

Minutes of the GLT Operations Committee Meeting
Held virtually on 26th November at 10am

Attendees

Sarah Bellingham	Clerk	Present	Clerk
Jodie Croft	GLT CEO	Present	JC
Carina Cuddington	CFO	Present (for part)	CC
Rowena Duff	GLT Director	Absent	RD
Jason Murphy	GLT Director & Chair	Present	JM
Danielle West	GLT Director	Absent	DW
Colin Wright	UHY Lead Auditor	Present	CW
Tom Sharp	UHY Auditor	Present	TS

Part One – Non- Confidential

Minutes	
1. Welcome and Apologies for Absence	
1.1	JC welcomed everyone to the meeting, which was being held virtually via Zoom. The meeting was not declared quorate. However, the meeting went ahead in any event with the Chair acknowledging that any decisions or approvals would be postponed to the next meeting.
1.2	The Clerk was attending remotely to take the minutes. It was noted that all documents to be discussed in the meeting had been circulated by the Clerk prior to the meeting via Governor Hub.
1.3	DW and RD had sent their apologies before the meeting and these were approved.
2. Receive previous committee minutes of 22nd October 2020 and discuss actions not on the agenda elsewhere	
2.1	JM asked for discussion and approval of these to be postponed to the next meeting given that the meeting was not quorate. ACTION - CLERK
3. Review external auditors' letter and agree management response	
3.1	CW shared his screen to show the Auditors' Report to the GEMS LT Board 2020. He confirmed it was the formal communication to the trustees at the end of an audit. It had a similar format to previous years. CW went through the document page by page and highlighted key points. <i>Introduction: pages 1 & 2</i>
3.2	The audit went well despite the process being fully remote. These pages set out the key areas of focus in the Audit Service Plan.

Audit Independence: pages 3 & 4

- 3.3** These pages confirmed the standards of independence in place at the planning and final stages of the audit and confirmed that there were no threats to that, such as gifts of hospitality from the Trust. CW discussed the applicable audit rules in relation to independence.

Audit Status: page 5

- 3.4** The audit was fully remote. The sign-off process was explained. CW confirmed that he was not waiting on any information from the Trust to complete the audit.

Audit Scope: pages 6 - 8

- 3.5** It was important to be aware that the audit had looked at levels of 'materiality' in relation to the information presented. CW had considered, for example, changes in standards or policies for the year in question, and any evidence of fraud or the risk of material fraud. CW had not been made aware of anything in this context, so it was low risk item. Undisclosed related party transactions tended to be the bigger concern. CW had also looked at improvements to controls, and factors relevant to regularity. It had been necessary to confirm if there had been major material statements, or any errors in Trust practices. The main adjustments to bring to the Trust's attention concerned the pension and fixed asset disposal.
- 3.6** The representation letter referred to here would need to be signed by the trust to confirm that the Trust had provided accurate information to the auditors and had not omitted anything. In terms of material subsequent events, the audit had needed to establish if there was anything of this type, such as a planned new school joining the Trust, which would affect the carry value of the accounts figures. CW asked if there was anything of this type that he should know about. JC confirmed that she had received two delayed invoices, which she would forward to him. **ACTION – JC [completed – see action list below]**

Going Concern – page 9

- 3.7** CW discussed funding and explained that some academies had been able to save on costs. Therefore, surpluses had not been hit as hard as it was thought they might be. CW confirmed that he looked at the Trust's forecast and was comfortable that the business looked like a going concern. He was also comfortable with the Trust's going concern disclosures. CW explained that the Trustees needed to be comfortable here.
- 3.8** JC asked the committee to anticipate the potential high cost to the Trust of staff absence on account of Covid-19 isolation requirements. JC had discovered that this cost was not covered by the Trust's absence insurance policy. JC had asked each school to ring fence £10k from its surplus, because each teacher absence could cost the school up to £2.5k.

Further Audit Requirements – pages 10 & 11

- 3.9** CW mentioned that the Trust was a company as defined by the Companies Act 2006 so it needed to comply with the requirements of that Act, in addition to the legislation applying to charitable trusts and the Annual Academies Accounts Direction from the EFSA. The audit had looked at that, as well as UK accounting standards and Trustees' remuneration.

- 3.10** Page 11 showed the extra audit remit required by the EFSA separate from the normal statutory audit work. Key was whether the Trust had complied with its funding agreement for the year to include using funds for the correct purposes.

Significant risks and other matters identified – page 12

- 3.11** The audit had identified any significant risks here. TS explained that the risks identified by the document were all risks common for academies and were not specific to GEMS.
- 3.12** TS went through each risk area, summarising the information provided. His summary included mention of: the inherent risk that income might not be correct for the relevant time period, the flow of the income from source to destination and how that was reflected in the accounts, the risk of management’s abuse of power, the value of the Trust’s share of pension assets and liabilities, compliance with the Academies Financial Handbook, connected and related parties and the risk of fraud, property and asset works and changes to include as assessment of depreciation, fixed asset policy and accounting, as well as liabilities and expenses. Overall there had only been very minor issues to flag.

Recommendations for the current year – page 21

- 3.13** There was nothing to follow up with from the previous year’s report. This report had identified two low risk issues. The first related to the GEMS Didcot catering contract. The auditors had spoken with JC about this. The recommendation was that the Trust Board carried out an annual or bi-annual review to ensure value for money. An annual review was not a requirement, but there should be no automatic renewal of contracts of this type.
- 3.14** The second risk area related to compliance with EFSA guidance to ensure value for money when sourcing tenders for the provision of services such as legal advice. JC had noted this.

4. Review annual report and annual accounts and recommend for approval

- 4.1** The document was visible on the screen for everyone to see. CW confirmed he had put in both the Trustees’ Report and the Governance Statement.
- 4.2** The main item in the accounts pages was the Statement of Financial Accounts on page 37. CW also referred to the balance sheet on page 39. The main items to note were the fixed assets and pension liabilities. Various assumptions applied in this context and some had changed. The pension liability had increased.
- 4.3** **Q:** How did this impact the Trust’s employer contributions?
A: CW said that it was too early to tell. The markets had recovered a lot and many these pension assets were in equities. CC added that she would be disappointed if the liability increased. Her view was that the position would remain static until the following year at least. CC said that councils might apply an increase of approximately half a percent and therefore it was nothing to be overly worried about.
- 4.4** Neither CC nor JM had any further questions or comments to make. JM confirmed that he had reviewed the Trustees’ Report and that his suggestions had been included. The Trustees had been in receipt of the draft accounts for a week, pending discussion of these at the Trust Board meeting later the same day. CW asked that JM let him know if the Trustees had any comments and he would process those and make changes to the document if required.

4.5 CW discussed the sign off process, and confirmed that if the Trust Board were comfortable, the accounts could be approved and signed off within the week. CW would prepare a clean pdf of the final version and this could be signed either physically or digitally.

4.6 The Operations Committee agreed they were happy to recommend that the Board approve the 19/20 Annual Accounts.

5. Advice from Auditors on how to review spending linked with education priorities – VMFI guidance

5.1 JC asked CW to talk through the current EFSA resources available for financial benchmarking purposes. JC said she thought that the tools, such as 'View My Financial Insights' or 'VMFI' could help with Trust key performance indicators (KPIs) in this area. She noted however that primary schools were not able to do a break down by subject area as secondary schools could. Therefore any value for money assessments would need to be done in other of the ways suggested.

5.2 CW said that the guidance had been updated the month before. The listed data sources increased the options. CW and JC discussed the range of tools available and discussed the number and type of KPIs that it would be meaningful for the Trust to track on a regular basis

5.3 **Q:** How often is a benchmarking report recommended? JC said that she envisaged the Trust carrying out one at least annually.

A: CW said that it was a balance as the Trust did not want to waste valuable time on too many review processes.

5.4 JC said she would add in one or two more KPIs into the review process in relation to the management accounts, for example linked with support staff and premises. JC would complete the planned report for the current year and would discuss the outcome of it and the potential approach for future years with CC after that. **ACTION - JC**

6. Review of tenders over £10k

6.1 JC noted WPA had not yet received all quotes by the timing of the Operations Committee meeting. The tender information for Gas and Electricity would be circulated for approval by email shortly
ACTION - JC

Meeting Closed: 10.46am

Actions from GLT Operations Committee Meeting of 26.11.2020

Action 1	Minute 2.1	Clerk to add receipt of October 2020 Ops Com minutes to the agenda for the March 2021 committee meeting and would arrange for them to be signed by the Chair after that.
Action 2	Minute 3.6	JC to send CW copies of the two delayed invoices which she had received after the date of CW's latest version of the auditors' report. DONE – JC confirmed in December 2020 that no further material invoices had been received by the Trust post year-end
Action 3	Minute 5.4	JC to review KPIs and benchmarking information on monthly management accounts

Action 4	Minute 6.1	JC to circulate WPA gas and electricity tender to the Operations Committee by email for approval
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