



MINUTES OF THE FINANCE, AUDIT & PREMISES COMMITTEE - Wednesday 22 November 2017 at 5pm

Present: Mrs S Wright Mr C Wall Mr G Rumary
Mr C Wade (Principal)

Also present: Mr R Vaughan (Vice Principal)
Mrs A Eastwood (Company Secretary & Business Manager)
Mr T Settle (Responsible Officer)
Mrs K Chard (Clerk)
Miss K Gallagher (RSM – Audit Principal)
Mr S Cunningham (RSM – Audit Manager)

Apologies: Mr R Clark Mr R Foster Mrs S Harris

	ACTION
<p>Mr Wall chaired the meeting.</p> <p>1 APOLOGIES</p> <p>Apologies accepted from Mr Clark, Mr Foster and Mrs Harris.</p> <p>2 DECLARATION OF BUSINESS INTERESTS</p> <p>None.</p> <p>3 ANNUAL REPORT AND FINANCIAL ACCOUNTS 2016/17</p> <p>- Kerry Gallagher and Simon Cunningham RSM.</p> <p>Directors welcomed both Kerry Gallagher and Simon Cunningham from RSM to present the draft Annual Report and Financial Accounts 2016/17.</p> <p>Audit Report</p> <p>Mr Cunningham went through the detail of the Audit Report. Directors were invited to ask questions. Mr Cunningham gave thanks to Mrs Eastwood and Mrs Chard for their work and co-operation in meeting the tight timetable around the production of the accounts. With regards to the limited detail in the Audit Report, he reported that no news was good news.</p> <p>Section 2, Audit, Regularity and Accounting Issues Identified at Planning Stage. No issues were found. GAG expenditure, happy with allocation. Retirement Benefits, happy with presentation. Income Recognition, all good. Fund Accounting, all appropriately allocated. Going Concern, yes. Mr Wall asked what 'We have reviewed a sample of redistricted income' meant. Mr Cunningham confirmed this should say 'restricted'.</p> <p>Section 3, Audit and Accounting Issues Identified During the Audit and Regularity Work. Income Allocation. Mr Cunningham explained that the RSM accounts team had worked with Mrs Chard this year to produce the accounts. Some income allocations had been inherited from the previous accounts prepared by SCC, which did not map to where the DFE would like to see them, this had required additional work. Going forward they now have a better template for the accounts to follow. Mrs Wright asked how much RSM were charging for the accounts. Miss Gallagher replied that it was £5,750. Mrs Eastwood confirmed that</p>	

SCC charged £5,000 but a cost saving should be made going forward. Mrs Wright said that she was under the impression that the intention when we became an Academy was to produce the accounts in house. Mrs Eastwood confirmed that this was what the finance team were working towards.

Section 4, Unadjusted/Adjusted Misstatements. Mr Cunningham explained that there were some errors in income allocation. Mr Wall asked if the figures had now been corrected as per the last sentence. Mr Cunningham confirmed that they had.

Section 5, Potential Impropriety Issues Identified During the Audit and Regularity Work. It had been identified that processes had not been followed when processing an expense claim, mileage claim and fuel receipt. This was identified as a potential risk to the Academy that expenses claims might not be genuine. Mrs Eastwood confirmed that the claims were genuine, but procedures had not been followed in these cases. Changes had been made in terms of the personnel involved in these processes, which would improve the accuracy.

Section 6, Deficiencies in Internal Control. Mr Cunningham said that the Fixed Asset Registers could be improved going forward. This was already in progress, but the management response was required for this section. Miss Gallagher confirmed that this was housekeeping exercise that would place accurate values on assets that have reached the end of their life.

Section 7, Significant Findings from the Audit and Regularity Work. Mr Cunningham confirmed that RSM are working with the Academy to ensure all requirements are met.

Section 8, Fees. Mr Cunningham explained that more time had been spent working on these accounts than originally budgeted for within the fees.

Section 9, Independence. Miss Gallagher confirmed to Directors that a separate team was used for the Academy's accounts work and Huish Leisure's tax return. Extra work would not be taken on if it affected audit independence.

Mr Cunningham explained that the Draft Letter of Representation was standard wording. Mr Wall asked what Miss Gallagher and Mr Cunningham's views were of the financial situations of other Academies. Miss Gallagher thought there was lots of uncertainty over the new funding model and Huish Academy, as a single Academy trust, was against the tide. Mrs Gallagher thought if a school were doing well it would come under pressure from the DfE to take on another school and become the lead school within a multi-academy trust. However, the Academy needs to be careful not to destabilise what it already has.

Huish Episcopi Academy – Annual Report and Financial Statements

Miss Gallagher went through the accounts in detail and Directors were invited to ask questions.

Miss Gallagher explained that the DfE are quite scripted with regards to the format of the accounts and how they are prepared. They follow the Accounts Direction, which is published each year. The Directors report on pages 3-14 outline aims and objectives of the Academy. The Governance statement on pages 15-20 is unique to Huish Episcopi and shows controls and processes that are in place. Mrs Wright asked if on page 12, third paragraph, the words 'incoming resources' could be changed to 'income'. Mrs Wright in reference to the last paragraph of the same page, asked what was the difference between unrestricted reserves of £975,176 and restricted reserves of £7,109,424. Mr Cunningham replied that unrestricted would include trip income for example. Mrs Wright commented that she thought School Fund was separate. Mrs Eastwood replied that the school fund figures are included in the accounts.

Miss Gallagher went on to explain to Directors that page 21 is a statement from Mr

Wade as Accounting Officer. Pages 23-24 are left blank for the audit report to be inserted. Page 25 onwards are the accounting documents.

Miss Gallagher confirmed with directors the Statement of Financial Activities includes all income and expenditure for the year including Huish Leisure. The pension movement deficit is outside of our control. On the Balance Sheet, tangible fixed assets include the building and its contents. Debtors includes grant funding not received. Creditors is money owed. Net current assets of £1,264,644 show the Academy is in a strong position. Page 27 shows the Statement of Cash Flows, the figures are similar to 2016, which is good. Pages 35 onwards show the notes to support the main figures. Mrs Wright asked why on page 38 Mr Moncur's remuneration was so different to the previous year. Mrs Eastwood confirmed this was because he ceased to be a Director part way through the year.

Mr Wall asked about the pension deficit. Miss Gallagher explained that the Local Government pension scheme had no recovery plan, other than employee and employer contributions increasing. The pension scheme has to be continue to be open to new employees, which a corporate venture could choose to close. The Teachers' Pension Scheme (TPS) is not sustainable either, with no control over the amounts. Miss Gallagher brought Directors attention to page 47, which shows that the Secretary of State for Education has underwritten the pension scheme.

Miss Gallagher explained that the committee proposes the acceptance of the accounts, which then get recommended to the Full Board. Mrs Wright stated that Mrs Harris raised a query over something that she was unhappy about last year that she was told there wasn't time to change as the accounts were being printed. The agreement was it would be incorporated into this year's accounts. Mrs Eastwood remembered that Mrs Fielden had a query the year before, but couldn't remember anything from Mrs Harris. Mrs Wright said it was a legal based query. Miss Gallagher replied that that was no problem, just to let her know. Mrs Wright asked if on page 5, the Academy was still connected to the autism centre in Long Sutton. Mr Wade said no, the Autism Centre is closing.

Huish Leisure – Directors Annual Report and Financial Statements

Miss Gallagher confirmed that as Huish Leisure was a smaller company, the accounts were smaller. Page 7 shows a drop in income which has created a loss. This is down to the swimming pool being closed. Mrs Wright asked why there was £5,196 administrative expenses in 2016 but none this year. Miss Gallagher agreed to check. Mr Wall asked why the Academy was still registered as Huish Episcopi Secondary School. Mrs Eastwood agreed to update.

Miss Gallagher
Mrs Eastwood

Mrs Wright queries the Distribution of Profits on page 11. Miss Gallagher explained that when Huish Leisure makes a profit the last sentence applies 'The Board are responsible for formally agreeing the amount to be distributed each year.'

Miss Gallagher and Mr Cunningham left the meeting at 6pm.

Mrs Wright proposed that the Annual Report and Financial Statements be recommended to the Full Board for approval. Mr Rumary seconded the proposal.

Mr Rumary left the meeting at 6.10pm.

4 MINUTES AND MATTERS ARISING

Minutes

Mrs Wright asked about page 2, Item 5, Banking arrangements, Mrs Eastwood explained that a meeting is to be arranged with herself, Mr Settle and Mrs Chard to discuss. Mrs Wright asked about swimming pool funding and the profit from the fete. Mrs Eastwood confirmed that £2,000 had been raised in total. Mrs Wright asked if a total community fundraising figure could be provided. Mrs Eastwood agreed to

<p>supply.</p> <p>Mrs Wright queried page 4, Health and Safety update. Mrs Eastwood explained that she was unhappy with the accuracy of the leisure centre health and safety audit report that had been received.</p> <p>Mrs Wright stated that the minutes were full of grammatical errors and that as an educational establishment we need to get things right. Mrs Wright gave a list of errors to Mrs Eastwood. These were as follows:</p> <p>Page 3. Item 5. Mrs Eastwood discussed – this should be ‘reported’ or ‘stated’. Page 3. Item 6. Paragraph 4 – misuse of the word ‘discussed’ – this should say ‘stated’. Page 4. Item C. Mr Cole discussed – misuse of the word ‘discussed’. Page 5. Item 8. Paragraph 2. This should read ‘Mrs Harris asked, as link director, IF she could ...’ Page 5 (b) Paragraph 1. This should read – ‘He proposed’, not ‘it was proposed.’ Page 5 (b) Paragraph 2. This should read – ‘Mrs Harris asked IF the vote could be conducted electronically’ Page 7 (3) This should read ‘Consideration WAS (not ‘is’) Page 8 (d) Paragraph 1. This should read ‘and that they NEEDED to be aware’ Page 8 (f) This should read ‘Mrs Eastwood informed DIRECTORS THAT THE ACADEMY had... disposed... received FOR this.’</p>	<p>Mrs Eastwood</p>
<p>Mrs Wright asked if the cache box had been returned. Mrs Eastwood replied that she would speak to Mr Johnson and arrange for its return.</p>	<p>Mrs Eastwood</p>
<p>Action Sheet</p>	
<p>Item 2, Risk Register and Risk Management. Mr Settle told Directors that he had met with Mr Rumary in his capacity as Health and Safety Co-ordinator and was confident Mr Rumary is carrying out this role very well. Item complete.</p>	
<p>Item 1, Minutes for Meetings. Mrs Eastwood confirmed that Mrs Rogers, who is a sixth form receptionist, had agreed to take on the role of clerk for both the Huish Leisure and Teaching and Learning committees from January. Item complete.</p>	
<p>Item 2, Capital Projects. Mrs Eastwood stated this item was complete.</p>	
<p>Item 3, Stress Management Policy. Mrs Eastwood stated this item was complete.</p>	
<p>Item 4, Review of Independent Checks. Mrs Eastwood to meet with Mr Settle. Item ongoing.</p>	
<p>Item 5, Management Report. Mrs Eastwood to continue to investigate. Item ongoing.</p>	
<p>5 PREMISES AND HEALTH AND SAFETY</p>	
<p>a) Facilities Development Plan and Capital Projects</p>	
<p>Mrs Eastwood informed Directors that there were no changes to the financial commitment of any of the capital projects. A roof survey is being undertaken on behalf of the CIF bid that has been submitted. A boiler condition survey is currently being undertaken in order to put together a potential CIF bid to be placed next year. If the history block CIF application is unsuccessful, a proposal will be made to renovate the classrooms.</p>	
<p>b) Swimming Pool Project</p>	
<p>Mrs Eastwood confirmed to Directors that the pool build was so far on track. One construction invoice had been paid so far, but no claims have yet been made to Sport England or South Somerset District Council as the final grant agreement was only signed last month. The Powermatic heating system in the</p>	

<p>leisure centre has failed, but this is not linked to the pool construction. One issue that had arisen was that it has been discovered that the pool tank is not lined. Mrs Eastwood would be able to report more to Directors after the next progress meeting. Mrs Wright asked why the tender companies would not have known this. Mrs Eastwood replied this could not have been known until the pool tank itself had been exposed during the early stages of construction work. Various pool lining options are being costed. Mr Wall asked what the contingency was on the project. Mrs Eastwood agreed to check and confirmed the project was on target for the end of March completion.</p> <p>c) Health and Safety</p> <p>Mrs Eastwood confirmed that the next Health and Safety audit would take place on 26 January 2018. In terms of current health and safety issues, the congestion on certain corridors during lesson changeovers is currently requiring attention. The recent School Council meeting also raised this. Mrs Wright asked why she had not been invited to attend the meeting as she had done previously. Mr Wade said that the School Council is currently operating in a different way, without SLT or governor contributions. Mrs Wright asked that if she was not being invited to attend the meetings, then this should be removed from her governor responsibilities.</p> <p>d) Summary of Work Carried out During October Half Term</p> <p>A document outlining the premises work that had taken place during the half term had been circulated. Mrs Wright asked that the Site Team be thanked on behalf of the Directors.</p> <p>6 AUDIT COMMITTEE</p> <p>Mr Settle, as Responsible Officer, chaired this section of the meeting.</p> <p>a) Responsible Officer Report</p> <p>Mr Settle confirmed that he had met with Dennis Smith to complete a handover of Responsible Officer duties. Following on from the meeting, he had put together a programme of work for the year, which he had drawn from the relevant documents, including the risk register and terms of reference. This was circulated to directors for comment. The directors were supportive of this programme.</p> <p>b) Risk Register and Risk Management</p> <p>The risk register had been reviewed at each of the committees and by the Senior Leadership Team. It was agreed that there were no further amendments. Mrs Eastwood would issue the register to the Full Board as it currently stood.</p> <p>7 FINANCIAL INFORMATION</p> <p>a) Current Financial Position 2017/18</p> <p>Mrs Eastwood reported that the report included current expenditure, but salary costs only up until September. The outturn for teaching salaries included the additional £58k from the recent pay award agreement. The estimated total expenditure for salaries currently stood at 83%, (80% excluding leisure staffing salaries which are recharged to the centre). Mr Wall asked what the guidelines were on the proportion of salaries to total expenditure. Mrs Eastwood confirmed that DfE guidelines were between 75% and 80%. Mr Vaughan said that it was not a case that the Academy was overstaffed, rather that we had an expensive staff. Mrs Eastwood confirmed that 55% of the teaching staff were</p>	<p>Mrs Eastwood</p>
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on the Upper Pay Scale, therefore experienced staff should equate to quality. Mr Wade and Mrs Eastwood would continue to look at efficiency savings. Mr Wade said that it would be useful to look at some benchmarking data around salaries. If this were available, it would be circulated to directors with the next management report.

b) Outturn for the Academy 2016 Financial Year

This information would not be available until the accounts were finalised.

c) Efficiency Planning and Five Year Budget

Mrs Eastwood said that she needed to receive a direction of travel as regards to future efficiencies and that a discussion with directors would be beneficial. Mr Wade said that a target of keeping salaries within 80% or below would be a good target. Mrs Eastwood reported that at the recent Schools Forum meeting, which she had attended, it had been discussed that the funding for PFSA (Parent and Family Support Worker) posts were being reviewed. The Academy currently employs a full time PFSA, but this role is fully funded by the SCC. The SCC review also included the provision of educational welfare officers. Mrs Wright said that she had also recently read the RSM document on the National Funding Formula and that she would forward this to Mr Foster. Mrs Eastwood confirmed that the indications that the Academy would receive the second highest increase in Somerset secondary schools.

d) Leisure Centre Financial Information 2017/18

The Leisure Centre report also included September salary expenditure. Mrs Wright said that she had read that the AGP income would be restructured this financial year. Mrs Eastwood said that the forecast for income had been reduced to more accurately reflect anticipated income levels. Expenditure had also been adjusted, particularly around the Football Development Officer salary; this had been reduced from £19k to £11k. Mr Wade commented that the maintenance contract appeared expensive. Mrs Eastwood agreed to check the terms of the maintenance contract and discuss at the next leisure meeting.

Mrs Eastwood

8 FINANCIAL MANAGEMENT

a) Bank Account Summary

Mrs Eastwood referred to the document previously circulated that listed the Academy's bank balances. Mr Wall commented that the interest earned was extremely poor. Mrs Eastwood commented that this would be discussed with the banking arrangements review.

b) Update on Catering Contract

Mrs Eastwood reported that she had met with Jon Garside, SCC's Senior Catering Advisor, in advance of the catering working group meeting on 13 December. He had provided advice on both the procurement and self-managed options. Mrs Eastwood was planning to visit Bishop Fox school, which had taking their catering in house. The catering work group comprised of Mrs Eastwood, Mrs Wright, Mr Foster, Mr Settle and Mr Rumary.

c) Out of Catchment Transport Issue

Mr Wade outlined the issues with the PC03 bus service, which was a private out of catchment contract. Taylors, who ran the service, had given the Academy two days' notice, prior to October half term, that they would not be in a position to continue operating the service, as it was no longer financially

<p>viable. It had caused a very difficult situation. In order to maintain a service until the end of the financial year, the Academy had agreed to subsidise the service, which would be in the region of £7-10k. Mrs Wright asked why the Academy was paying this subsidy. Mr Wade said that unfortunately the cost of operating the service had increased from £700 to £950 per pupil. It was felt that this would force some parents to withdraw their students from the Academy. He agreed that it was a large amount of money and it would be reviewed in the new year. Mrs Eastwood also mentioned that the Academy finance team now the responsibility for all the administration associated with the PC03. They would continue to look at alternatives to the transport situation. Mrs Eastwood confirmed that more than 50% of the students using the PC03 were in the sixth form.</p> <p>9 ACADEMY IMPROVEMENT PLAN</p> <p>Mr Wade had a drafted a new Academy improvement plan for the next full board meeting. Based on the visit of Caroline McKee (School Improvement Partner) the previous day, he would be making some changes.</p> <p>10 REVIEW OF DECISIONS MADE</p> <p>Only one decision had been made.</p> <p>Mr Wade expressed his thanks to the Finance Team for the successful audit.</p> <p>11 ANY OTHER URGENT BUSINESS</p> <p>None.</p> <p>12 DATE OF NEXT MEETING</p> <p>Thursday 22nd February 2018</p>	
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Meeting closed at 7.25pm