committee. The list of ten schools and central services to be audited will be finalised and circulated by AR. Trustees were invited to input into this plan. Clerk to communicate to CFO in his absence.</p> <p>Q. Will the committee receive the report? A. This will go to the FARC initially and will then be reported to this committee in March.</p> <p>The finance team will ensure financial audits take place in good time for the audit committee meeting in March. A suggestion was made to invite a representative from Beckfoot to present their final report. This will be taken forward by AR.</p> <p>h) Approve Audit Committee Schedule The schedule and focus for academic year 2019 – 2020 was approved. Autumn meeting - annual audit. Spring meeting – internal audits and interim audit report. Summer – full review.</p>	<p>AR</p> <p>Agenda</p> <p>Clerk</p> <p>AR</p>
<p>4.</p>	<p>Finance Matters</p> <p>a) Finance Summary (MAT & academy) Belle Vue Girls legacy fund of £43K left to the school to support foreign travel was noted. This is a restricted fund which is ringfenced. The Behaviour Collaborative and Attendance Fund has not spent any of the predictive value, leaving £765K. This has since been moved into the main school budget at the request of the external auditors. A further review of this fund has been requested for 2019-20.</p> <p>Q. How do we ensure this is spent as intended? A. This is regularly monitored and accounted separately. The total is £765K which has been set up as a separate cost centre.</p> <p>Q. Bradford Forster has a more positive outcome than what was budgeted, why? A. It has been historically prudent. A meeting with the School Business Manager will be scheduled to discuss how to budget more accurately. Putting money aside for the building expansion and KS4 has been the reason for this.</p>	<p>AR</p>

<p>Buttershaw Business and Enterprise College was only just in surplus and accounting errors were noted and have been addressed</p> <p>Clayton St John CE had a negative variance of £230K against expected spend and is running a year on year deficit. A long term recovery plan is in place and it is anticipated this will take a few years to rectify and is approved by the Board. Supply teaching has been reduced. Leadership support is in place to improve educational performance.. The finances of Clayton St John CE will be monitored centrally and reported at the next Audit Committee.</p> <p>Oxenhope has a tight budget profile. Building maintenance and historic redundancy pay outs have resulted in additional costs.</p> <p>Woodlands finances are now controlled centrally. Due to the size of the school the budget is tight and the deficit position will recover quickly as the Nursery provision has increased income. The Trust deficit position was expected as we have carried over a large amount of restricted funding which needed to be spent in the following academic year. This includes MDIF funding and school improvement funds following conversion.</p> <p>b) Budget outturn (MAT & academy)</p> <p><u>Belle Vue Girls</u> The large surplus was highlighted and Trustees were advised that a 3 year plan on expenditure has been requested. Sixth form numbers are a concern and a meeting is scheduled next week to discuss how this will be addressed. This will be added to the March agenda and also to the FARC agenda.</p> <p><u>Wycliffe CE</u> A number of key financial errors in the years prior to conversion have been identified by the new schools business manager. This has impacted on expected and profiled spend. However the financial picture has now improved and the budget is more accurate. This should not be a concern moving forward.</p> <p><u>MAT</u> The carry forward reduces year on year. The budget has so far been healthy due to funding pots, such as MDIF. The conversion grants have now expired. Future assumptions do not include potential income streams or grants. The January FARC will receive an updated budget plan based on modelling of scenarios.</p> <p>Q. Have admissions into our Sixth forms been affected by New College Bradford? A. BBEC and BFA will benefit from the provision. Immanuel is not affected and is looking to increase. Belle Vue Girls have seen a decline, however it is not due primarily to New College Bradford.</p> <p>c) Related Party Transactions – verbal update The DfE have provided written confirmation that they are content with the related party transaction regarding The Classroom Partnership.</p>	<p>AR</p> <p>Agenda</p>
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d) Receive Draft Annual Accounts

The committee received the draft annual accounts. Comments from a committee member will be taken forward when updating these, ready for Board approval on 12 December. Final information outstanding regarding the pension actuarial valuation.

e) Receive Annual Auditors Report

KB reported the auditors had met with AR, CD, LS and has spoken to RG. The report is pending some amendments and the reserves position is subject to change.

. The land and buildings valuation for Cullingworth will also be updated. The auditors reported their view that the audit was clean and the financial outlook was stable.

Q. How does materiality work?

A. The benchmark for performance materiality was set at £560K (approximately 1% of the Trust total budget). If we see some irregularity here which is below that benchmark we wouldn't ask for amendments of the accounts, however this would be reported to both the Trust and ESFA as part of the audit.

Q. Would you have reported the Bradford Forster financial breach here?

A. The Trust identified an irregular payment for a residential training event by Bradford Forster this month. The breach had not been spotted earlier as spends under £10K can be approved at LGB level. It would not be reported in this report as it relates to the current financial year rather than these set of accounts for 18-19. Instead it is recorded as a control item.

The Trust assets are £2.8 million and will increase due to the land and building valuation of Cullingworth which will be a significant change.

Based on the level of cash and expected reserves the going concern assessment of the accounts has been approved. However, there continues to be a need for regular and robust review of financial performance against budget, strong cash management, and the ability to react and adapt the Trust's finances going forward as the Trust continues to expand.

Q. Is the reserve position comparable to MATs of a similar size?

A. Yes, some are carrying larger cash reserves due to uncertainty and this has increased prudence.

Key assumptions and observations within the forecasts were accepted.

- The regularity assurance report will be unmodified due to pre-approval of the arrangements with The Classroom Partnership. This will need to be approved annually.
- Transactions with the Diocese total £3K, which is below the ESFA £5K limit.
- Transactions with The Dales Academies Trust total £84K and relate to income at cost.
- Procurement processes have been centralised and noted as a positive step.
- The Trust Register of Interest noted in the report had been updated.
- The identification of the alcohol expenditure at Bradford Forster has been noted as a control.
- Spot checks on the auditor's recommendations will be reviewed in the internal audit plan.

	<p>The committee noted that mandatory training will take place in January relating to financial compliance and regularity. This is for Heads and School Business Managers. Trustees and Governors will be invited to the training session planned for 17 January 2020.</p> <p><i>KB was thanked for her report and left the meeting.</i></p>	<p>Clerk</p>
<p>5.</p>	<p>Operational Matters</p> <p>a) Trust Estates Report</p> <p>b) School Conditions Allocations Update</p> <p>The SCA summary sheet was shared which summarised the work completed, alongside the contractors used. The reconciliation highlights funding released and overspend over the previous year.</p> <p>The condition of the inherited estates is not well known as the reports are not accurate. This will be developed to inform future SCA allocation.</p> <p>Annual Health and Safety compliance audits have taken place, alongside interim reviews undertaken by HW.</p> <p>The Every system was introduced in July 2019 and this has been received positively by the SBMs.</p> <p>The Audit committee received a live demonstration of the Every system and were advised that users receive prompts when actions are required.</p> <p>Trustees noted that national health and safety compliance is approximately 60% whereas BDAT compliance is 80%.</p> <p>All schools are aware that this item will be reported to the Board in December, therefore all areas should be up to date. An updated report will be brought to the March meeting.</p> <p>Q. Shipley CE is a concern with regards to Safeguarding, what are we doing about this?</p> <p>A. They converted in November 2018, the audit took place in March, and at this point our mandatory procedures hadn't yet embedded. The Executive Team are fully aware and this is being monitored. More recent updates such as Health and Safety walks have helped risk assess areas of concern and put in place temporary or permanent solutions. An update will be provided to the Audit Committee in March.</p> <p>Trustees noted the Every system allows for more scrutiny of compliance. The bar chart and pie charts displayed will be reported to future meetings.</p> <p>c) Compliance Dashboard</p> <p>PWT referred Trustees to the updated dashboard.</p> <p>Q. When will we have dates for outstanding safeguarding audits?</p> <p>A. The December Board and an update will be reported to the March Audit Committee.</p> <p>The committee were advised that narrative will be added to the table to ensure the Trust is advised when academies are prioritised over others.</p> <p>Q. How will you get the information from School Business Managers?</p> <p>A. Now that the academies are using the Every system this will be populated by them.</p>	<p>Agenda</p> <p>Agenda</p> <p>PWT</p>

	<p>d) Safeguarding Audits and Action Plans (Summary/RAG rated) The committee noted the compliance dashboard and noted all academies had been audited within the last 12 months. Only Shipley CE is not fully compliant, a new audit has been scheduled for January 2020 and findings will be reported to the Audit Committee in March.</p> <p>e) Risk Management (MAT/Academy high level only) The committee referred to the risk matrix document circulated with the papers. PWT reported there are no red risks for the Trust or any academy. The Trust risk register was reviewed and updated by CD and PWT during the Summer holidays. The committee noted that the risk register does not eradicate risks but identifies them and helps determine mitigations.</p> <p>f) GDPR Update – verbal update PWT reported that there had been a few data breaches recently. Having reviewed guidance and further investigation these were not reportable to the ICO. The committee agreed that refresher training on GDPR is required across the Trust.</p> <p>g) SCR Update (RG to review and sign on arrival) RG had inspected the Trust Single Central Record and noted he was content that this was compliant. He also noted that this was regularly reviewed by two members of staff within the central MAT team who had had updated training in the last term</p>	PWT
6.	<p>Any other urgent business None noted.</p>	
7.	<p>Date of the Next Meeting 27 March 2020 9am – 12noon Approved.</p>	