

Minutes of the Operations Committee Meeting
Held virtually via Zoom on 26th November 2024 at 10am

Invitees	Role	Attendance
Sarah Bellingham (SB)	OLT Governance & Compliance Officer	Present
Jodie Croft (JC)	Board Director and OLT CEO	Present
Carina Cuddington (CC)	OLT CFO (Edufin)	Present
Kelly Goodwin (KG)	Audit Manager, Kreston Reeves	Present
Beth Gorsuch (BG)	OLT Chief Operating Officer	Present
Alison Hill (AH)	Board Director	<i>Absent</i>
Silvia Holgado-Gomez (SHG)	Board Director	Present
Tyler Jeffs (TJ)	Board Director – <u>Chair</u>	Present
Jason Murphy (JM)	Board Director	Present
Arjun Thiru (AT)	Board Director	<i>Absent</i>
Simon Webber (SW)	Partner, Kreston Reeves	Present

Minutes

1. Welcome, identify AOB, & declare conflicts of interest relevant to the agenda or updates to the Register of Business Interests to include hospitality

- 1.1** JC welcomed everyone. AH and AT had sent their apologies in advance. No-one declared any conflict of interest in relation to the agenda items or any updates for the Register of Business Interests to include gifts and hospitality.
- 1.2** The meeting was declared quorate (noting the requirement for at least three Board Directors).

2. Receive previous committee minutes and discuss actions not on the agenda elsewhere & note receipt of Management Accounts from October 2024

- 2.1** The Committee approved the Operations Committee minutes of 8th October 2024. SB would organise for the approved version to be signed by the Chair and would upload it to the website, together with the current meeting's attendance and the agenda. **ACTION – SB**

- 2.2 The actions from the last meeting were either completed, in progress, or within the current agenda.

Receipt of Management Accounts October 2024

- 2.3 The Committee confirmed receipt of the Management Accounts for October 2024 and had no questions about these. These would be discussed at the Board meeting at 11am on the same day. A copy of the table of information within the Executive Summary would be pasted into a confidential annex to these minutes for the Committee's reference, per audit requirements **ACTION – SB**

3. **Review external auditors' management letter and agree management response**

OLT Key Audit Findings Report for the year ended 31 August 2024

Section 2: Benchmarking data

- 3.1 SW explained how the Trust's outcomes compared with key benchmarking data in respect of total income per pupil, GAG income per pupil, staff costs, and the ratio of staff costs to total costs. Overall, the Trust's position was in line with the previous year and there was nothing unusual to flag.

Section 3: Financial Summary

- 3.2 These were the figures with the pension and capital movements stripped out, to help the Board see the Trust's operational position more easily. The result was a small operational deficit.

Section 4: Audit and Assurance Reports

- 3.3 This section confirmed that the auditors were providing a true and fair opinion, and also provided information referenced in the regularity and assurance letters. In both respects, the audit reports were clean and it was anticipated that there would be no issues to report.

Section 5: Key audit matters

- 3.4 This section focussed on the main areas of risk.

- *Income*

3.4.1 The auditors were happy with income and had not identified any significant problems.

- *Management override of controls*

3.4.2 They were also able to confirm that there was no indication of bias or similar as regards management override of controls, having looked in part at which external individuals had been involved in the financial management of the Trust.

- *Related party transactions*

3.4.3 There had been no undisclosed related party transactions. The report had however commented on a transaction with an individual who was now a Trustee, but this had been classed as a discussion point only.

- *Accounting estimates*

3.4.4 These had all been looked at and no major issues had been found.

Section 6: Data analytics

3.5 This work had been designed to add weight to the testing carried out by the auditors. It was another way to look at large volumes of data. The Trust's data had been put through the system, and this had noted a couple of higher risk transactions. These had been fine following the auditors' analysis; strictly for business and in the course of operations.

3.6 The bulk of transactions had been classified as low risk, none had been classed as high risk, and 12.6% had been classified as medium risk. The graph on page 11 showed that there were no major issues here. These transactions had been spread throughout the year as would be expected, with slightly more having occurred in August 2024.

Section 7: Taxation

3.7 It had been determined that the Trust bore no corporation tax liability for the year.

Section 8: Misstatements

3.8 There had just been one significant adjustment, concerning the build costs of Sires Hill. No information had been available at the time of the audit but build costs had subsequently been brought onto the balance sheets with associated depreciation.

3.9 Some unadjusted errors had been picked up, such as some income received post year in the region of £24k, however these had not been significant.

Section 9: The accounting and internal controls systems

3.10 These had been deemed appropriate for the size of the organisation and no issues had been found. There had been solid information to rely on for the end of year accounts. A few recommendations had been made.

Section 11: Review of prior year issues

3.11 Of the two recommendations made the previous year, one had been resolved and progress had been made on the other.

Appendix IV: Summary of recommendations

3.12 This appendix contained the RAG-rated list of points to action for the current year. No high-risk items had been raised; however, one medium and four low risk points had been flagged. The medium risk point concerned the Sires Hill land and buildings valuation.

3.13 Q: What was the risk for the Trust in this case?

A: It was relevant in the event of the Trust taking on other premises. The Trust should make sure it received land and building valuation figures ready for inclusion in the accounts.

3.14 Q: Did the Trust need a valuation as soon as the building was handed over to it?

A: Yes, a valuation would be needed at that point.

3.15 The depreciation error and the accrued income points were minor, and were not of concern. The missing invoice for the credit card expense was also a minor point given that the value of the spend was only £20. It was also noted that the Trust had updated its processes to support the evidence trail for procurement costs. It was about record keeping rather than controls.

3.16 The last of these minor points was about Board meeting attendance. It was important to address this at the 'early flag' stage. There would be a potential governance issue if attendance remained low. The Board needed to be properly fulfilling its duties. The auditors noted that this had already been picked up on by the Trust and that meeting attendance was improving as a result.

3.17 SW summarised that the auditors were fundamentally happy in all key regards. The Trust's controls were stolid and strong.

Page 29: Discussion point

3.18 Board Director Duncan Millard had a controlling interest in his company 'Duncan Millard Leadership & Coaching', via which he had been providing school improvement services to the Trust from the time prior to his appointment to the Trust Board. When this contract came up for renewal, the Trust would need to assess the cost per Academy Trust Handbook protocols.

3.19 JC added that DM had adjusted his rates post becoming a Trustee and had provided a certificate of assurance. SW confirmed that Kreston Reeves would remove that point from the report, based on the Trust having picked this up.

3.20 Q: In terms of the MindBridge testing and the split between high, medium and low, were the findings typical of a Trust of Omnia's size?

A: They were fairly typical. One would expect between 85-95% of transactions to fit in the low-risk category. It depended on how many control points the auditors set. Very few should hit high-risk. Therefore, the Trust's split was quite usual. There were a reasonably high number of medium ones, as quite a lot of entries in the accounts got there via journal.

3.21 Q: Would that penalise the Trust?

A: The risk was rated slightly higher if journal entries were used. However, after a couple of years of detecting journal entries, the software system would see this as normal. There was nothing giving SW any cause for concern. It was about how the Trust was processing things.

3.22 Q: Were these transactions for single items or groups of items?

A: The software looked at every entry. If the account, for example, was normally in credit, but debits were spotted, that might be picked up on as unusual.

3.23 Q: What was the impact of the Trust having one bank account for the five schools? Payroll went in every month via journal entries, so that meant a significant number of journal entries into that one account every month. Would it provide reassurance to do a summary of all journal transactions on the system together with data on what these were being used for?

A: SW was not concerned about this. TJ added that he also had no concerns here.

3.24 Q: Having confirmed that the controls were adequate for an academy trust of Omnia's size, at what size might these need revisiting?

A: SW explained that the Trust's financial controls had the capacity for growth. As the Trust grew, it would need more bodies, but the machine in place was robust; including systems for reconciliation processes, authorisations and approvals for spend, and standing agenda items set out for meetings. This showed that the controls were scalable in the event of taking on another school potentially. It seemed that taking on another school would be relatively smooth. It was the same in respect of the internal audit reports, which were also not flagging up anything major either.

3.25 The Directors were asked if they were happy with the Trust's management responses, which had been prepared and reviewed by JC, CC and BG.

3.26 Each of the Directors present was happy to approve the responses. A handful of typos had been acknowledged and would be corrected after the meeting.

4. Review OLT annual report and accounts to recommend for Trust Board approval

OLT Draft Annual Report and Financial Statements for the year ending 31 August 2024

4.1 KG spoke to the first part of the annual report and financial statements to explain what information this contained. This section had been written by the Trust and had been reviewed by Kreston Reeves for compliance elements. KG asked the Committee if it had any questions.

Page 2: Trustees' Report

4.2 On page 2, JC had noticed that the date of WPA having entered into its funding agreement with the DfE was in fact 2020. That would need updating in the final version for signing.

ACTION – KG/SW

4.3 TJ had reviewed the document carefully and thought it seemed fine. He had provided his comments within an updated draft, prior to the meeting.

Page 25: Statement of Trustees' responsibilities

4.4 TJ referred to the Charities SORP 19 Update, Bulletin 2 in the context of whether details of comparative information should be included. SW noted that the auditors had stayed in line with the Academies Accounts Direction.

4.5 Q (from SW): Was TJ concerned about the income note?

A: Income and expenditure.

4.6 SW, TJ and KG discussed options for adding in the comparative detail referenced by TJ, if that would be valuable for the Trust, and these included inserting a written note, inserting an additional table, or including tick options. TJ thought adding an additional table might be useful. SW explained that inserting a small written note would be the quickest option, to avoid any delay in receipt of full Board approval. JC and TJ were comfortable with this approach. **ACTION – KG/SW**

4.7 TJ confirmed he had no further points of significance to raise. JC confirmed she was comfortable with the remaining minor updates TJ had made to the report. **ACTION – KG/SW**

Pages 26-31: Independent auditors' report on the financial statements

4.8 SW had already covered the audit report and findings earlier in the meeting. The outcome was clean and these were being recommended for Board approval and signature.

Page 32: Statement of financial activities

4.9 SW summarised the Trust's position in terms of total and net income, capital grants, GAG funding, trading activities, core financial activities, pupil numbers, and total expenditure. The result was an operational deficit, but with the reassurance of sufficient reserves to cover that this year.

Page 33: Balance Sheet

4.10 SW summarised the Trust's position in terms of asset values, debtors and creditors, cash at bank and in hand, pension liability, and the total net current asset position as compared to the previous year. He then referred to the following associated notes to the financial statements:

Page 46: staff disclosures:

4.11 There had been nothing to say other than to highlight key points for comfort. The higher paid staff had each moved up a band, resulting in a rise in total key management personnel costs. The auditors had reviewed and were comfortable with this information and were highlighting it for the Board's attention. A resulting action was for the Trust to update the information on the Trust website identifying staff earning over 100k. **ACTION - JC**

Page 52: Total funds analysis by academy

4.12 SW had nothing to add here or questions to ask, and was noting the funds per school for the Committee's benefit. There had been a slight reduction for TPA, DPA, and Central Services. WPA had risen slightly. SHPA was a new entry.

Page 59: Related party transactions

- 4.13** The related party transaction here had already been discussed. It had been disclosed this year and had been in place as a prior arrangement before the individual had been appointed as a Trustee.
- 4.14** **Q:** Would any of the points raised by TJ change the numbers in the annual report and financial statements?
A: TJ said that he had raised a couple of points where he thought it would be preferable to split out the figures, perhaps including an 'others' line. KG referred to page 42 and said that although she would look at this, she did not think it would be required.
- 4.15** TJ also referred to page 41, which contained information about the DfE/ESFA grants. He asked if these should be split out further. KG had looked at these and did not think this was required. SW confirmed that he would prefer to leave all of these items where they were, based on the auditors' review carried out.
- 4.16** TJ flagged a possible number change on page 44, which set out support costs, to include auditor costs. KG would check if this was rounding to the nearest thousand. It could be easily altered by manual typing if needed. TJ confirmed that he had not picked up on anything that might impact the numbers. He also flagged that there was wording on the rounding which should explain that it was to the nearest thousand, not to the nearest pound. KG would adjust that. **ACTION - KG**
- 4.17** There were no further questions.
- 4.18** SW and JC agreed that the changes discussed were not material and the Committee be asked to recommend the annual report and financial statements for Board approval, subject to KG making the minor changes discussed and agreed at the meeting.
- 4.19** The Directors agreed unanimously to recommend the annual report and financial statements for Board approval, subject to the agreed changes being made.
- 4.20** JC would ask Director SHG to sign the final version before she stepped down at end of November 2024, given her role as Chair of Trustees during 2023-2024. Digital signature would be fine for this purpose. **ACTION – JC**
- 5. Agree scope of next internal audit**
- 5.1** The committee were asked to make suggestions for the scope of the internal audit for the current academic year. BG had circulated a document in advance setting out a range of themes suggested by the DfE for this purpose, which also listed the two audit themes already covered in each of the previous two academic years.
- 5.2** **Q:** Please would Kreston Reeves suggest or recommend themes for the two internal audit cycles in 2024-2025?
A: In the absence of particular projects coming up, it was important to pick one financial and one non-financial theme each year, and to keep rotating on themes. It would also be worth considering any process changes or systems coming in linked with the new school, SHPA, to ensure these were tested earlier rather than later.

- 5.3 Q: Did the Trust need to commission an external review of governance?**
A: That could be done as a specific item for an internal audit through the Trust's current internal auditors, UHY Ross Brookes. It was also something to cover in an annual review of governance. JC and BG confirmed that governance had been covered by a recent internal audit and that an annual governance review and survey took place each July.
- 5.4** SW and KG left the meeting at 10.47.
- 5.5** JC acknowledged that she was not in a position, as CEO, to recommend areas to be included in the audit scope and it was noted that she did not take part in the discussion about or the vote on the internal audit themes. The remaining Directors discussed the potential themes for the 2024-2025 internal audit cycles.
- 5.6** Following detailed discussions, it was agreed unanimously that the two themes should be: (1) related party transactions for the spring term, and (2) IT, including cyber-security, for the summer term. UHY RB would be asked to provide a provisional scope for the IT audit, which the Trust's IT consultant could review and respond on. BG would inform the internal auditors of this outcome. **ACTION - BG**

6. Agree confidential status of the meeting's documents: ATH 2024 Ref: 1.50-1.51

- 6.1** It was agreed by the Committee that other than the agenda, the approved minutes from the previous meeting and any approved final versions of policies, the remaining documents reviewed for this meeting were confidential to the Trust.

Meeting Closed: 10.54

Dates of next meetings:

- Tuesday 11th February 2025 from 10-11.30am
- Tuesday 1st April 2025 from 10-11.30am
- Tuesday 24th June 2025 from 10-11.30am

Action list of 26th November 2024 Operations Committee Meeting

Action Number:	For Whom:	Reference:	Action:
1	SB	Minute 2.1	Update the Trust website with the meeting's agenda and the approved minutes from the previous meeting. Ask TJ to sign the approved previous minutes via the Hub. DONE
2	SB	Minute 2.3	Add the Executive Summary table of information from the October 2024 Management Accounts to a confidential annex within the minutes for this meeting. DONE

3	SW/KG/JC	Minutes 4.2, 4.6, 4.7, 4.16, & 4.20	Kreston Reeves to make the agreed changes/updates to the draft annual report and financial statements to produce a final form, which JC would ask the outgoing Chair of the Trust Board to sign following receipt of Board approval. DONE
4	JC	Minute 4.11	Update the Trust website with current information on staff members with salaries over £100k. DONE
5	BG	Minute 5.6	Inform UHY RB of the agreed two internal audit themes for 24-25 and request provisional details for the scope of the IT & Cyber Security audit. DONE