

Diverse Academies Trust
Minutes of the Audit and Risk Committee Meeting

Wednesday 13 November 2024 at 4.30pm, Diverse Education Centre, Retford.

Quorum required:2

Committee members present: 3

Trustee name	Initials	A = absence
Mrs M Blore	MB	
Mr M Quigley MBE	MQ	A
Mr I Storey (Chair)	IS	
Mr R Vizma	RV	Virtual

In attendance (staff or other invited persons):

Staff name	Initials	Role	A = Absence
Mr D Cotton	DC	Chief Executive Officer and Accounting Officer	
Mr G Corban	GC	Chief Operating Officer	
Mrs R Harvey	RH	Executive Business Leader	
Mrs A Elway	AE	Head of Governance	
Mr G Gillespie	GG	WBG Internal Audit	A
Mr N Clark	NC	WBG Internal Audit	
Mrs J Harrison Hill	JHH	Company Secretary and Governance Professional	

Agenda item number	Item	Action by who/when
1. ARC/20/2425	Apologies for absence Apologies for absence were received and agreed from Mr Quigley. Mr Vizma attended the meeting via Microsoft Teams.	
2. ARC/21/2425	Declaration of interest and any changes to be advised There were no declarations of interest, either direct or indirect, for any items of business on the agenda. The chair asked if anyone had any declarations to update. Trustees confirmed that the declarations given at the beginning of the academic year were correct.	
3. ARC/22/2425	Minutes of the meeting dated 9 September 2024 The minutes of the meeting 9 September 2024 were agreed and approved by the Committee.	
4. ARC/23/2425	Matters Arising: See action log on page 3	
5. ARC/24/2425	Presentation Cyber risk This item was taken during agenda item 9.	
6. ARC/25/2425	Internal Audit Internal auditors update Mr Clark provided the committee with an update on work undertaken by the Internal Auditors since the last committee meeting. The	

ARC/26/2425	<p>procurement review report is expected to be ready for the next Committee meeting in February 2025. The disaster recovery and continuity planning is the next scheduled review.</p> <ul style="list-style-type: none"> Internal scrutiny report <p>The Committee discussed the format of the internal scrutiny report and potential inclusion of a summary report.</p> <p>It was agreed that the summary overview was useful for trustees as an internal report to Board, rather than an additional document for submission to Department for Education.</p> <p>Action: Mrs Harvey to create a summary document to provide an overview of Internal Scrutiny to the Board meeting on 4 December 2024. The document will encapsulate the various actions in link references.</p>	RH
ARC/27/2425	<ul style="list-style-type: none"> Audit management response tracker <p>Document: Audit management response tracker was previously received by the Committee.</p> <p>The actions in the tracker are being progressed and will be part of the audit carried out by WBG during the follow up audit.</p>	
7. ARC/28/2425	<p>External Audit</p> <p>Review of financial risk control related disclosure statements.</p> <p>The Finance and Resources Committee meeting being held on Monday 18 November 2024, which the Audit and Risk Committee are attending, will hear the audit findings from the external accountants and will discuss any areas highlighted during this presentation.</p> <p>Mr Corban confirmed that the audit findings report had been received today and had been shared with all trustees ahead of the meeting on 18 November 2024.</p>	
8. ARC/29/2425	<p>Risk management</p> <ul style="list-style-type: none"> Risk Register <p>Document: Risk Register was previously received by the Committee.</p> <p>Mr Storey updated the committee of the feedback from board committees following reviews of the risk areas 'owned' by Committees.</p> <p>Discussion was held on version control of the risk register as mitigations and risks change or develop.</p> <p>Discussions with Chairs of Committees and Executive Leads feedback into the Audit and Risk committee for agreement of any changes to the risk register.</p> <p>These discussions will feed into the audit programme and resource planning.</p> <p>The frequency of these meetings was discussed as an annual process.</p> <p>Throughout the year horizon scanning takes place at ELT and Principal meetings, including external information.</p> <p>Action: Horizon scanning documents to be shared with committee to show emerging threats.</p>	RH
ARC/30/2425	<ul style="list-style-type: none"> Exceptions reporting <p>Document: Exceptions reporting was previously received by the Committee.</p> <p>The Committee were informed that the report provides an overview of risks and stability. Following the outcomes of conversations with Chairs of Committees and CET owners some may be removed.</p> <p>Once the risk appetites are concluded and noted in the report, this will show if mitigations are responding to risk appetite.</p> <ul style="list-style-type: none"> Risk actions tracker 	

ARC/31/2425	This item was discussed in agenda item 6.	Board agenda
ARC/32/2425	<ul style="list-style-type: none"> • Risk appetite report <p>Document: Risk appetite report was previously received by the Committee.</p> <p>Mr Storey explained that the report details the process. Executive Leaders and Chairs to meet to discuss initial risk appetite statements to then be discussed by the committees and referred back to Audit and Risk Committee.</p> <p>The process will be discussed at the Board meeting on 4 December 2024.</p> <p>Trustees queried how consistency of draft statements would be achieved.</p> <p>It was explained that initially there will be low, medium, and high degrees of risk appetite. Low is unwilling to take a risk to accomplish what Trustees hope to do, while high is willing to take a lot of risks. Using an example of the Finance and Resources Committee's desire to avoid spending all of the reserves, while also not committing to having 5% reserves, the prospective reserves represent a medium risk appetite level.</p> <p>The meaning is in the words of the narrative statement rather than the grading, with further refinement taking place over time.</p> <p>Trustees queried the change of financial pre mitigation risks in the exception report from 1.66 to 4.33. Mrs Harvey confirmed that the error had been highlighted to the committee in the exception report provided</p>	
ARC/33/2425	<ul style="list-style-type: none"> • Risk review between Chair and Senior Officer for Committees <p>This item had been discussed in item 8 ARC/32/2425</p>	
ARC/34/2425	<ul style="list-style-type: none"> • G&P Committee referral of risks 2.2 and 2.3 crossover with S&O Committee. <p>The committee were informed that Governance and Partnership Committee had refereed back to the Audit and Risk Committee to consider the ownership of risk 2.2 Ineffective leadership and management and 2.3 Poor Ofsted judgements as it was felt they were more aligned to the remit of Standards and Outcomes Committee. Following discussion, it was agreed that Ofsted judgements do sit more with Standards and Outcomes Committee, and this would be discussed with the Chair of Standards and Outcomes Committee. Leadership and Management was considered to be a broader area covering growth, system leadership, and performance. It was agreed to discuss further at the Board meeting on 4 December 2024 and consider if an additional category for the Board needs to be added to the risk register.</p> <p>Action: Refer risk 2.2 ineffective leadership to board for conversation on where this sits if need an additional category for board on risk register.</p>	
ARC/35/2425	<ul style="list-style-type: none"> • Referral from S&O Committee regarding mental health inclusion for outcome risks on risk register. <p>Mr Storey updated the committee that discussion had taken place between the Executive Business Lead, Chief Education Officers and Chair of Audit and Risk to discuss how mental health risks can be incorporated most effectively into the risk register. It was deemed not appropriate to have mental health as a separate risk as it sits within a number of areas. Discussion was held on mental health with agreement that wording would be produced and brought back to the committee for agreement.</p>	

	Action: Wording to be included in risk register to acknowledge mental health across outcomes.	RH/CEdO
9. ARC/36/2425	<p>Technology and Information risk register review</p> <p>Mr Richardson joined the meeting at 17:31</p> <p>Mr Richardson discussed in detail the national picture of cyber-attacks and frequency across the education sector, the ability to invest in defence, and complexity of attacks.</p> <p>The Department for Education have guidance for cyber security and regularity compliance, the Trust have achieved accreditation for cyber security which has been renewed by the Trust annually.</p> <p>Simulations of attacks have been run within the Trust. Results of the simulations were discussed.</p> <p>Controls in place were detailed to the Committee, noting multifactor authentication, zero trust (not allowing any external links to run software which have not been authorised by the Trust) and networking with other Trusts who have experienced cyber attacks to learn from these instances.</p> <p>The network design allows utilisation of multiple sites to house backups and copies of core data stored on other sites for recovery.</p> <p>Following trustees querying if backups happen automatically and stored to a cloud, it was explained that back-ups are automatic and daily. Cloud based storage is not currently in use due to cost, work is currently underway to understand the essential minimum of cloud storage required to allow reasonable costs to be ascertained.</p> <p>The current hub design allows for easy and immediate deployment in the event of an issue or new schools joining, giving an example of the flooding at Thrumpton Primary Academy and subsequent move to temporary accommodation with access to files and data not being disrupted due to the network design.</p> <p>The Committee were informed that a Cyber response plan is in place, the next step is to align with emergency contingency plans to ensure joined up approach.</p> <p>Penetration testing, described as an external test on networks, has been undertaken to obtain assurance, testing firewalls to ensure fit for purpose.</p> <p>Trustees commented that the tests and process in place provide assurance, querying where the biggest risk falls?</p> <p>The biggest risk was described as Phishing and cold calling for finance details. Processes are in place to ensure staff do not respond to emails or calls but follow the internal process.</p> <p>Following trustees asking how to ensure new staff are not caught out by these phishing and attempts for information, it was explained that the induction process covers cyber security, with regular simulations on phishing carried out on all staff to check learning.</p> <p>Trustees questioned if staff using personal phones are a risk? It was clarified that staff are allowed to access via personal phones, however protection is through multifactor authentication.</p> <p>The risk register ratings on cyber security were discussed, further discussion will take place at the meeting between Mr Corban and Mr Storey for risk review and appetites as detailed in the risk appetite report.</p> <p>Mr P Richardson left meeting at 17.48</p>	
10. ARC/37/2425	<p>Accounting Officer Report</p> <p>Document: Accounting Officer Report , Balance scorecard. ATH Scheule of 'musts' and Complaints appendix were previously received by the Committee.</p> <p>The report provided the committee with update on the following areas:</p>	

	<ul style="list-style-type: none"> • Introduction and context (Balance scorecard, ATH Scheule of 'musts') • Financial Reporting • Data breaches and information requests (General Data Protection Regulation (GDPR)) • Cyber-Security • Major incidents and closures • Claims • Complaints • Safeguarding • Internal Audits • Horizon scanning and emerging threats <p>Mr Cotton asked the Committee if there were any questions arising from the report.</p> <p>Trustees queried the Complaints report, asking how the number of complaints compares to other Multi Academy trusts. The Committee were informed that nationally there had been a spike in complaints, but this has now reduced, Diverse Academies Trust has always remained under the national average, complaints are managed well and work at the early stage of communication reduces escalation. The new concerns and complaints policy reduced one of the stages, which would result in reaching a committee quicker, however only one has reached stage 4 this year.</p> <p>The Committee were informed that the Balance Scorecard will be discussed in detail at the Board meeting on 4 December 2024.</p>	
11. ARC/38/2425	<p>Policy Approval</p> <p>Documents: Health and Safety Policy and Approval were previously received by the Committee.</p> <p>The Committee noted the comment that no substantive changes had been made to the policy and so approval was not required.</p>	
12. ARC/39/2425	<p>Annual review of Declarations of Interest for members, Trustees. Document: Annual review of Declarations of Interest was previously received by the Committee.</p> <p>The Committee referred to the annual review of declarations document, having reviewed the document they found no causes for concern, noting the declarations for items on agendas and changes being referred to as a standing item at the start of each meeting as an additional check throughout the year.</p>	
13. ARC/40/2425	<p>Issues referred from the Board</p> <ul style="list-style-type: none"> • Referral from S&O Committee regarding mental health inclusion for outcome risks on risk register. <p>This item was discussed under agenda item 8.</p> <ul style="list-style-type: none"> • G&P Committee referral of risks 2.2 and 2.3 crossover with S&O Committee <p>This item was discussed under agenda item 8.</p> <p>Issues referred to the Board</p> <ul style="list-style-type: none"> • Cyber presentation • Risk Appetite process report • Review of Academy Trust Handbook musts • Review of Declarations of Interest • Refer to Board risk 2.2 ineffective leadership to board for conversation on where this sits if need an additional category for board on risk register. • Health and Safety policy annual review 	

<p>14. ARC/41/2425</p>	<p>Determination of confidentiality of business Trustees considered whether anything discussed during the meeting should be deemed as confidential. It was resolved:</p> <ul style="list-style-type: none"> - Claims and complaints reports would not be public documents due to detail contained within. - No confidential items had been discussed. <p>Equality Act consideration There had been no Equality Act implications</p> <p>Nolan Principles Attendees were content that all decisions made adhere to the seven Nolan principles.</p>	
<p>15. ARC/42/2425</p>	<p>Date and time of next meeting: Wednesday 26 February 2025, 4.30pm, via Microsoft teams</p>	

Agenda item 4: Matters Arising:
ARC/23/2425

Minute reference	Meeting date raised	Action required	Owner	Date due	
ARC/63/2324	05/06/2024	Action: Discussion at Board in December to understand the risks and where appetite sits.	I Storey	04/12/2024	This item was discussed under agenda item 8, ARC/32/2425. This item is now complete.
ARC/11/2425	09/09/2024	Proposed risk appetite statements. Action: Mrs Harvey, Mr Storey and Mrs J Harrison Hill to meet to create report of statements for Committees to utilise for approval at the Next Audit and Risk Committee 13 November and Board Meeting 4 December 2024.	I Storey	13/11/2024	Report created and discussed under agenda item 8, ARC/32/2425. This item is now complete.

Meeting closed at:17.58

Minutes agreed: Minute number ARC/45/2425 on 26 February 2025