

Meeting of the South Bank Academies Audit Committee

12.30 - 2.30 pm on Tuesday, 27 November 2018
in South Bank Engineering UTC - South Bank Engineering UTC, 56 Brixton Hill SW2 1QS

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and apologies		DDSP
2.	Declarations of interest		DDSP
3.	Minutes of previous meeting	3 - 6	DDSP
4.	Matters arising	7 - 8	DDSP
Financial reporting for the year end 31 August 2018			
5.	External audit findings (to review)	To Follow	AK, DL
6.	Going concern statement (to approve)	9 - 12	NF
7.	System of internal control report (to discuss)	To Follow	NF
8.	Governance statement (to review)	13 - 16	MB
9.	Land valuation update	Verbal Report	CC
10.	Annual value for money report (to note)	17 - 20	CC
11.	External audit letter of representation (to approve)	To Follow	NF
12.	SBA Annual Report and Accounts (to recommend to the Board)	To Follow	NL
Items to discuss			
13.	Risk register	21 - 48	NL
Other items			
14.	Audit of personnel files	49 - 64	NL
15.	Student data returns	65 - 70	CC
Items to note			
16.	Anti-fraud, bribery and corruption report	71 - 72	NF

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
17.	Speak up report	73 - 74	MB

**Date of next meeting
2.00 pm on Tuesday, 5 March 2019**

Members: Douglas Denham St Pinnock (Chair), Richard Flatman and Tony Giddings

In attendance: Nicole Louis, Michael Broadway, Clym Cunnington, Natalie Ferer and Alexander Enibe

Auditors: Anjali Kothari, Danna Lukic

**Minutes of the meeting of the South Bank Academies Audit Committee
held at 2.00 pm on Thursday, 19 July 2018
1B16 - Technopark, SE1 6LN**

Present

Richard Flatman (Chair)
Tony Giddings

Apologies

Adam Crossley

In attendance

Nicole Louis
Michael Broadway
Joe Kelly
Anjali Kothari
Danna Lukic
Natalie Ferer

1. Welcome and apologies

The Chair welcomed everyone to the meeting. The auditors, Kingston Smith joined the meeting by conference call.

The Chair informed the committee that Adam Crossley had submitted his resignation as a Director / Trustee of SBA. The committee recorded its appreciation of his significant contribution to the Audit Committee.

2. External audit plan 2017/18

The auditors presented the external audit plan 2017/18 and a verbal summary of work already done. They confirmed the plan remained unchanged and that any additional work will be kept to a minimum, potentially leading to a review of costs, e.g. meetings by conference call will reduce meeting fees.

The committee noted the audit timetable was tight. The auditors advised that key personnel will be notified immediately of any slippage, and of any issues arising as a result of audit work undertaken.

The committee noted that SBA had requested a land valuation for the Academy site which is expected to be conducted by the DfE in October. The auditor noted that any material changes to the existing valuation must be incorporated before the accounts are approved in December.

The committee noted that changes have been made to the Academies Accounts Direction and these will be followed up by the SBA finance team.

The auditors left the meeting.

3. Declarations of interest

No member declared an interest in any item on the agenda.

4. Minutes of previous meeting

The committee approved the minutes of the meeting held on 30 April 2018.

5. Matters arising

The committee noted Matters Arising and that all items were on the agenda or completed, apart from the following:

Land valuation: this was discussed in item 2.

Consolidation of bank accounts: migration of accounts is in progress. Payroll and UTC transactions are now all via the MAT account. Two accounts will be closed leaving only the MAT account.

Link Governors for Safeguarding: both LGBs will appoint a Link Governor for Safeguarding in September 2018.

Final confirmation of suppliers' payment records: this is in progress. Key records re final checks will be confirmed before the year-end.

6. External audit / management actions update

The committee noted the update on management actions relating to last year's external audit. In addition to the significant progress recorded, it was also noted that actions relating to agency staff and assets register have been completed.

The committee noted that LSBU Estates would be asked to follow up with DfE re the land valuation for the Academy.

7. Appointment of auditors

The committee noted that the Interim CEO, Chair of the Audit Committee, and the University Financial Controller had met with the auditors to discuss performance issues relating to last year's audit.

The committee agreed to recommend to the Board to re-appoint the auditors for 2017/18.

The committee noted this would be the fifth year in which Kingston Smith have audited accounts for the MAT/schools.

8. **Internal audit proposal**

The committee discussed the internal audit proposal.

The committee noted that it was a requirement to have an internal audit function and that the LSBU Financial Controller had met with PwC, LSBU's internal auditors, to discuss potential audit scope.

The committee noted that, initially, an internal audit would test financial controls and review transactions. Internal audit of other systems and processes would be reviewed in due course.

The committee requested that PwC provide an example of a school internal audit.

9. **Employment visas**

The committee noted an update on employment visas.

The teacher in question had successfully obtained a 3-year extension to her work visa. Further to consultation with LSBU legal team, the teacher has been employed at the school as a new start.

The committee requested the Interim CEO conduct an audit of staff recruitment files based on Ofsted requirements.

10. **Student data returns**

The committee noted the summary on data returns.

The committee requested information on the controls and processes with regard to the collection of data.

11. **GDPR compliance**

The committee noted the update on GDPR.

The committee noted that the MAT now has a GDPR contract with Judicium and that each school has an assigned Data Protection Officer. The committee noted that GDPR policies and toolkits are in place at the schools.

The committee noted that Judicium will conduct a data audit in September.

12. **Safeguarding**

The committee noted the high level report on Safeguarding.

The committee noted that detailed Safeguarding reports are received by the LGBs.

13. Health & Safety report

The committee noted the report and scope of the schools' health and safety audit.

The committee noted that LSBU Health & Safety Team will complete an audit in July 2018.

The committee requested that the audits completed by Judicium are forwarded to the SBA Board.

14. Risk register

The committee noted the risk registers.

The committee requested that guidance is issued re completion of risk registers to ensure consistency.

15. Speak up

The committee noted the Speak Up report.

The committee noted that the recent matter had been investigated by the Interim CEO and an LSBU HR Officer, and had been determined to be a grievance and not a Speak Up issue. The matter will be investigated under the MAT's grievance procedures.

16. Anti-fraud, bribery and corruption report

The committee noted the anti-fraud, bribery and corruption report.

**Date of next meeting
2.00 pm, on Tuesday, 13 November 2018**

Confirmed as a true record

..... (Chair)

**SOUTH BANK ACADEMIES AUDIT COMMITTEE - THURSDAY, 19 JULY 2018
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
2.	External audit plan 2017/18	Changes to Academies Accounts Directions to be followed up		Natalie Ferer	completed
6.	External audit / management actions update	LSBU Estates to follow up with DfE re Academy land valuation		Nicole Louis	verbal update at the meeting
8.	Internal audit proposal	PwC to provide example scope of a school internal audit		Natalie Ferer	completed
9.	Employment visas	Audit of staff recruitment files		Nicole Louis	on agenda
10.	Student data returns	Further information on controls and processes in data/census collection		Nicole Louis	on agenda
13.	Health & Safety report	Judicium schools' H&S audits to be forwarded to the SBA Board		Nicole Louis	completed
14.	Risk register	Guidance for completion of risk registers to ensure consistency		Nicole Louis	on agenda

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Agenda Item 5

Paper title:	External Audit Findings
Board/Committee	Audit Committee
Date of meeting:	27 th November 2018
Author:	Kingston Smith
Purpose:	To present the findings from the audit for the year ending 31 st August 2018.
Recommendation:	It is recommended that the Committee note and consider the attached audit findings from Kingston Smith

Recommendation

The Committee is requested to note the main findings and recommendations contained in the attached draft report.

Management responses will be drafted ahead of the committee meeting. The committee will be briefed on these responses at the meeting.

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South Bank Academies

Post Audit Management Report

Year Ended 31 August 2018

DRAFT

Post Audit Management Report – South Bank Academies

We have completed the audit of South Bank Academies (SBA) for the year ended 31 August 2018 and whilst we expect to issue an unqualified audit opinion on our Kingston Smith Audit report, there have been significant difficulties encountered which have been identified throughout his report.

As part of our audit work and in accordance with the reporting requirements outlined in the regularity report we have identified irregularities in relation to the maintenance of the books and records and the management information being reported to the Board. We have highlighted key areas of concern in Section 2 and Section 3 of this report, with further details outlined in the appendices. An explanation of the issues has been included in the Financial Statements by the Directors.

We understand that the Trust is in the process of bringing their accounting system up to date and a more rigorous internal control process is to be introduced once this exercise has been completed.

This report covers the findings from our audit, the scope of which was communicated to you prior to commencing the work. It includes a number of points which have been deemed to be high and medium risk which need to be resolved.

If you have any concerns or questions arising from this report, please contact Anjali Kothari.

Yours faithfully

.....
Kingston Smith LLP

.....
Date

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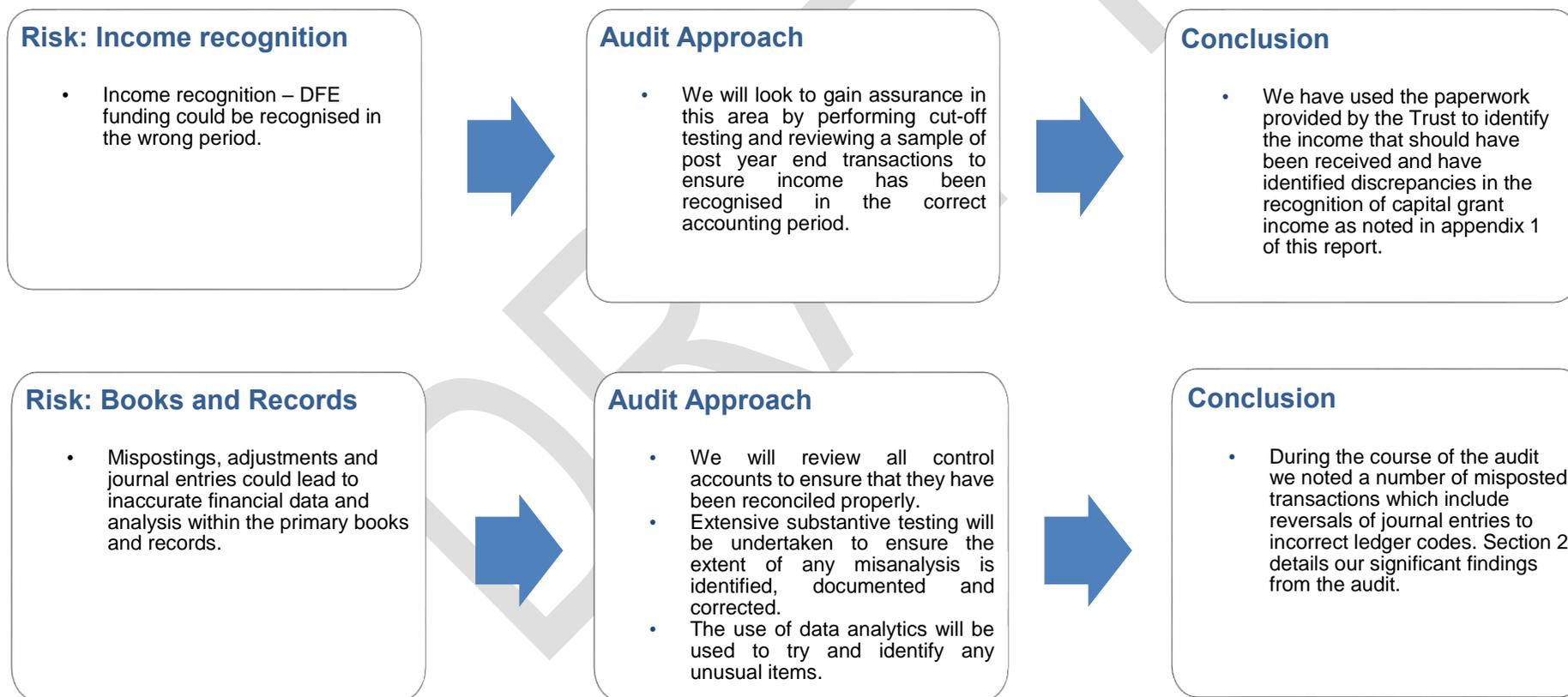
Section 1	Audit Approach
Section 2	Significant findings from the Audit
Section 3	Operation of the Accounting and Internal Control Systems
Section 4	Operation of the Accounting and Internal Control Systems – follow up on prior year points raised for the year ended 31 August 2017
Section 5	Sector update
Appendix 1	Corrected Misstatements and Reclassifications
Appendix 2	Uncorrected Misstatements and Reclassifications
Appendix 3	Other matters

Section 1: Audit Approach

As outlined in our pre-audit letter dated 5 June 2018 our audit approach is based on an assessment of the audit risk relevant to the individual financial statement areas. Areas of risk are categorised according to their susceptibility to material misstatement, whether through complexity of transactions or accounting treatment. For each area we calculated a level of testing and review sufficient to give comfort that the financial statements are free from material misstatement.

The following table lists any risks identified at the planning stage and during the course of the audit, our approach to mitigate the risk and our conclusions from completing this work. Unfortunately due to the difficulties encountered as part of the audit process as identified in section 2 and 3 of this report, and from the work that we have undertaken ourselves we believe that the conclusions we have reached have to be referenced to the detail issues raised within this report.

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Section 1: Audit Approach

Risk: Management override

- Management override of controls – management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records, overriding controls that otherwise appear to be operating effectively (ISA 240 para 31).



Audit Approach

- We will review journals raised in the year for any unusual entries or patterns
- We will test a sample of journals to identify the nature of the journal and evaluate whether there is a genuine rationale for the adjustment.



Conclusion

- Whist transactional testing did not identify any instances of management override, due to the number of errors that were identified and the lack of information to support the journals that had been processed, we have raised significant issues in the body of this report.

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Section 2: Significant Findings From The Audit

We are required under International Standards on Auditing to request you to correct all misstatements identified during our audit, with the exception of those that are clearly trivial.

Corrected material misstatements and reclassifications

As referred to in the Significant difficulties section, the original trial balance presented for audit was not reflective of the year's results.

Management were not able to correct the system on a transactional level within the time frame, but prepared reconciliations and breakdowns for balance sheet items and capital income. A manual extended trial balance was created to record all the adjustments identified from the work undertaken, in order to bring the figures to the correct year end position.

This revised trial balance was then audited, and included as Appendix 1 are the corrected misstatements identified during the course of our audit work which have been discussed and agreed with you.

Uncorrected immaterial misstatements and reclassifications

Included as Appendix 2 are the uncorrected, immaterial misstatements and reclassifications identified during the course of our audit work.

Observations concerning the operation of the accounting and control systems

We detail in section 3 other matters concerning the operation of the accounting and control systems that we consider should be brought to your

attention. The observations have been ranked in order of potential risk to the Trust.

We look forward to receiving your responses on the points raised.

Due to the nature of an audit we may not have identified all weaknesses within the accounting and internal control systems which may exist and the contents of this section of our letter and any items disclosed in this report should not therefore be taken as a comprehensive list of such weaknesses.

Significant difficulties

We experienced significant difficulties and delays during our audit as financial information presented to us was incomplete and did not accurately represent the underlying financial records.

The original draft accounts presented for audit were not reflective of the year's results, underlying records and a number of the key control accounts had not been reconciled or reviewed.

The answers given to some of the audit queries and requests during our audit work were inadequate and indicated a lack of understanding of the underlying issues, or are reflective of the lack of a full audit trail throughout the year.

There appears to be a communication issue between the central function and the individual academies as to who holds specific supporting documentation. Each side has assumed the other has specific supporting documentation resulting in neither side being able to produce evidence when asked.

Section 2: Significant Findings From The Audit

Whilst we appreciate there has been some progress in year in areas such as payroll, however there are a significant number of points that were raised last year that re appear as issues this year and these have been identified in Section 3.

Significant matters

The number of significant issues noted within this report as well as the state of the financial records indicate that no adequate internal reviews had been undertaken by an independent person during the year which would have identified the issues sooner.

It also indicates the lack of systematic controls and processes that should be undertaken on a weekly/monthly basis. In light of the outcome of the prior year audit we were engaged to perform an interim audit to provide assurance over the financial records. The interim work was undertaken in July 2018 and we identified the issues needed to be resolved before the final audit was undertaken.

The unresolved issues included the purchase ledger control account which included a number of duplicate entries, year end balances, payment only entries and outstanding invoice payments where invoices had been paid directly through the bank as identified during the prior year audit. In addition, prior year journals posted directly to this account had not been reversed and resulted in the aged listings not reconciling to the trial balance. A review of the ledger and a process to reconcile it to the trial balance would have identified the discrepancies at a much earlier stage.

The extent of the issue remain significant. Whilst a number of errors have been identified and corrected, there are still areas of the accounts where although materially correct based on the information we have to date, we cannot be certain will not result in a prior year adjustment in the following year. For example we are unable to ascertain whether an accrual of £111k is an accurate charge for the light and heat used.

Management Representation Letter

A draft of our proposed management representation letter has been sent to you under separate cover. All of the matters included in this letter on which we seek the Trustee's formal confirmation are in respect of routine matters, except for the following:-

Point 7 – we only refer to material transactions as opposed to all transactions

Point 8 - has been expanded to refer to donated services and South Bank University

Point 9 - has been included to capture the transactions with South Bank University

Point 11 – we have sought further confirmation that we have all the information we need in respect to the notional rent for South Bank Engineering UTC

Section 2: Significant Findings From The Audit

Point 14 – We have asked for confirmation on the LGPS liability associated with the MAT

Point 15 – We have asked for you to confirm the accrual of £186k for light and heat is valid based on the information available to you at the time of signing this letter.

Point 17 - We have asked you to confirm that the actuarial assumptions used by the actuaries Aon Hewitt Limited and Hymans Robertson LLP in calculating the actuarial movements, and fair values of the assets and liabilities of the local government defined benefit pension schemes are consistent with our knowledge of the trust.

Point 28 – The point has been expanded to take note of the additional wording relating to the Regularity audit report in the financial statements

Point 29 – the point has been expanded to include reference to materiality.

USEFUL OBSERVATIONS

Members

We would note that the ESFA recommends a minimum of 5 members, although this is not currently a mandatory requirement. This is an area of interest to the ESFA and should be considered particularly as the trust grows in the next few years, and as the two individual members are also directors the aim of this is to ensure the members have sufficient separation from the Board so as to provide external oversight.

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
1	Prior year control deficiencies From the current year audit we note that a significant number of control deficiencies noted during the course of the prior year audit had not been resolved or rectified.	HIGH	Although the year end accounts are deemed to be materially correct based on the information provided to us, this has resulted in the accounting records not accurately reflecting the true position of the Trust.	Internal reconciliations and reviews should be carried out by a senior member of staff overseeing the finance function on a monthly basis. This will ensure that issues are picked up on a timely basis and can be resolved immediately.	
2	Reconciliation of reserves It was noted that opening reserves did not reconcile to the opening trial balance by £608k. This was as a result of capital grant income and the associated depreciation on these assets being posted directly against reserves.	HIGH	This resulted in the opening reserves in the trial balance being materially incorrect.	Adjustments should not be posted to reserves. Where reserves transfers are required these should purely be reallocations between reserve balances	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
3	Capital grant income Capital grant income had been accounted for within expenditure which incorrectly reduced net expenditure in the accounts by £1.16m. Additionally, no record of capital grant income spent and receivable is maintained by the trust	HIGH	This resulted in understated income and expenditure and an underlying difference in reserves (as noted in point 2)	We recommend procedures are implemented to continuously monitor capital grant spend. Any spend incurred for which income has not yet been received should be accrued at the year end.	
4	Use of capital grant funding On review of the assets funded via capital grant it was noted that a significant number of these assets had been capitalised within ACA within a UTC expenditure nominal, whereas the funding was in fact received and granted to UTC.	HIGH	This has resulted in ACA benefiting from the use of assets for which UTC has funded	Where funding has been granted, it should be spent in line with the stipulated terms of the agreement unless prior approval has been received from the ESFA	
5	Cut off Procedures This year we have identified £303k of fixed asset payments which should have been recognised i trade creditors and prepayments last year. These assets were funded by grant income which should have been accrued for in 2017. All transactions have been included in this years accounts	HIGH	Transactions are not being included in the correct period.	Invoices should be processed and reviewed upon arrival to ensure the correct accounting treatments have been applied.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
6	Salary Advances Salary advances are not reconciled and not indicative of outstanding balances. The accounts are showing a debtor of £5,065 and a creditor of £15,654 where the majority of items have had no or little movement from the prior year. Salary advances have not been properly recorded on the system.	HIGH	This can result in costs not being recovered by the Trust and or challenges by staff as to the overall outstanding balance which would normally be an overall debtor in the accounts.	It is recommended that a list of all salary advances including season ticket loans is prepared and reconciled against payroll deductions on a monthly basis.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
7	Bank Mandate We were not able to see an up to date bank mandate onsite and one has had to be reordered from the bank. This shows that documents might not be filed and stored correctly. The bank mandate has also not been updated for the Trustees who have left or joined during the year.	HIGH	This results in waste of resources, i.e., having to spend time to look for paperwork. In the event of the main signatories not being present, the MAT could incur penalties for not making payments on time as was the case during the year when LSBU had to pay expenses on behalf of the MAT.	It is recommended that all important and confidential documents are filed correctly so that they can easily be retrieved. It is also recommended for the bank mandate to be kept up to date.	
8	Trade Creditor Reconciliations Trade creditors listing could not be reconciled to the year end trial balance. Although the adjustments were identified and the net adjustment was immaterial (£19k) this resulted in the listing not reflecting the true year end balance.	HIGH	The MAT could potentially be paying suppliers based on incorrect data. This could also lead to the MAT being unaware of supplier invoices due to be paid. As evidenced during the audit a number of duplicate payments had been made.	Trade creditors aged listing should be reconciled to the purchase ledger control account on a monthly basis and any differences investigated. The ledgers should be reviewed for unusual balances which differ from expectation.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
9	Trade Creditor Balances There are balances which are labelled 'YE PL Adjustments on the trade creditors reports. The amounts are: <ul style="list-style-type: none"> - UAE - £39,980 - MAT - £-1,862.05 - UTC - £-585.56 	HIGH	Trade Creditors could be misstated due to the fact that we are unaware what these cost constitute and whether they actually relate to creditors at the year end.	These creditors should be reconciled to accounts so we are able to trace these creditors and ensure they are correct.	
10	Payroll Documentation Student working for the academy trust are not issued contracts of employment, therefore exact start dates can not be confirmed. This is relevant for the following members of staff <ul style="list-style-type: none"> - Aaron Iduh - Jackson Moore - Andre Edwards 	HIGH	Lack of clear evidenced and agreed terms and conditions can increase the risk of misunderstandings and disputes. In the event that the entity is taken to a tribunal, a clear contract will help to support the entity's position.	It is recommended that employment contracts are drafted for all student employees.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
11	Other Creditors We are unable to verify the balance of £16,830 in other creditors. They have been included in payroll deduction and control accounts but there is no documentation to support what it relates to.	HIGH	Others creditors is potentially incorrect and we are unable to identify if this is a valid payroll creditor.	A review should be conducted in regards to 'Other Creditors' and any amounts that are unable to be reconciled to relevant documentation should be written off.	
12	Reversal of prior year accruals and prepayments Incorrect treatment of prior year prepayments has occurred during the year. Instead of being allocated to the correct nominal code to which they relate. They have been posted to the 'write off' account.	HIGH	This will have a knock on effect for the financial figures and budgets included in this year's accounts as prior year prepayments should have been reversed against the correct nominal account.	Where a prepayment has been identified and adjusted for, we would expect that the reversal of the prepayment should be processed back against the original nominal account that was adjusted.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
13	Land and Buildings Valuation Land and Building was revalued in 2014 for a value of £23m. The only documentation we have regarding this valuation is email correspondence, which does not outline the split between Land and Buildings.	HIGH	Without official supporting documentation is not possible to agree this valuation. Without the correct split between Land and Buildings, depreciation may be misstated due to these assets being depreciated at different rates.	If possible, this issue should be followed up with the Council surveyor to get documentation to support this valuation and in order for us to split this valuation out and appropriately record in the UAE ledger.	
14	Bank reconciliation The bank reconciliation included reconciling items that could not be validated.	HIGH	The bank reconciliations are incorrect.	Bank reconciliations should be performed each month to ensure errors are easy to detect and rectify. Bank reconciliations along with documentation of reconciling items allow for more efficient management; knowing what has cleared the bank and what hasn't will be beneficial in trade creditor and payable reconciliations.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
15	Duplicate payments On review of trade creditors, it was noted that a number of suppliers had been paid twice. We believe that this is a result of the lack of controls surrounding the posting of transactions and invoices as well as the maintenance and reconciliation of the trade creditors listing.	HIGH	These duplicate payments have a negative impact of the Trusts cash flow and has resulted in trade creditors being understated.	By making full use of control accounts, e.g. trade creditor control account, it will help prevent duplicate payments. Reconciling the trade creditor control account on a monthly basis will help identify those balances which are still outstanding and those which are now cleared.	
16	Posting of transactions Ledgers have not been updated and maintained during the year. Invoices have been posted in the incorrect period due to lack of timely posting of invoices on receipt. The insufficient monitoring of income has also resulted in the understatement of income and income was noted as not being correctly allocated within appropriate nominal codes within the ledgers.	HIGH	This has resulted in the misstatement of a number of balances in the accounts and has also meant that the Trust will not have a clear view of any amounts outstanding, paid or received on review of the ledgers as they are not complete and have not been maintained.	We recommend that all invoices are posted to the system as soon as they are received. Monthly reconciliations of all control accounts and income should be performed.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
17	<p>Capital grants Capital grant income had been netted off the expenditure and therefore no complete record of income received and assets purchased was maintained during the year.</p> <p>Complete records are not maintained which reconcile amounts granted against amounts spent and outstanding which resulted in income granted to the UTC for construction of their premises but paid to Trinity being excluded from the records of the school. The value of this adjustment was £14m.</p> <p>Additionally, it was noted that the funding granted to the UTC has been purchase assets held in the UAE. Documentation could not be provided in which this has been agreed by the ESFA.</p>	HIGH	<p>This resulted in the material misstatement of income, fixed assets and reserves during the year.</p>	<p>We recommend that a full fixed asset register is maintained which shows the depreciation charges on a monthly basis by asset. This will enable depreciation to be calculated from the date of acquisition to the date of disposal and will allow for tracking of assets.</p> <p>Grant income received can only be spent by the entity that it has been granted to unless this is agreed otherwise.</p>	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
18	Depreciation of fixed assets As a result of the fixed asset register not being maintained, the straight line depreciation is being calculated on costs brought forward. There is no full record of assets held or their associated net book values.	HIGH	<p>By calculating the depreciation charge straight line based on cost brought forward, the Trust is unable to identify assets as they are coming to the end of their Useful economic life and therefore assets are at risk of being depreciated in excess of cost.</p> <p>Fixed assets are highly material and therefore the depreciation charge associated with any assets are likely to be material and the incorrect application of the depreciation policy is therefore likely to result in material misstatement.</p>	<p>We recommend that a full fixed asset register is maintained which shows the depreciation charges on a monthly basis by asset. This will enable depreciation to be calculated from the date of acquisition to the date of disposal and will allow for tracking of assets.</p>	
19	LGPS pensions We could not be provided with an LGPS actuarial report which incorporated the liability associated with staff members employed in the MAT.	MEDIUM	<p>Whilst this related to only one employee this has resulted a understatement of the year end liability in the accounts.</p>	<p>We recommend that the Trust reviews the documentation received by the actuaries to resolves any issues directly. The actuarial reports should be reviewed in detail to ensure the information contained within them is consistent with the Trusts expectation and underlying records.</p>	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
20	Local Authority income We could not be provided with details on local authority income received for the Summer Term for each school.	MEDIUM	Incomplete records surrounding income can result in the misstatement of income. Additionally the lack of controls surrounding the posting of income in the ledger and reconciliations can result in the Trust having not received income that it is due.	The Trust should reconcile income against both remittances and expectation noted any amounts which may be misallocated or not yet received but due.	
21	Building occupied by UTC On review of land registry documents it was noted that the lease for the building occupied by UTC continues to be in the name of Trinity Academy London although the asset has been transferred to UTC.	MEDIUM	Although the building is occupied and in use by UTC this is not official and official arrangement and therefore UTC are not deemed to be the true occupier of the property.	We recommend that the lease and associated official documentation in place such as land registry are updated to correctly reflect the status of the arrangements between UTC and The Secretary of State.	

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
22	<p>Accruals Some items which have been accrued for are of a trivial value, and will therefore have minimal effect on the financial statements.</p>	<p>LOW</p>	<p>Accruing for every item regardless of their value may be time consuming and therefore may be a waste of time and resources.</p>	<p>There should be a consideration of implementing a threshold value of which it should then be compulsory to raise an accrual.</p>	

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Section 3: Operation of the Accounting and Internal Control Systems

We have given each of our observations a risk rating as explained in the key below:-

RISK RATING FOR MANAGEMENT REPORT POINTS		
	Risk rating	Explanation
	Low	Issues that would, if corrected, improve the internal controls or accounting practices in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
	Medium	Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
	High	Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.

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Section 4: Operation of the Accounting and Internal Control Systems – follow up

Prior Year Points

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
1	Roles and responsibilities It was noted that there is a lack of clarity over individuals' roles and responsibilities within the finance team particularly in respect of the accounting system, once the former finance manager had left the Trust.	HIGH	This caused omissions of some entries such as payroll entries, and duplication of others such as purchase invoice payments, and therefore a material misstatement of the figures. This also caused journal entries to be processed without clear audit trails.	It is recommended that clear roles and responsibilities are allocated amongst staff and clear procedures are put in place for all aspects of the accounting system. Adequate training must be given to all members of staff who are responsible for maintaining the accounting records.	This continues to be an issue for the Trust. During the course of the onsite visit when requesting documentation it was not clear whether information was held by individual schools or centrally. In addition we again identified duplicate payments and postings for purchase invoices which resulted in the trade creditor's accounts not appropriately reflecting the year end position.

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Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
2	<p>Cash management Bank reconciliations were not performed during the year. This has resulted in material adjustments being required as prompted by auditors. As this work is being done long after the date of transactions, there is increased risk of misstatement and does not reflect timely bookkeeping or management.</p>	HIGH	<p>Conducting regular bank reconciliations is regarded as a basic financial management tool. In the absence of this basic check, the Trust is unable to prove that the accounts and the financial information is correct.</p>	<p>It is recommended that formal bank reconciliations are performed on a regular basis - once a month - and the bank balance as per PS Financials is reconciled to the bank balance as per the bank statements. Any issues identified should be investigated and resolved on a timely basis.</p>	<p>Whilst the bank reconciliations has been performed, although immaterial, a number of transactions were noted on each reconciliation that were not indicative of actual reconciling items and therefore did not accurately reflect the year end cash position.</p>

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Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
3	Accounting system Through discussion with management, and review of the financial data presented for audit, it is apparent that those in charge of the finance function are not fully conversant in PS Financials and inadequate training was provided.	HIGH	For example, we note that some expenditure invoices have been posted multiple times to creditors and expenditure, following payment, we note that the transaction has been between bank and expenditure; therefore overstating expenditure and leaving the MAT open to risk of overpayment.	We recommend that all appropriate staff members are formally trained on PS Financials and are trained on their function as well as other functions to ensure that there is always someone on hand with knowledge of the system to advise appropriate treatment.	This continues to be an issues for the Trust with multiple overpayments noted as being made to suppliers throughout the year.
4	Management information It is clear from the information viewed, that full management information has not been prepared and reviewed on a regular basis during the year.	HIGH	Management have a responsibility to review regular management information and this would have identified the deficiencies in the system at an earlier point during the year.	A full set of management information should be made available and reviewed at least on a termly basis.	We do not believe that this has been actioned. Additionally, any management information that may be presented is at risk of being incorrect due to the lack of timely posting of transactions.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
5	Control accounts Control accounts are not being utilised properly, reviewed nor reconciled, such as net wages, PAYE/NI, pensions, trade debtors, trade creditors.	HIGH	The payroll charge is significant to the MAT - if the journals are not being processed monthly as per the payroll reports, then there is a major weakness in the controls surrounding the payroll function. There is therefore a risk of misappropriation of funds as the reporting could be manipulated and payments manipulated also as there is not a full reconciliation of the charge and the payments made.	We recommend that the payroll process is revised and a formal reconciliation of the payroll report with the postings as per the financial system are reconciled with the payments made. This should ensure that staff are paid appropriately as per approved calculations and that we reduce any misappropriation risks.	Whilst we note that the Trust now utilises the control account functions, reconciliations have not been performed. Trade creditors, bank, PAYE/NIC control accounts were noted to not accurately reflect the year end position.
6	Supplier transactions The supplier ledger within PS Financials is not being utilised, and management have confirmed that they do not have a complete listing of liabilities as at 31 August 2017, with the year-end position being ascertained based on post year end payment of physical invoices located.	HIGH	Given the size of the trust, the lack of a functioning supplier ledger increases the risk of duplicate payments being made as there is no complete trail of purchase invoices and payments made.	We recommend that supplier invoices and payments are properly tracked within the accounting system so that outstanding balances can be seen and historic invoices can be viewed.	During the course of the audit we noted that supplier transactions were being posted to supplier accounts.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
7	Land and Buildings As at 8 January 2018 a 125-year lease for the land and buildings of UAE was made available to us as the external auditors. Being dated in August 2016, this represents a material prior year adjustment to recognise the long leasehold property controlled by the Trust, and this information should have been made available to us during the prior year.	HIGH	Whilst the accounts have been adjusted for this material prior year adjustment, this is a significant item which we as auditors had not been initially informed of.	The Trust has a responsibility to ensure that there is no relevant audit information of which the external auditor is unaware.	Whilst the UAE lease has been accounted for in the ledgers, it was noted that the UTC lease was not accounted for this year. This resulted in a material adjustment being required.
8	Unidentified provisions Upon querying the accruals balance, there is an unsupported general provision for energy costs of £111,000, and unidentified accruals of £42,325. Total energy costs recognised within expenditure for the year however only amounts to £58k.	HIGH	This indicates a lack of clarity and control over the expenditure recognised within the trust's financial statements.	We recommend that proper controls are put in place around supplier invoices which would allow clear monitoring of transactions.	Whilst we did not note any 'unidentified' accruals, we noted that a significant number of accruals related to older transactions that had not been cleared off the ledger and therefore should not have been included as a year end accrual. We have received a narrative confirming the basis of calculation for the current year energy cost accrual however the prior year provision has changed and is neither the same as that provided for last year or based on the information used to

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
					calculate the current year provision.
9	Related party transactions There is not an appropriate process in place whereby related parties and pecuniary interests of key management personnel are recorded on a timely basis	HIGH	There are specific ESFA requirements that state Academies are to keep a record of related parties and pecuniary interests of all key management personnel, directors and budget holders. This is to ensure that all goods and services procured are done so at a reasonable rate, and to ensure that management are fully aware of related parties at all times.	It is recommended that a formal register of related parties and pecuniary interests is kept centrally by the finance team. It is further recommended that this is updated when new staff are appointed, and on an annual basis. This will allow for the MAT to be aware of all related parties at all times.	We note that there is a formal register of related parties maintained by the University Governance team.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
10	<p>Accruals based reporting</p> <p>The accounting records were being maintained on a cash accounting basis instead of an accruals and prepayments basis. A number of adjustments had to be processed to recognise the appropriate accruals, creditors and accrued income.</p>	MEDIUM	<p>There is a risk that incorrect financial information is presented to the board.</p>	<p>The finance staff need to be trained to understand the difference between cash accounting and the accruals concept. This should incorporate an understanding of cut off procedures making it easier to identify the necessary adjustments for monthly, termly and year end accounts.</p>	<p>We note that this continues to be an issue. On review of year end prepayments and accruals we noted that these were incomplete. For example, rates prepayment had not been accounted for, pupil premium not accrued and PNA adjustments not accrued.</p>
11	<p>VAT receivable</p> <p>Throughout the account period, we note that only 2 VAT 126 returns have been processed and submitted.</p> <p>The UTC VAT balance per PS Financials is £56k overstated compared to the draft claim workings.</p> <p>The VAT balances have not been reconciled during the period.</p>	MEDIUM	<p>There is a risk that these claims have been prepared incorrectly and/or the balance showing as receivable in the accounting system is incorrect.</p> <p>The Trust is also not taking advantage of cash flow opportunities as these returns can be processed on a monthly basis.</p>	<p>It is firstly recommended that the financial system is brought up to date and the VAT 126 returns already processed are reviewed for appropriateness. It is further recommended that the governors of the MAT consider adopting the policy of processing these returns on a monthly basis to aid inflows.</p>	<p>On review of the current year VAT ledger we note that although immaterial at £20k a number of outstanding amounts were dated pre 2016.</p> <p>The year end VAT control account therefore did not accurately reflect the year end liability. We also note that returns continue to not be processed on a timely basis and therefore is no reconciliation of VAT receipts against VAT 126 returns and therefore we do not believe the Trust is able to monitor what is outstanding and has/hasn't been claimed on a continuous basis.</p>

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
12	Fixed asset register A formal fixed asset register is not maintained	MEDIUM	The figures within the trial balance in respect of fixed assets are highly material to the MAT, we were not provided with supporting documentation by way of a fixed asset register. This therefore a risk that depreciation, capital additions and capital disposals are not processed appropriately on a timely basis. The fact that this is not being done on a timely basis means that management may not remain aware of the true position of the Academy at all times.	It is recommended that a formal fixed asset register is maintained with capital transactions and depreciation being posted on a regular basis (at least termly), when the management accounts are prepared. This will ensure that the true position of the Academy is reflected at all times.	The fixed asset registers provided for the current year included only current year additions. A full register of all assets held is not maintained.
13	LGPS pensions We identified discrepancies between the amounts showing on the actuarial reports for employer contributions received, and the trust records of employer contributions paid to the scheme.	MEDIUM	These discrepancies indicate potential error in the information used by the actuaries in preparing the LGPS pension report figures.	We recommend that the Trust reviews the documentation received by the actuaries and reconciles contributions paid to internal records, with discrepancies investigated and resolved directly.	On reconciliation of employer contributions presented on the actuarial report to the Trusts records, we continued to note discrepancies.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
14	Agency staff The agency staff costs in the year of £587k is extremely high compared to other trusts, and indicates a potential staffing and budgeting issue which should be closely monitored.	MEDIUM	Having heavy reliance on agency staff is a potential issue and needs to be managed by the team. Whilst there is an obvious financial impact, it also has an impact on the day to day operations as there is inconsistency in approaches as staff change.	We recommend that the Trust reviews its staffing position and prepares an action plan in respect of this area.	Current year agency costs amounted to £576k. In addition we saw significant increases in staff wages and salaries.
15	Members and directors It was noted that the appointed members and trustee directors of the trust were not reflected accurately and on a timely basis at the get-information-schools.service.gov.uk website (previously known as Edubase) - (the DfE's register of educational establishments).	MEDIUM	The Trust is in breach of the Academy Handbook requirement that the Trust must notify DfE of the appointment or vacating of the positions of members, directors and local governors within 14 days of that change through the governance section of DfE's Edubase.	We recommend that the Trust gets the information up to date and monitors this on a regular basis.	We are satisfied that Edubase is up to date as at the date of audit.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
16	Expenditure vs budgets The budget for the year (as approved by Governors) had not been uploaded onto the PS Financials system. Therefore, the current financial position cannot be properly monitored or managed as compared to the budgets set.	LOW	Expenditure cannot be monitored against the budget without accurate reporting and there is therefore an increased risk of the Trust not adhering to the approved budget which increases the risk of excess spending.	The approved budgets are uploaded into PS Financials once finalised. It is further recommended that the budget to actuals are compared on a regular basis (perhaps termly) and any projected under / over spends can be brought to attention in a timely manner.	Unfortunately we do not believe that this has been addressed during the year.
17	Payroll records As a result of the testing performed, an instance was noted where we could not locate a staff leaver's supporting documentation to confirm their leave date from UAE.	LOW	There is a risk of misappropriation of the MAT's funds here as incomplete record keeping could result in this member of staff not being removed from payroll appropriately.	It is recommended that the process of processing starters and leavers is formalised. As well as this, there should be a checklist for starters / leavers to ensure that the appropriate steps are taken and documents are processed; for example a P45 and resignation letter.	During the year we noted that a number of student workers had not been provided with employment contracts although paid via payroll. Consequently we have raised a current year observation regarding this.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
18	<p>Central recharges Where internal bank transfers are made, there is not always supporting documentation available.</p>	<p>LOW</p>	<p>If inter academy transactions are not being consistently monitored and recorded, then the risk of entity level reporting being inaccurate is increased.</p>	<p>Where a financial transaction is to be processed there should be sufficient and appropriate evidence and documentation to support this. Where there are internal recharges required to be posted via journal, it is recommended that a schedule is maintained as to the basis of the recharge as well as who it has been approved by and when the posting has been made.</p>	<p>Central recharges were posted via intercompany balances therefore no bank transfers were identified as being made in respect of these. We did however note that supporting documentation in the form of any invoice has not been available.</p>

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Section 5: Sector Update

Academies Useful Links

There are a number of links which the Governors and senior leadership might find useful and these are listed below:-

Gov.uk

<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

<https://www.gov.uk/guidance/schools-financial-efficiency-top-10-planning-checks-for-governors>

<https://www.gov.uk/academies-fianncial-assurance>

<https://www.gov.uk/academies-severance-payments>

<https://www.gov.uk/government/collections/academies-investigation-reports>

NABSM good practice Library:

<http://nasbm.co.uk/Home/Efa-Academies-Library.aspx>

FD Forum:

www.thefdforum.co.uk

ICAEW:

www.icaewvolunteers.com

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Section 5: Sector Update

Employment tax changes commencing 6 April 2018

From April 2018, the employment tax rules changed again.

Termination payments

From 6 April 2018 the taxation of termination payments changed. The aspect which has the most impact is that both contractual and non-contractual payments in lieu of notice (PILONs) will be taxable and subject to Class 1 NIC's whereas, before April 2018, non-contractual PILONs can be tax and NI free.

The taxable amount after April 2018 is the amount the employee would contractually have been entitled to had they worked their notice period. This includes any bonus, commission or incentive payments that they would be entitled to had they worked their notice period, as well as any sums which would accrue during the notice period. The amount calculated is treated as earnings and will not be eligible for the £30,000 Income Tax exemption.

Also changing is the calculation of termination packages which are subject to NICs. Although this has now been delayed to April 2019, payments in excess of the £30,000 exemption are subject to employer's NIC but not employee's NIC whereas before this date they were exempt NIC altogether.

Employers will have to provide itemised payslips from April 2019

[The Employment Rights Act 1996 \(Itemised Pay Statement\) \(Amendment\) Order 2018](#) comes into force on 6 April 2019. It aims to increase transparency of employees being paid correctly and address underpayment – whether national minimum wage, national living wage or under the employee's contract of employment. This will apply to employees with an hourly rate, not salaried employees with fixed working hours. From April 2019, employers will be required to include on payslips the number of hours worked by an employee for which they are being paid. This will only apply where the employee's pay varies because of actual time worked.

Where the amount of wages or salary varies by reference to time worked, the total number of hours worked in respect of the variable amount of wages or salary will be shown either as:

- a single consolidated figure by showing the combined number of hours worked for which payment is being made; or
- separate figures for different types of work or different rates of pay by itemising the figures for different types of work worked and/or different rates of pay.

The new order amends section 8 of the Employment Rights Act 1996, adding to the list of particulars which must be included in the itemised pay statement which an employee has a right to be given.

Currently, an employer only has to include:

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- details of the employee's gross amount of wages or salary;
- deductions from that gross amount; and
- the net amount of wages or salary received.

What action should employers take?

Before the order comes into force, employers should:

- Adjust their payroll processes to collect the new information required; and
- Amend the format of their payslips to include this new information, where appropriate.

Please note that the amendments only apply to periods worked after the new order comes into force in April 2019.

What action will an employee be able to take?

An employee will be able to see on their payslip whether the number of paid hours matches their record of how many hours they have actually worked.

Employees can then:

- challenge their employer if they think their payslip is wrong;
- raise a case with the Advisory, Conciliation and Arbitration Service (ACAS); or
- raise a case with HMRC (if the national minimum wage has not been paid).

In all these cases, the employee will be able to use their payslip as evidence.

Fraud in the Charity Sector

Fraud in the charity sector is unfortunately at an all-time high, with recent estimations being a loss of £2.3bn annually to the UK Not for Profit sector (an increase of some £400m from estimates shared in 2016). Alongside our own Kingston Smith specialists in this area, the sector is beginning to develop a suite of tools, guides and blogs which are worth a visit to ensure your Charity is aware of the key fraud considerations, potential pitfalls and suggested controls:

- The Fraud Advisory Panel (a registered charity and independent voice of the anti-fraud community) - <https://www.fraudadvisorypanel.org/>
- 10 questions every Trustee should ask about Fraud and suggested policies - <https://www.gov.uk/guidance/protect-your-charity-from-fraud>
- The National Cyber Security Centre - <https://www.ncsc.gov.uk/news/advice-thwart-devastating-cyber-attacks-small-charities>
- Action Fraud for reporting - <https://www.actionfraud.police.uk/>

This area is notoriously fast moving, with new areas of attempted fraud arising daily, but some of the prevalent current frauds and potential controls to protect your charity from these, include:

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“Supplier mandate fraud”

Contact is made from a “supplier” employee who is noting (either by phone or official headed notepaper) a change of bank details. The bank details are fraudulent.

Control to mitigate the risk – review and approval of all standing data supplier changes and calls to confirm BEFORE updates processed.

“Batch supplier duplication”

An example of an internal fraud – the details of a supplier are duplicated onto the system and the duplicate given the fraudulent parties bank details. “Real invoices” are paid twice, hidden in the batch run, once real and once fraudulent.

Controls to mitigate the risk – Approval of new suppliers and monthly management accounts reviews. The additional payment debit will need to be either to a balance sheet code or will be seen through an inflated expense code on the SOFA.

“Fraudulent staff/temp staff costs”

The fraudulent party continues to pay staff after they have left (using updated fraudulent bank details), enrolls ghost employees for payment or processes fake invoices through “busy” nominal codes such as temp staff costs.

Controls to mitigate the risk - This fraud is almost always discovered through a review of management accounts vs budgets. Preventive controls would include approval of staff detail changes and “lock down” on leavers details in a timely fashion.

“Email takeover”

An internet based fraud that is expanding rapidly (and becoming more sophisticated). The finance team receive an email “from” the FD/CEO usually late afternoon, indicating they have forgotten to pay a key supplier and it should be paid immediately.

The email is fraudulent and so are the bank details given.

Controls to mitigate the risk – Communication by phone or face to face to confirm details. Do not allow payments to supplier details that do not match those saved on the standing data.

Section 5: Sector Update

Trustee Disqualifications

The Charities (Protection and Social Investments) Act 2016 received Royal Assent back in March of that year. This Included a number of provisions which have been implemented over the past 18 months (raising standards in fundraising, for example). One of the most written about and extensive provisions, relating to automatic disqualification of Trustees and Senior Managers, is applicable from 1 August 2018.

Whilst the sector, via the Charity Commission, already had disqualification provisions, these new requirements are far more extensive in nature and could have significant potential ramifications for your Charity:

- Those individuals who have **unspent** convictions for offences of dishonesty or deception, declared bankrupt or disqualified from being a company director are already automatically disqualified as charity trustees
- A new wide range of unspent convictions will be added to this automatic disqualification, including:
 - terrorism, money laundering and bribery
 - perverting the course of justice
 - breaching Charity Commission orders relating to finances or property
 - attempting, aiding or abetting any of the above offences.

- The provisions extend all of the above unspent convictions to not only trustees, but also “senior management” – a definition is provided in the Act which outlines those employees who are management and/or have control over money. Almost definitely, your Charity CEO and Finance Director (or equivalent) will meet the definition.

The systems and controls in place to check Trustees are eligible (both for new appointments and, now given the new requirements, those already in post) will need to be reviewed and updated. Charities can make use of official registers which record the names of people who are disqualified from acting as charity trustees. These include:

- *The Individual Insolvency Register* maintained by the Insolvency Service. <https://www.gov.uk/search-bankruptcy-insolvency-register>, which contains details of:
 - bankruptcies that are either current or have ended in the last 3 months
 - current individual voluntary arrangements and fast track voluntary arrangements
 - current bankruptcy restriction orders and undertakings
 - Searches of the Register can be made on the [Insolvency Service website](#), by visiting your local Official Receiver’s office, or by post or fax.

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- *The register of disqualified directors maintained by Companies House*, <https://www.gov.uk/government/organisations/companies-house>. Searches of the register can be made on the [Companies House website](#).

- *The [register of all persons who have been removed as a charity trustee](http://apps.charitycommission.gov.uk/trusteeregister/search.aspx)*, <http://apps.charitycommission.gov.uk/trusteeregister/search.aspx> either by the commission or by an Order of the High Court since 1 February 1993.

Those affected may also be able to apply for an advanced waiver from the Charity Commission (the service opened from February 2018 and must be applied for by the individual, rather than the Charity on their behalf) through <https://www.gov.uk/guidance/automatic-disqualification-rules-for-charity-trustees-and-charity-senior-positions#apply-waiver>

Further information can be found at <https://www.gov.uk/guidance/automatic-disqualification-rules-for-charity-trustees-and-charity-senior-positions>

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Draft net surplus					272,335
Donations and / or Voluntary Funds				104,290	104,290
Finance & Admin - Salaries			104,290		- 104,290
<i>Being adjustment for donated salaries</i>					
GAG Clawback			19,687		- 19,687
GAG abatement creditor		19,687			
<i>Being UTC PNA clawback</i>					
Accruals		9,397	9,397		- 9,397
Electricity					
<i>Being accrual for electricity</i>					
Intra-Company		220,953			
Intra-Company	220,953				
<i>Being correction to central recharge postings</i>					
Pupil Premium				56,412	56,412
Prepayments	56,412				
<i>Being pupil premium adjustment</i>					
Pupil Premium				10,986	10,986
Other Govt Grants: Excluding Capital			10,986		- 10,986
<i>Being pupil premium adjustment for Q1 not posted</i>					

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus	
	Dr	Cr	Dr	Cr		
Donations and / or Voluntary Funds			12,642		-	12,642
Finance & Admin - Salaries				12,642		12,642
Being adjustment to donated salary						
Pupil Premium			37,088		-	37,088
Advertising			190		-	190
Write Offs				85,830		85,830
Insurance			250		-	250
Rates			36,385		-	36,385
Equipment (Not IT)			1,993		-	1,993
IT Support Services			9,924		-	9,924
Being correction of PY prepayment reversals						
Prepayments	37,406					
Rates				37,406		37,406
Being prepayment of rates						
Other GAG				83,680		83,680
UTC Expenditure			83,680		-	83,680
IT Equipment at Cost		401,670				
IT Equipment Accum Dep'n	156,133					
Restricted Funds - Other		15,390				
Restricted Funds - Fixed Asset	504,214					
Furniture & Equipment at Cost		769,411				
Schedule 21 Expenditure			181,742		-	181,742
Furniture & Equipment Accum Dep'n	159,904					
Land & Buildings Accum Dep'n	184,526					
Intra-Company		17				
Being correction to year end reserves						

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Equipment (Not IT)				9,711	9,711
Purchase Ledger Control	9,711				
Being reversal of duplicate invoices Scientific Lab supplies					
Accruals		110,066			
Electricity			110,066		- 110,066
Being accrual for academy hot water supply					
Central services Cost			220,953		- 220,953
Head Office Recharge Income				220,953	220,953
Being central recharge costs					
Catering Food/Drink			10,424		- 10,424
Catering Maintenance & Repairs			494		- 494
Books			13		- 13
Audit Costs			1,170		- 1,170
UTC Expenditure			869		- 869
Advertising			1,572		- 1,572
Professional Services - Non Educational			6,527		- 6,527
General Office Costs			232		- 232
Hospitality			1,711		- 1,711
Building Projects/Maintenance			4,773		- 4,773
Cleaning Contract			5,105		- 5,105
Water/Sewerage Charges			660		- 660
Gas			83		- 83
Equipment (Not IT)			18,081		- 18,081
Agency Supply Cover - Support			7,521		- 7,521
Telephone Costs			469		- 469
Purchase Ledger Control		59,704			
Being correction to Aged Creditors					

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Catering Maintenance & Repairs				234	234
Books				13	13
Audit Costs				1,170	1,170
UTC Expenditure				869	869
Advertising				1,572	1,572
Professional Services - Non Educational				6,527	6,527
General Office Costs				232	232
Hospitality				1,711	1,711
Building Projects/Maintenance				4,773	4,773
Cleaning Contract				5,105	5,105
Water/Sewerage Charges				660	660
Gas				83	83
Equipment (Not IT)				9,041	9,041
Agency Supply Cover - Support				7,521	7,521
Telephone Costs				469	469
Purchase Ledger Control	39,980				
Being correction to Aged Creditors (2) - Removal of Dummy Invoice					
Pre-16 School Budget Share			176,601		- 176,601
GAG Clawback				176,601	176,601
Being net off of income					
16-19 School Budget Share				11,260	11,260
Pre-16 School Budget Share				3,740	3,740
Insurance			15,000		- 15,000
Being reallocation of RPA					



Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Other GAG				1,075,024	1,075,024
UTC Expenditure			1,075,024		- 1,075,024
Being reallocation of capital grant from ACA to UTC					
IT Equipment at Cost	401,671				
IT Equipment Accum Dep'n		156,133			
Furniture & Equipment at Cost	769,411				
UTC Expenditure				989,370	989,370
Schedule 21 Expenditure				181,743	181,743
Furniture & Equipment Accum Dep'n		159,904			
Land & Buildings Depreciation			274,100		- 274,100
Furniture & Equipment Depreciation			159,904		- 159,904
IT Equipment Depreciation			66,559		- 66,559
Land & Buildings Accum Dep'n		184,526			
Being capitalisation of grant expenditure					
Rates Relief				106,875	106,875
Rates			106,875		- 106,875
Being adjustment for rates relief					
Finance & Admin - Supn			64,000		- 64,000
LGPS Pension Deficit		18,000			
finance cost LGPS			1,000		- 1,000
actuarial movement on LGPS				47,000	47,000
Being year end LGPS pension					
Capital grant				164,995	164,995
Prepayments	164,995				
Being accrual for capital grant					

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Capital grant				14,660,014	14,660,014
Furniture & Equipment at Cost	372,024				
Land & Buildings Depreciation			114,304		- 114,304
Furniture & Equipment Depreciation			74,405		- 74,405
Furniture & Equipment Accum Dep'n		74,405			
Land & Buildings Accum Dep'n		114,304			
Land & Buildings Cost B/fwd	14,287,990				
Being accrual for UTC building					
Central services Cost				289,565	289,565
Head Office Recharge Income			289,565		- 289,565
Being elimination of group balances					
Final surplus					15,324,098

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Appendix 2: Uncorrected Misstatements and Reclassifications

	Balance Sheet		SOFA		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Prepayments	3,850				
Professional services				3,850	3,850
<i>Being prepayment of community services speech therapy invoice</i>					
Prepayments	6,412				
Computer running costs				6,412	6,412
<i>Being prepayment of annual fibre fee</i>					
Fixed asset costs		14,784			
Expenditure			14,784		(14,784)
<i>Being duplicated posting of fixed asset invoice</i>					
Bank current account		4,289			
Purchase ledger control account	2,271				
Deferred Income		2,140			
Bank interest				81	81
General office costs			2,955		(2,955)
Bank charges			33		(33)
Other income			1,251		(1,251)
<i>Being adjustments to correct bank reconciliations</i>					
PAYE control	2,371				
Payroll costs				2,371	2,371
<i>Being reconciliation of year end PAYE creditor</i>					
Total effect on net surplus as a result of uncorrected misstatements					(6,308)

Appendix 3: Other Matters

Engagement & Independence

Our engagement objective was the audit of the South Bank Academies.

We have implemented policies and procedures to meet the requirements of the Financial Reporting Council's (FRC) Ethical Standards. To this end we considered our independence and objectivity in respect of the audit for the period under review before commencing planning our audit and communicated with you on these matters in our pre-audit letter dated 9 June 2017.

No other matters have come to our attention during the audit which we are required to communicate to you and the safeguards adopted were as described in our pre-audit letter.

Qualitative aspects of accounting practices, accounting policies and financial reporting

Based on our audit work performed, we believe that the Strategic Report, Trustee's Report and financial statements for the period under review comply with United Kingdom Accounting Standards and the Companies Act 2006.

During the course of our audit of the financial statements for the period under review we did not identify any inappropriate accounting policies or practices.

Matters specifically required by other Auditing Standards to be communicated to those charged with governance

Other than as already explained in our Engagement Letter, Pre-Audit Letter and this Post-Audit Management Report, there are no other specific matters to communicate as a result of our audit of the financial statements under review.

South Bank Academies

Post Audit Management Report

Year Ended 31 August 2018

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Post Audit Management Report – South Bank Academies

We have completed the audit of South Bank Academies (SBA) for the year ended 31 August 2018 and whilst we expect to issue an unqualified audit opinion on our Kingston Smith Audit report, there have been significant difficulties encountered which have been identified throughout his report.

As part of our audit work and in accordance with the reporting requirements outlined in the regularity report we have identified irregularities in relation to the maintenance of the books and records and the management information being reported to the Board. We have highlighted key areas of concern in Section 2 and Section 3 of this report, with further details outlined in the appendices. An explanation of the issues has been included in the Financial Statements by the Directors.

We understand that the Trust is in the process of bringing their accounting system up to date and a more rigorous internal control process is to be introduced once this exercise has been completed.

This report covers the findings from our audit, the scope of which was communicated to you prior to commencing the work. It includes a number of points which have been deemed to be high and medium risk which need to be resolved.

If you have any concerns or questions arising from this report, please contact Anjali Kothari.

Yours faithfully

.....
Kingston Smith LLP

.....
Date

Contents

Section 1	Audit Approach
Section 2	Significant findings from the Audit
Section 3	Operation of the Accounting and Internal Control Systems
Section 4	Operation of the Accounting and Internal Control Systems – follow up on prior year points raised for the year ended 31 August 2017
Section 5	Sector update
Appendix 1	Corrected Misstatements and Reclassifications
Appendix 2	Uncorrected Misstatements and Reclassifications
Appendix 3	Other matters

Section 1: Audit Approach

As outlined in our pre-audit letter dated 5 June 2018 our audit approach is based on an assessment of the audit risk relevant to the individual financial statement areas. Areas of risk are categorised according to their susceptibility to material misstatement, whether through complexity of transactions or accounting treatment. For each area we calculated a level of testing and review sufficient to give comfort that the financial statements are free from material misstatement.

The following table lists any risks identified at the planning stage and during the course of the audit, our approach to mitigate the risk and our conclusions from completing this work. Unfortunately due to the difficulties encountered as part of the audit process as identified in section 2 and 3 of this report, and from the work that we have undertaken ourselves we believe that the conclusions we have reached have to be referenced to the detail issues raised within this report.

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Risk: Income recognition

- Income recognition – DFE funding could be recognised in the wrong period.



Audit Approach

- We will look to gain assurance in this area by performing cut-off testing and reviewing a sample of post year end transactions to ensure income has been recognised in the correct accounting period.



Conclusion

- We have used the paperwork provided by the Trust to identify the income that should have been received and have identified discrepancies in the recognition of capital grant income as noted in appendix 1 of this report.

Section 1: Audit Approach

Risk: Management override

- Management override of controls – management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records, overriding controls that otherwise appear to be operating effectively (ISA 240 para 31).



Audit Approach

- We will review journals raised in the year for any unusual entries or patterns
- We will test a sample of journals to identify the nature of the journal and evaluate whether there is a genuine rationale for the adjustment.



Conclusion

- Whilst transactional testing did not identify any instances of management override, due to the number of errors that were identified and the lack of information to support the journals that had been processed, we have raised significant issues in the body of this report.

Risk: Books and Records

- Mispostings, adjustments and journal entries could lead to inaccurate financial data and analysis within the primary books and records.



Audit Approach

- We will review all control accounts to ensure that they have been reconciled properly.
- Extensive substantive testing will be undertaken to ensure the extent of any misanalysis is identified, documented and corrected.
- The use of data analytics will be used to try and identify any unusual items.



Conclusion

- During the course of the audit we noted a number of misposted transactions which include reversals of journal entries to incorrect ledger codes. Section 2 details our significant findings from the audit.

Section 2: Significant Findings From The Audit

We are required under International Standards on Auditing to request you to correct all misstatements identified during our audit, with the exception of those that are clearly trivial.

Corrected material misstatements and reclassifications

As referred to in the Significant difficulties section, the original trial balance presented for audit was not reflective of the year's results.

Management were not able to correct the system on a transactional level within the time frame, but prepared reconciliations and breakdowns for balance sheet items and capital income. A manual extended trial balance was created to record all the adjustments identified from the work undertaken, in order to bring the figures to the correct year end position.

This revised trial balance was then audited, and included as Appendix 1 are the corrected misstatements identified during the course of our audit work which have been discussed and agreed with you.

Uncorrected immaterial misstatements and reclassifications

Included as Appendix 2 are the uncorrected, immaterial misstatements and reclassifications identified during the course of our audit work.

Observations concerning the operation of the accounting and control systems

We detail in section 3 other matters concerning the operation of the accounting and control systems that we consider should be brought to your

attention. The observations have been ranked in order of potential risk to the Trust.

We look forward to receiving your responses on the points raised.

Due to the nature of an audit we may not have identified all weaknesses within the accounting and internal control systems which may exist and the contents of this section of our letter and any items disclosed in this report should not therefore be taken as a comprehensive list of such weaknesses.

Significant difficulties

We experienced significant difficulties and delays during our audit as financial information presented to us was incomplete and did not accurately represent the underlying financial records.

The original draft accounts presented for audit were not reflective of the year's results, underlying records and a number of the key control accounts had not been reconciled or reviewed.

The answers given to some of the audit queries and requests during our audit work were inadequate and indicated a lack of understanding of the underlying issues, or are reflective of the lack of a full audit trail throughout the year.

There appears to be a communication issue between the central function and the individual academies as to who holds specific supporting documentation. Each side has assumed the other has specific supporting documentation resulting in neither side being able to produce evidence when asked.

Section 2: Significant Findings From The Audit

Whilst we appreciate there has been some progress in year in areas such as payroll, however there are a significant number of points that were raised last year that re appear as issues this year and these have been identified in Section 3.

Significant matters

The number of significant issues noted within this report as well as the state of the financial records indicate that no adequate internal reviews had been undertaken by an independent person during the year which would have identified the issues sooner.

It also indicates the lack of systematic controls and processes that should be undertaken on a weekly/monthly basis. In light of the outcome of the prior year audit we were engaged to perform an interim audit to provide assurance over the financial records. The interim work was undertaken in July 2018 and we identified the issues needed to be resolved before the final audit was undertaken.

The unresolved issues included the purchase ledger control account which included a number of duplicate entries, year end balances, payment only entries and outstanding invoice payments where invoices had been paid directly through the bank as identified during the prior year audit. In addition, prior year journals posted directly to this account had not been reversed and resulted in the aged listings not reconciling to the trial balance. A review of the ledger and a process to reconcile it to the trial balance would have identified the discrepancies at a much earlier stage.

The extent of the issue remain significant. Whilst a number of errors have been identified and corrected, there are still areas of the accounts where although materially correct based on the information we have to date, we cannot be certain will not result in a prior year adjustment in the following year. For example we are unable to ascertain whether an accrual of £111k is an accurate charge for the light and heat used.

Management Response (draft)

Following the 2016/17 audit, a number of processes were redesigned and additional control processes were put in place. This included independent review of the bank reconciliation, tighter controls around supplier payments, agreement to implement functionality available in our accounting system, formal review and approval of the payroll, implementation of a month end processing and reconciliation check list, automating the production of management accounts and agreement to move to a single bank account. However, it has been recognised this year that lack of skills and capacity within the Trust finance team has made it difficult to implement all of these new processes and procedures. A new Trust Business Manager has now been appointed and it has been agreed to change the structure and staff within the Trust function to address these issues.

In addition to the above, the Trust has now engaged PwC to deliver its internal audit function with the first review having taken place in September 2018. PwC have made an number of recommendations that the Trust is in the process of addressing.

Section 2: Significant Findings From The Audit

There have also been changes to the management structure across the Trust following concerns around management oversight. This includes the previous CEO being replaced, appointment of a new Trust Business Manager and alignment of school management structures with the appointment of a single Executive Principal.

Management Representation Letter

A draft of our proposed management representation letter has been sent to you under separate cover. All of the matters included in this letter on which we seek the Trustee's formal confirmation are in respect of routine matters, except for the following:-

Point 7 – we only refer to material transactions as opposed to all transactions

Point 8 - has been expanded to refer to donated services and South Bank University

Point 9 - has been included to capture the transactions with South Bank University

Point 11 – we have sought further confirmation that we have all the information we need in respect to the notional rent for South Bank Engineering UTC

Point 14 – We have asked for confirmation on the LGPS liability associated with the MAT

Point 15 – We have asked for you to confirm the accrual of £186k for light and heat is valid based on the information available to you at the time of signing this letter.

Point 17 - We have asked you to confirm that the actuarial assumptions used by the actuaries Aon Hewitt Limited and Hymans Robertson LLP in calculating the actuarial movements, and fair values of the assets and liabilities of the local government defined benefit pension schemes are consistent with our knowledge of the trust.

Point 28 – The point has been expanded to take note of the additional wording relating to the Regularity audit report in the financial statements

Point 29 – the point has been expanded to include reference to materiality.

USEFUL OBSERVATIONS

Members

We would note that the ESFA recommends a minimum of 5 members, although this is not currently a mandatory requirement. This is an area of interest to the ESFA and should be considered particularly as the trust grows in the next few years, and as the two individual members are also directors the aim of this is to ensure the members have sufficient separation from the Board so as to provide external oversight.

Section 2: Significant Findings From The Audit

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Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
1	Prior year control deficiencies From the current year audit we note that a significant number of control deficiencies noted during the course of the prior year audit had not been resolved or rectified.	HIGH	Although the year end accounts are deemed to be materially correct based on the information provided to us, this has resulted in the accounting records not accurately reflecting the true position of the Trust.	Internal reconciliations and reviews should be carried out by a senior member of staff overseeing the finance function on a monthly basis. This will ensure that issues are picked up on a timely basis and can be resolved immediately.	Agreed. There is a month end check list which will be completed by those responsible for financial accounting within the trust but reviewed by University Finance Staff every month, with a plan put in place to resolve reconciling items and issues. also see management response on page 4
2	Reconciliation of reserves It was noted that opening reserves did not reconcile to the opening trial balance by £608k. This was as a result of capital grant income and the associated depreciation on these assets being posted directly against reserves.	HIGH	This resulted in the opening reserves in the trial balance being materially incorrect.	Adjustments should not be posted to reserves. Where reserves transfers are required these should purely be reallocations between reserve balances	Agreed. Correct accounting treatment will be applied going forward

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
3	Capital grant income Capital grant income had been accounted for within expenditure which incorrectly reduced net expenditure in the accounts by £1.16m. Additionally, no record of capital grant income spent and receivable is maintained by the trust	HIGH	This resulted in understated income and expenditure and an underlying difference in reserves (as noted in point 2)	We recommend procedures are implemented to continuously monitor capital grant spend. Any spend incurred for which income has not yet been received should be accrued at the year end.	agreed. Capital funds received and spent will be reconciled as part of the month end process and reported as part of the monthly management accounts. At year end grants spent but not yet received will be accrued
4	Use of capital grant funding On review of the assets funded via capital grant it was noted that a significant number of these assets had been capitalised within ACA, initially within the UTC expenditure nominal code and also with the fixed asset register. Evidence of approval of the use of funding across both academies could not be provided and therefore we were unable to see evidence that the funding was spent in line with the grant conditions.	HIGH	As we have not been provided with evidence to agree that the funding can be spent on UTC assets, we are lead to conclude that this may have resulted in ACA benefiting from the use of assets for which UTC has funded.	Where funding has been granted, it should be spent in line with the stipulated terms of the agreement unless prior approval has been received from the ESFA. Where prior approval has been granted we recommend that evidence of this is kept and is readily available should it be required.	TBC

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
5	Cut off Procedures This year we have identified £303k of fixed asset payments which should have been recognised i trade creditors and prepayments last year. These assets were funded by grant income which should have been accrued for in 2017. All transactions have been included in this years accounts	HIGH	Transactions are not being included in the correct period.	Invoices should be processed and reviewed upon arrival to ensure the correct accounting treatments have been applied.	Agreed. Going forward, correct accounting treatment will be applied.
6	Salary Advances Salary advances are not reconciled and not indicative of outstanding balances. The accounts are showing a debtor of £5,065 and a creditor of £15,654 where the majority of items have had no or little movement from the prior year. Salary advances have not been properly recorded on the system.	HIGH	This can result in costs not being recovered by the Trust and or challenges by staff as to the overall outstanding balance which would normally be an overall debtor in the accounts.	It is recommended that a list of all salary advances including season ticket loans is prepared and reconciled against payroll deductions on a monthly basis.	Agreed. This task will be part of the month end reconciliation process and will also be checked when checking payroll reports before payroll is approved. see also management response on p4

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
7	<p>Bank Mandate We were not able to see an up to date bank mandate onsite and one has had to be reordered from the bank. This shows that documents might not be filed and stored correctly. The bank mandate has also not been updated for the Trustees who have left or joined during the year.</p>	HIGH	<p>In the event of the main signatories not being present, the MAT could incur penalties for not making payments on time as was the case during the year when LSBU had to pay expenses on behalf of the MAT.</p> <p>In addition, the existence of old signatories on the bank mandates (especially where employees have left the Trust) leads to an increased risk of fraudulent transactions taking place.</p>	<p>It is recommended that all important and confidential documents are filed correctly so that they can easily be retrieved. It is also recommended for the bank mandate to be kept up to date to minimise the risk of fraud.</p>	<p>Agreed. While it is agreed that the mandate held by Lloyds had not been updated, day to day banking is undertaken by authorised users of Lloyds online banking, therefore the Trusts ability to make payments is not impacted by an out of date mandate.</p> <p>Going forward, instruction will be sent to Lloyds to update the mandate as personnel change.</p>

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
8	Trade Creditor Reconciliations Trade creditors listing could not be reconciled to the year end trial balance. Although the adjustments were identified and the net adjustment was immaterial (£19k) this resulted in the listing not reflecting the true year end balance.	HIGH	The MAT could potentially be paying suppliers based on incorrect data. This could also lead to the MAT being unaware of supplier invoices due to be paid. As evidenced during the audit a number of duplicate payments had been made.	Trade creditors aged listing should be reconciled to the purchase ledger control account on a monthly basis and any differences investigated. The ledgers should be reviewed for unusual balances which differ from expectation.	Agreed. The supplier accounts that make up the difference between the PL and control accounts has been identified and we have asked the software supplier for help in correcting this. The supplier has not so far been able to offer this support. Going forward, this reconciliation will be completed as part of the month end reconciliation process and any discrepancies will be investigated. See also management response on P4.

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
9	Trade Creditor Balances There are balances which are labelled 'YE PL Adjustments on the trade creditors reports. The amounts are: <ul style="list-style-type: none"> - UAE - £39,980 - MAT - £-1,862.05 - UTC - £-585.56 	HIGH	Trade Creditors could be misstated due to the fact that we are unaware what these cost constitute and whether they actually relate to creditors at the year end.	These creditors should be reconciled to accounts so we are able to trace these creditors and ensure they are correct.	Agreed. Action in line with 8 above. See also management response on P4.
10	Payroll Documentation Student working for the academy trust are not issued contracts of employment, therefore exact start dates can not be confirmed. This is relevant for the following members of staff <ul style="list-style-type: none"> - Aaron Iduh - Jackson Moore - Andre Edwards 	HIGH	Lack of clear evidenced and agreed terms and conditions can increase the risk of misunderstandings and disputes. In the event that the entity is taken to a tribunal, a clear contract will help to support the entity's position.	It is recommended that employment contracts are drafted for all student employees.	TBC – getting advise from HR as to if these workers should have an employment contract.

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
11	Other Creditors We are unable to verify the balance of £16,830 in other creditors. They have been included in payroll deduction and control accounts but there is no documentation to support what it relates to.	HIGH	Others creditors is potentially incorrect and we are unable to identify if this is a valid payroll creditor.	A review should be conducted in regards to 'Other Creditors' and any amounts that are unable to be reconciled to relevant documentation should be written off.	Agreed. Overall payroll accounts are being reconciled including the main net pay, PAYE and pension control accounts but during the year smaller reconciling items were not addressed. Going forward all payroll control accounts will be reconciled and reconciling items investigated as part of the month end process. see also management response on Page 4..
12	Reversal of prior year accruals and prepayments Incorrect treatment of prior year prepayments has occurred during the year. Instead of being allocated to the correct nominal code to which they relate. They have been posted to the 'write off' account.	HIGH	This will have a knock on effect for the financial figures and budgets included in this year's accounts as prior year prepayments should have been reversed against the correct nominal account.	Where a prepayment has been identified and adjusted for, we would expect that the reversal of the prepayment should be processed back against the original nominal account that was adjusted.	Agreed. Going forward the correct accounting treatment will be applied.

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
13	<p>Bank reconciliation</p> <p>Whilst we note that the bank reconciliations were provided and a listing of transactions reconciling the trial balance to the year end bank statement were prepared, we note that the bank reconciliations included reconciling items that could not be validated.</p>	HIGH	<p>The bank forms the core of the financials for the year. Where reconciling items are not indicative are valid reconciling transactions this can result in a number of other areas of the financial being misstated. For example, any proposed adjustments from the bank reconciliation to other control accounts such as trade creditors would result in questions over the reliability over what has the reported within the trade creditors listing.</p>	<p>Bank reconciliations should be performed each month to ensure errors are easy to detect and can be rectified immediately. Bank reconciliations along with documentation of reconciling items allow for more efficient management; knowing what has cleared the bank and what hasn't will be beneficial in trade creditor and payable reconciliations.</p>	<p>Agreed. Bank reconciliations have been prepared by University staff since January 2018 but it has been difficult to get Trust staff to post or correct reconciling items identified.</p> <p>Going forward a more robust month end process will ensure that all reconciling bank items are followed up. Also see management comment on page 4.</p>

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Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
14	Duplicate payments On review of trade creditors, it was noted that a number of suppliers had been paid twice. We believe that this is a result of the lack of controls surrounding the posting of transactions and invoices as well as the maintenance and reconciliation of the trade creditors listing.	HIGH	These duplicate payments have a negative impact of the Trusts cash flow and has resulted in trade creditors being understated.	By making full use of control accounts, e.g. trade creditor control account, it will help prevent duplicate payments. Reconciling the trade creditor control account on a monthly basis will help identify those balances which are still outstanding and those which are now cleared. Whilst this will not eradicate instances of duplicated payments being made this is one of the ways to help mitigate the risk.	Agreed. Reconciliation to control accounts is one of a few measures necessary to prevent duplicate payments. Others include consistent use of Purchase orders, preventing overriding invoice number checking functionality on the software and reconciliation of Trust records to supplier statements. See also management response on Page 4.
15	Posting of transactions Ledgers have not been updated and maintained during the year. Invoices have been posted in the incorrect period due to lack of timely posting of invoices on receipt. The insufficient monitoring of income has also resulted in the understatement of income and income was noted as not being correctly allocated within appropriate nominal codes within the ledgers.	HIGH	This has resulted in the misstatement of a number of balances in the accounts and has also meant that the Trust will not have a clear view of any amounts outstanding, paid or received on review of the ledgers as they are not complete and have not been maintained.	We recommend that all invoices are posted to the system as soon as they are received. Monthly reconciliations of all control accounts and income should be performed.	Agreed. A required timeline for posting sales and purchase ledger items will be agreed and general ledger posting and reconciliation will be undertaken in line with the month end check list with a target of 10 working days after month end

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
16	<p>Capital grants Capital grant income had been netted off the expenditure and therefore no complete record of income received and assets purchased was maintained during the year.</p> <p>Complete records are not maintained which reconcile amounts granted against amounts spent and outstanding which resulted in income granted to the UTC for construction of their premises but paid to Trinity being excluded from the records of the school. The value of this adjustment was £14m.</p> <p>Additionally, it was noted that the funding granted to the UTC has been purchase assets held in the UAE. Documentation could not be provided in which this has been agreed by the ESFA.</p>	HIGH	<p>This resulted in the material misstatement of income, fixed assets and reserves during the year.</p>	<p>We recommend that a full fixed asset register is maintained which shows the depreciation charges on a monthly basis by asset. This will enable depreciation to be calculated from the date of acquisition to the date of disposal and will allow for tracking of assets.</p> <p>Grant income received can only be spent by the entity that it has been granted to unless this is agreed otherwise.</p>	<p>Agreed. A fixed asset has been maintained throughout the year and includes calculation of depreciation but does not detail opening balances or identify grant funded assets.</p>

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
17	Depreciation of fixed assets As a result of the fixed asset register not being maintained, the straight line depreciation is being calculated on costs brought forward. There is no full record of assets held or their associated net book values.	HIGH	By calculating the depreciation charge straight line based on cost brought forward, the Trust is unable to identify assets as they are coming to the end of their Useful economic life and therefore assets are at risk of being depreciated in excess of cost. Fixed assets are highly material and therefore the depreciation charge associated with any assets are likely to be material and the incorrect application of the depreciation policy is therefore likely to result in material misstatement.	We recommend that a full fixed asset register is maintained which shows the depreciation charges on a monthly basis by asset. This will enable depreciation to be calculated from the date of acquisition to the date of disposal and will allow for tracking of assets.	Agreed – action same as 17
18	LGPS pensions We could not be provided with an LGPS actuarial report which incorporated the liability associated with staff members employed in the MAT.	MEDIUM	Whilst this related to only one employee this has resulted a understatement of the year end liability in the accounts.	We recommend that the Trust reviews the documentation received by the actuaries to resolves any issues directly. The actuarial reports should be reviewed in detail to ensure the information contained within them is consistent with the Trusts expectation and underlying records.	Agreed. It has been difficult communicating with the pensions team at southwark but going forward actuarial reports will be reviewed and reconciled to accounting and HR records

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
19	<p>Local Authority income We could not be provided with details on local authority income received for the Summer Term for each school.</p>	<p>MEDIUM</p>	<p>Incomplete records surrounding income can result in the misstatement of income. Additionally the lack of controls surrounding the posting of income in the ledger and reconciliations can result in the Trust having not received income that it is due.</p>	<p>The Trust should reconcile income against both remittances and expectation noted any amounts which may be misallocated or not yet received but due.</p>	<p>Agreed. The income referred to had not been claimed or received until after year end and it is agreed that the income should have been accrued.</p> <p>Going forward detailed analysis of income against budget or the raising of a sales invoice will ensure that income had been properly recorded. The budget will include all expected income streams to make this variance analysis meaningful.</p>

Section 3: Operation of the Accounting and Internal Control Systems

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE
20	Building occupied by UTC On review of land registry documents it was noted that the lease for the building occupied by UTC continues to be in the name of Trinity Academy London although the asset has been transferred to UTC.	MEDIUM	Although the building is occupied and in use by UTC this is not official and official arrangement and therefore UTC are not deemed to be the true occupier of the property.	We recommend that the lease and associated official documentation in place such as land registry are updated to correctly reflect the status of the arrangements between UTC and The Secretary of State.	Agreed – action TBC
21	Accruals Some items which have been accrued for are of a trivial value, and will therefore have minimal effect on the financial statements. A significant number of these accruals were also noted as being invalid with respect to the current financial year.	LOW	It is likely that a significant amount of time is involved in the administration needed to account for numerous trivial accruals, especially with a small finance team. This has therefore resulted in accruals not being tracked and released as and when required and thus accruals which are not valid being present on the year end listing.	There should be a consideration of implementing a threshold value of which it should then be compulsory to raise an accrual. Whilst it is good practice to account for all accruals required, we would recommend that controls are put in place to ensure all larger amounts are accounted for first.	Partially agreed: Even though some accruals will have minimal effect on the financial statements, They may be important in terms of management of individual budgets. It is agreed that invalid items should not have been accrued.

Section 3: Operation of the Accounting and Internal Control Systems

We have given each of our observations a risk rating as explained in the key below:-

RISK RATING FOR MANAGEMENT REPORT POINTS		
	Risk rating	Explanation
	Low	Issues that would, if corrected, improve the internal controls or accounting practices in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.
	Medium	Issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
	High	Issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.

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Section 4: Operation of the Accounting and Internal Control Systems – follow up

Prior Year Points

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
1	Roles and responsibilities It was noted that there is a lack of clarity over individuals' roles and responsibilities within the finance team particularly in respect of the accounting system, once the former finance manager had left the Trust.	HIGH	This caused omissions of some entries such as payroll entries, and duplication of others such as purchase invoice payments, and therefore a material misstatement of the figures. This also caused journal entries to be processed without clear audit trails.	It is recommended that clear roles and responsibilities are allocated amongst staff and clear procedures are put in place for all aspects of the accounting system. Adequate training must be given to all members of staff who are responsible for maintaining the accounting records.	This continues to be an issue for the Trust. During the course of the onsite visit when requesting documentation it was not clear whether information was held by individual schools or centrally. In addition we again identified duplicate payments and postings for purchase invoices which resulted in the trade creditor's accounts not appropriately reflecting the year end position.

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Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
2	<p>Cash management Bank reconciliations were not performed during the year. This has resulted in material adjustments being required as prompted by auditors. As this work is being done long after the date of transactions, there is increased risk of misstatement and does not reflect timely bookkeeping or management.</p>	HIGH	<p>Conducting regular bank reconciliations is regarded as a basic financial management tool. In the absence of this basic check, the Trust is unable to prove that the accounts and the financial information is correct.</p>	<p>It is recommended that formal bank reconciliations are performed on a regular basis - once a month - and the bank balance as per PS Financials is reconciled to the bank balance as per the bank statements. Any issues identified should be investigated and resolved on a timely basis.</p>	<p>Whilst the bank reconciliations has been performed, although immaterial, a number of transactions were noted on each reconciliation that were not indicative of actual reconciling items and therefore did not accurately reflect the year end cash position.</p>

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Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
3	Accounting system Through discussion with management, and review of the financial data presented for audit, it is apparent that those in charge of the finance function are not fully conversant in PS Financials and inadequate training was provided.	HIGH	For example, we note that some expenditure invoices have been posted multiple times to creditors and expenditure, following payment, we note that the transaction has been between bank and expenditure; therefore overstating expenditure and leaving the MAT open to risk of overpayment.	We recommend that all appropriate staff members are formally trained on PS Financials and are trained on their function as well as other functions to ensure that there is always someone on hand with knowledge of the system to advise appropriate treatment.	This continues to be an issues for the Trust with multiple overpayments noted as being made to suppliers throughout the year.
4	Management information It is clear from the information viewed, that full management information has not been prepared and reviewed on a regular basis during the year.	HIGH	Management have a responsibility to review regular management information and this would have identified the deficiencies in the system at an earlier point during the year.	A full set of management information should be made available and reviewed at least on a termly basis.	Whilst we have noted that management accounts are now being prepared, we believe that the management accounts are at risk of being incorrect due to the lack of timely posting of transactions. Management accounts were issued most months from January 2018. (send earliest management accounts to KS)

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
5	Control accounts Control accounts are not being utilised properly, reviewed nor reconciled, such as net wages, PAYE/NI, pensions, trade debtors, trade creditors.	HIGH	The payroll charge is significant to the MAT - if the journals are not being processed monthly as per the payroll reports, then there is a major weakness in the controls surrounding the payroll function. There is therefore a risk of misappropriation of funds as the reporting could be manipulated and payments manipulated also as there is not a full reconciliation of the charge and the payments made.	We recommend that the payroll process is revised and a formal reconciliation of the payroll report with the postings as per the financial system are reconciled with the payments made. This should ensure that staff are paid appropriately as per approved calculations and that we reduce any misappropriation risks.	Whilst we note that the Trust now utilises the control account function and a number of reconciliations are now being performed, we have noted that these do not accurately reflect the year end position. References to trade creditors and bank reconciliations have been noted within section 3 of this report. We also note that the PAYE/NIC control account did not correctly reflect the year end liability.
6	Supplier transactions The supplier ledger within PS Financials is not being utilised, and management have confirmed that they do not have a complete listing of liabilities as at 31 August 2017, with the year-end position being ascertained based on post year end payment of physical invoices located.	HIGH	Given the size of the trust, the lack of a functioning supplier ledger increases the risk of duplicate payments being made as there is no complete trail of purchase invoices and payments made.	We recommend that supplier invoices and payments are properly tracked within the accounting system so that outstanding balances can be seen and historic invoices can be viewed.	During the course of the audit we noted that supplier transactions were being posted to supplier accounts.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
7	Land and Buildings As at 8 January 2018 a 125-year lease for the land and buildings of UAE was made available to us as the external auditors. Being dated in August 2016, this represents a material prior year adjustment to recognise the long leasehold property controlled by the Trust, and this information should have been made available to us during the prior year.	HIGH	Whilst the accounts have been adjusted for this material prior year adjustment, this is a significant item which we as auditors had not been initially informed of.	The Trust has a responsibility to ensure that there is no relevant audit information of which the external auditor is unaware.	Whilst the UAE lease has been accounted for in the ledgers, it was noted that the UTC lease was not accounted for this year. This resulted in a material adjustment being required. An updated land and buildings valuation for UAE is not yet available and is still be sought by UAE.
8	Unidentified provisions Upon querying the accruals balance, there is an unsupported general provision for energy costs of £111,000, and unidentified accruals of £42,325. Total energy costs recognised within expenditure for the year however only amounts to £58k.	HIGH	This indicates a lack of clarity and control over the expenditure recognised within the trust's financial statements.	We recommend that proper controls are put in place around supplier invoices which would allow clear monitoring of transactions.	Whilst we did not note any 'unidentified' accruals, we noted that a significant number of accruals related to older transactions that had not been cleared off the ledger and therefore should not have been included as a year-end accrual. We have received a narrative confirming the basis of calculation for the current year energy cost accrual however the prior year provision has changed and is neither the same as that provided for last year or based on the information used to

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
					calculate the current year provision.
9	<p>Related party transactions There is not an appropriate process in place whereby related parties and pecuniary interests of key management personnel are recorded on a timely basis</p>	HIGH	<p>There are specific ESFA requirements that state Academies are to keep a record of related parties and pecuniary interests of all key management personnel, directors and budget holders. This is to ensure that all goods and services procured are done so at a reasonable rate, and to ensure that management are fully aware of related parties at all times.</p>	<p>It is recommended that a formal register of related parties and pecuniary interests is kept centrally by the finance team. It is further recommended that this is updated when new staff are appointed, and on an annual basis. This will allow for the MAT to be aware of all related parties at all times.</p>	<p>We note that there is a formal register of related parties maintained by the University Governance team.</p>

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
10	<p>Accruals based reporting</p> <p>The accounting records were being maintained on a cash accounting basis instead of an accruals and prepayments basis. A number of adjustments had to be processed to recognise the appropriate accruals, creditors and accrued income.</p>	MEDIUM	<p>There is a risk that incorrect financial information is presented to the board.</p>	<p>The finance staff need to be trained to understand the difference between cash accounting and the accruals concept. This should incorporate an understanding of cut off procedures making it easier to identify the necessary adjustments for monthly, termly and year end accounts.</p>	<p>We note that this continues to be an issue. On review of year end prepayments and accruals we noted that these were incomplete. For example, rates prepayment had not been accounted for, pupil premium not accrued and PNA adjustments not accrued.</p>
11	<p>VAT receivable</p> <p>Throughout the account period, we note that only 2 VAT 126 returns have been processed and submitted.</p> <p>The UTC VAT balance per PS Financials is £56k overstated compared to the draft claim workings.</p> <p>The VAT balances have not been reconciled during the period.</p>	MEDIUM	<p>There is a risk that these claims have been prepared incorrectly and/or the balance showing as receivable in the accounting system is incorrect.</p> <p>The Trust is also not taking advantage of cash flow opportunities as these returns can be processed on a monthly basis.</p>	<p>It is firstly recommended that the financial system is brought up to date and the VAT 126 returns already processed are reviewed for appropriateness. It is further recommended that the governors of the MAT consider adopting the policy of processing these returns on a monthly basis to aid inflows.</p>	<p>On review of the current year VAT ledger we note that although immaterial at £20k a number of outstanding amounts were dated pre 2016.</p> <p>The year end VAT control account therefore did not accurately reflect the year end liability. We also note that returns continue to not be processed on a timely basis and therefore is no reconciliation of VAT receipts against VAT 126 returns and therefore we do not believe the Trust is able to monitor what is outstanding and has/hasn't been claimed on a continuous basis.</p>

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
12	Fixed asset register A formal fixed asset register is not maintained	MEDIUM	The figures within the trial balance in respect of fixed assets are highly material to the MAT, we were not provided with supporting documentation by way of a fixed asset register. This therefore a risk that depreciation, capital additions and capital disposals are not processed appropriately on a timely basis. The fact that this is not being done on a timely basis means that management may not remain aware of the true position of the Academy at all times.	It is recommended that a formal fixed asset register is maintained with capital transactions and depreciation being posted on a regular basis (at least termly), when the management accounts are prepared. This will ensure that the true position of the Academy is reflected at all times.	The fixed asset registers provided for the current year included only current year additions. A full register of all assets held is not maintained and therefore we believe this matter remain an issue. <i>A fixed asset register is maintained but does not detail prior year balances and does not clearly identify grant funded assets.</i>
13	LGPS pensions We identified discrepancies between the amounts showing on the actuarial reports for employer contributions received, and the trust records of employer contributions paid to the scheme.	MEDIUM	These discrepancies indicate potential error in the information used by the actuaries in preparing the LGPS pension report figures.	We recommend that the Trust reviews the documentation received by the actuaries and reconciles contributions paid to internal records, with discrepancies investigated and resolved directly.	On reconciliation of employer contributions presented on the actuarial report to the Trusts records, we continued to note discrepancies.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
14	Agency staff The agency staff costs in the year of £587k is extremely high compared to other trusts, and indicates a potential staffing and budgeting issue which should be closely monitored.	MEDIUM	Having heavy reliance on agency staff is a potential issue and needs to be managed by the team. Whilst there is an obvious financial impact, it also has an impact on the day to day operations as there is inconsistency in approaches as staff change.	We recommend that the Trust reviews its staffing position and prepares an action plan in respect of this area.	Current year agency costs amounted to £576k. In addition we saw significant increases in staff wages and salaries.
15	Members and directors It was noted that the appointed members and trustee directors of the trust were not reflected accurately and on a timely basis at the get-information-schools.service.gov.uk website (previously known as Edubase) - (the DfE's register of educational establishments).	MEDIUM	The Trust is in breach of the Academy Handbook requirement that the Trust must notify DfE of the appointment or vacating of the positions of members, directors and local governors within 14 days of that change through the governance section of DfE's Edubase.	We recommend that the Trust gets the information up to date and monitors this on a regular basis.	We are satisfied that Edubase is up to date as at the date of audit.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
16	Expenditure vs budgets The budget for the year (as approved by Governors) had not been uploaded onto the PS Financials system. Therefore, the current financial position cannot be properly monitored or managed as compared to the budgets set.	LOW	Expenditure cannot be monitored against the budget without accurate reporting and there is therefore an increased risk of the Trust not adhering to the approved budget which increases the risk of excess spending.	The approved budgets are uploaded into PS Financials once finalised. It is further recommended that the budget to actuals are compared on a regular basis (perhaps termly) and any projected under / over spends can be brought to attention in a timely manner.	Unfortunately we do not believe that this has been addressed during the year. Whilst the 2017/18 budget was uploaded within PS Financials, the lack of timely postings will have resulted in inaccurate reporting of under/spends. <i>2017/18 budget was uploaded to PSF and reported on during the year.</i>
17	Payroll records As a result of the testing performed, an instance was noted where we could not locate a staff leaver's supporting documentation to confirm their leave date from UAE.	LOW	There is a risk of misappropriation of the MAT's funds here as incomplete record keeping could result in this member of staff not being removed from payroll appropriately.	It is recommended that the process of processing starters and leavers is formalised. As well as this, there should be a checklist for starters / leavers to ensure that the appropriate steps are taken and documents are processed; for example a P45 and resignation letter.	During the year we noted that a number of student workers had not been provided with employment contracts although paid via payroll. Consequently we have raised a current year observation regarding this.

Section 4: Operation of the Accounting and Internal Control Systems – follow up

	MATTER ARISING	RISK	IMPLICATION	RECOMMENDATION	FOLLOW UP
18	<p>Central recharges Where internal bank transfers are made, there is not always supporting documentation available.</p>	LOW	<p>If inter academy transactions are not being consistently monitored and recorded, then the risk of entity level reporting being inaccurate is increased.</p>	<p>Where a financial transaction is to be processed there should be sufficient and appropriate evidence and documentation to support this. Where there are internal recharges required to be posted via journal, it is recommended that a schedule is maintained as to the basis of the recharge as well as who it has been approved by and when the posting has been made.</p>	<p>Central recharges were posted at the yearend via intercompany ledger transfers and therefore we did not see any physical payments with respect to these transactions.</p> <p>We continued to note that supporting documentation in the form of an invoice invoice has not been available in support of the transactions.</p> <p>Clarify if you are saying that the recommendation has been implemented or not?</p>

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Section 5: Sector Update

Academies Useful Links

There are a number of links which the Governors and senior leadership might find useful and these are listed below:-

Gov.uk

<https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

<https://www.gov.uk/guidance/schools-financial-efficiency-top-10-planning-checks-for-governors>

<https://www.gov.uk/academies-fianncial-assurance>

<https://www.gov.uk/academies-severance-payments>

<https://www.gov.uk/government/collections/academies-investigation-reports>

NABSM good practice Library:

<http://nasbm.co.uk/Home/Efa-Academies-Library.aspx>

FD Forum:

www.thefdforum.co.uk

ICAEW:

www.icaewvolunteers.com

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Section 5: Sector Update

Employment tax changes commencing 6 April 2018

From April 2018, the employment tax rules changed again.

Termination payments

From 6 April 2018 the taxation of termination payments changed. The aspect which has the most impact is that both contractual and non-contractual payments in lieu of notice (PILONs) will be taxable and subject to Class 1 NIC's whereas, before April 2018, non-contractual PILONs can be tax and NI free.

The taxable amount after April 2018 is the amount the employee would contractually have been entitled to had they worked their notice period. This includes any bonus, commission or incentive payments that they would be entitled to had they worked their notice period, as well as any sums which would accrue during the notice period. The amount calculated is treated as earnings and will not be eligible for the £30,000 Income Tax exemption.

Also changing is the calculation of termination packages which are subject to NICs. Although this has now been delayed to April 2019, payments in excess of the £30,000 exemption are subject to employer's NIC but not employee's NIC whereas before this date they were exempt NIC altogether.

Employers will have to provide itemised payslips from April 2019

[The Employment Rights Act 1996 \(Itemised Pay Statement\) \(Amendment\) Order 2018](#) comes into force on 6 April 2019. It aims to increase transparency of employees being paid correctly and address underpayment – whether national minimum wage, national living wage or under the employee's contract of employment. This will apply to employees with an hourly rate, not salaried employees with fixed working hours.

From April 2019, employers will be required to include on payslips the number of hours worked by an employee for which they are being paid. This will only apply where the employee's pay varies because of actual time worked.

Where the amount of wages or salary varies by reference to time worked, the total number of hours worked in respect of the variable amount of wages or salary will be shown either as:

- a single consolidated figure by showing the combined number of hours worked for which payment is being made; or
- separate figures for different types of work or different rates of pay by itemising the figures for different types of work worked and/or different rates of pay.

The new order amends section 8 of the Employment Rights Act 1996, adding to the list of particulars which must be included in the itemised pay statement which an employee has a right to be given.

Section 5: Sector Update

Currently, an employer only has to include:

- details of the employee's gross amount of wages or salary;
- deductions from that gross amount; and
- the net amount of wages or salary received.

What action should employers take?

Before the order comes into force, employers should:

- Adjust their payroll processes to collect the new information required; and
- Amend the format of their payslips to include this new information, where appropriate.

Please note that the amendments only apply to periods worked after the new order comes into force in April 2019.

What action will an employee be able to take?

An employee will be able to see on their payslip whether the number of paid hours matches their record of how many hours they have actually worked. Employees can then:

- challenge their employer if they think their payslip is wrong;
- raise a case with the Advisory, Conciliation and Arbitration Service (ACAS); or
- raise a case with HMRC (if the national minimum wage has not been paid).

In all these cases, the employee will be able to use their payslip as evidence.

Fraud in the Charity Sector

Fraud in the charity sector is unfortunately at an all-time high, with recent estimations being a loss of £2.3bn annually to the UK Not for Profit sector (an increase of some £400m from estimates shared in 2016). Alongside our own Kingston Smith specialists in this area, the sector is beginning to develop a suite of tools, guides and blogs which are worth a visit to ensure your Charity is aware of the key fraud considerations, potential pitfalls and suggested controls:

- The Fraud Advisory Panel (a registered charity and independent voice of the anti-fraud community) - <https://www.fraudadvisorypanel.org/>
- 10 questions every Trustee should ask about Fraud and suggested policies - <https://www.gov.uk/guidance/protect-your-charity-from-fraud>
- The National Cyber Security Centre - <https://www.ncsc.gov.uk/news/advice-thwart-devastating-cyber-attacks-small-charities>
- Action Fraud for reporting - <https://www.actionfraud.police.uk/>

This area is notoriously fast moving, with new areas of attempted fraud

Section 5: Sector Update

arising daily, but some of the prevalent current frauds and potential controls to protect your charity from these, include:

“Supplier mandate fraud”

Contact is made from a “supplier” employee who is noting (either by phone or official headed notepaper) a change of bank details. The bank details are fraudulent.

Control to mitigate the risk – review and approval of all standing data supplier changes and calls to confirm BEFORE updates processed.

“Batch supplier duplication”

An example of an internal fraud – the details of a supplier are duplicated onto the system and the duplicate given the fraudulent parties bank details. “Real invoices” are paid twice, hidden in the batch run, once real and once fraudulent.

Controls to mitigate the risk – Approval of new suppliers and monthly management accounts reviews. The additional payment debit will need to be either to a balance sheet code or will be seen through an inflated expense code on the SOFA.

“Fraudulent staff/temp staff costs”

The fraudulent party continues to pay staff after they have left (using updated fraudulent bank details), enrolls ghost employees for payment or processes fake invoices through “busy” nominal codes such as temp staff costs.

Controls to mitigate the risk - This fraud is almost always discovered through a review of management accounts vs budgets. Preventive controls would include approval of staff detail changes and “lock down” on leavers details in a timely fashion.

“Email takeover”

An internet based fraud that is expanding rapidly (and becoming more sophisticated). The finance team receive an email “from” the FD/CEO usually late afternoon, indicating they have forgotten to pay a key supplier and it should be paid immediately.

The email is fraudulent and so are the bank details given.

Controls to mitigate the risk – Communication by phone or face to face to confirm details. Do not allow payments to supplier details that do not match those saved on the standing data.

Section 5: Sector Update

Trustee Disqualifications

The Charities (Protection and Social Investments) Act 2016 received Royal Assent back in March of that year. This Included a number of provisions which have been implemented over the past 18 months (raising standards in fundraising, for example). One of the most written about and extensive provisions, relating to automatic disqualification of Trustees and Senior Managers, is applicable from 1 August 2018.

Whilst the sector, via the Charity Commission, already had disqualification provisions, these new requirements are far more extensive in nature and could have significant potential ramifications for your Charity:

- Those individuals who have **unspent** convictions for offences of dishonesty or deception, declared bankrupt or disqualified from being a company director are already automatically disqualified as charity trustees
- A new wide range of unspent convictions will be added to this automatic disqualification, including:
 - terrorism, money laundering and bribery
 - perverting the course of justice
 - breaching Charity Commission orders relating to finances or property
 - attempting, aiding or abetting any of the above offences.

- The provisions extend all of the above unspent convictions to not only trustees, but also “senior management” – a definition is provided in the Act which outlines those employees who are management and/or have control over money. Almost definitely, your Charity CEO and Finance Director (or equivalent) will meet the definition.

The systems and controls in place to check Trustees are eligible (both for new appointments and, now given the new requirements, those already in post) will need to be reviewed and updated. Charities can make use of official registers which record the names of people who are disqualified from acting as charity trustees. These include:

- *The Individual Insolvency Register* maintained by the Insolvency Service. <https://www.gov.uk/search-bankruptcy-insolvency-register>, which contains details of:
 - bankruptcies that are either current or have ended in the last 3 months
 - current individual voluntary arrangements and fast track voluntary arrangements
 - current bankruptcy restriction orders and undertakings
 - Searches of the Register can be made on the [Insolvency Service website](#), by visiting your local Official Receiver’s office, or by post or fax.

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- *The register of disqualified directors maintained by Companies House*, <https://www.gov.uk/government/organisations/companies-house>. Searches of the register can be made on the [Companies House website](#).

- *The [register of all persons who have been removed as a charity trustee](#)*. <http://apps.charitycommission.gov.uk/trusteeregister/search.aspx> either by the commission or by an Order of the High Court since 1 February 1993.

Those affected may also be able to apply for an advanced waiver from the Charity Commission (the service opened from February 2018 and must be applied for by the individual, rather than the Charity on their behalf) through <https://www.gov.uk/guidance/automatic-disqualification-rules-for-charity-trustees-and-charity-senior-positions#apply-waiver>

Further information can be found at <https://www.gov.uk/guidance/automatic-disqualification-rules-for-charity-trustees-and-charity-senior-positions>

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Draft net surplus					272,335
Donations and / or Voluntary Funds				104,290	104,290
Finance & Admin - Salaries			104,290		- 104,290
Being adjustment for donated salaries					
GAG Clawback			19,687		- 19,687
GAG abatement creditor		19,687			
Being UTC PNA clawback					
Accruals		9,397	9,397		- 9,397
Electricity					
Being accrual for electricity					
Intra-Company		220,953			
Intra-Company	220,953				
Being correction to central recharge postings					
Pupil Premium				56,412	56,412
Prepayments	56,412				
Being pupil premium adjustment					
Pupil Premium				10,986	10,986
Other Govt Grants: Excluding Capital			10,986		- 10,986
Being pupil premium adjustment for Q1 not posted					

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus	
	Dr	Cr	Dr	Cr		
Donations and / or Voluntary Funds			12,642		-	12,642
Finance & Admin - Salaries				12,642		12,642
Being adjustment to donated salary						
Pupil Premium			37,088		-	37,088
Advertising			190		-	190
Write Offs				85,830		85,830
Insurance			250		-	250
Rates			36,385		-	36,385
Equipment (Not IT)			1,993		-	1,993
IT Support Services			9,924		-	9,924
Being correction of PY prepayment reversals						
Prepayments	37,406					
Rates				37,406		37,406
Being prepayment of rates						
Other GAG				83,680		83,680
UTC Expenditure			83,680		-	83,680
IT Equipment at Cost		401,670				
IT Equipment Accum Dep'n	156,133					
Restricted Funds - Other		15,390				
Restricted Funds - Fixed Asset	504,214					
Furniture & Equipment at Cost		769,411				
Schedule 21 Expenditure			181,742		-	181,742
Furniture & Equipment Accum Dep'n	159,904					
Land & Buildings Accum Dep'n	184,526					
Intra-Company		17				
Being correction to year end reserves						

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Equipment (Not IT)				9,711	9,711
Purchase Ledger Control	9,711				
Being reversal of duplicate invoices Scientific Lab supplies					
Accruals		110,066			
Electricity			110,066		- 110,066
Being accrual for academy hot water supply					
Central services Cost			220,953		- 220,953
Head Office Recharge Income				220,953	220,953
Being central recharge costs					
Catering Food/Drink			10,424		- 10,424
Catering Maintenance & Repairs			494		- 494
Books			13		- 13
Audit Costs			1,170		- 1,170
UTC Expenditure			869		- 869
Advertising			1,572		- 1,572
Professional Services - Non Educational			6,527		- 6,527
General Office Costs			232		- 232
Hospitality			1,711		- 1,711
Building Projects/Maintenance			4,773		- 4,773
Cleaning Contract			5,105		- 5,105
Water/Sewerage Charges			660		- 660
Gas			83		- 83
Equipment (Not IT)			18,081		- 18,081
Agency Supply Cover - Support			7,521		- 7,521
Telephone Costs			469		- 469
Purchase Ledger Control		59,704			
Being correction to Aged Creditors					

Appendix 1: Corrected Misstatements and Reclassifications

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Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Catering Maintenance & Repairs				234	234
Books				13	13
Audit Costs				1,170	1,170
UTC Expenditure				869	869
Advertising				1,572	1,572
Professional Services - Non Educational				6,527	6,527
General Office Costs				232	232
Hospitality				1,711	1,711
Building Projects/Maintenance				4,773	4,773
Cleaning Contract				5,105	5,105
Water/Sewerage Charges				660	660
Gas				83	83
Equipment (Not IT)				9,041	9,041
Agency Supply Cover - Support				7,521	7,521
Telephone Costs				469	469
Purchase Ledger Control	39,980				
Being correction to Aged Creditors (2) - Removal of Dummy Invoice					
Pre-16 School Budget Share			176,601		- 176,601
GAG Clawback				176,601	176,601
Being net off of income					
16-19 School Budget Share				11,260	11,260
Pre-16 School Budget Share				3,740	3,740
Insurance			15,000		- 15,000
Being reallocation of RPA					



Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Other GAG				1,075,024	1,075,024
UTC Expenditure			1,075,024		- 1,075,024
Being reallocation of capital grant from ACA to UTC					
IT Equipment at Cost	401,671				
IT Equipment Accum Dep'n		156,133			
Furniture & Equipment at Cost	769,411				
UTC Expenditure				989,370	989,370
Schedule 21 Expenditure				181,743	181,743
Furniture & Equipment Accum Dep'n		159,904			
Land & Buildings Depreciation			274,100		- 274,100
Furniture & Equipment Depreciation			159,904		- 159,904
IT Equipment Depreciation			66,559		- 66,559
Land & Buildings Accum Dep'n		184,526			
Being capitalisation of grant expenditure					
Rates Relief				106,875	106,875
Rates			106,875		- 106,875
Being adjustment for rates relief					
Finance & Admin - Supn			64,000		- 64,000
LGPS Pension Deficit		18,000			
finance cost LGPS			1,000		- 1,000
actuarial movement on LGPS				47,000	47,000
Being year end LGPS pension					
Capital grant				164,995	164,995
Prepayments	164,995				
Being accrual for capital grant					

Appendix 1: Corrected Misstatements and Reclassifications

	Balance Sheet		Profit and loss account		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Capital grant				14,660,014	14,660,014
Furniture & Equipment at Cost	372,024				
Land & Buildings Depreciation			114,304		- 114,304
Furniture & Equipment Depreciation			74,405		- 74,405
Furniture & Equipment Accum Dep'n		74,405			
Land & Buildings Accum Dep'n		114,304			
Land & Buildings Cost B/fwd	14,287,990				
Being accrual for UTC building					
Central services Cost				289,565	289,565
Head Office Recharge Income			289,565		- 289,565
Being elimination of group balances					
Final surplus					15,324,098

DK

Appendix 2: Uncorrected Misstatements and Reclassifications

	Balance Sheet		SOFA		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Prepayments	3,850				
Professional services				3,850	3,850
<i>Being prepayment of community services speech therapy invoice</i>					
Prepayments	6,412				
Computer running costs				6,412	6,412
<i>Being prepayment of annual fibre fee</i>					
Fixed asset costs		14,784			
Expenditure			14,784		(14,784)
<i>Being duplicated posting of fixed asset invoice</i>					
Bank current account		4,289			
Purchase ledger control account	2,271				
Deferred Income		2,140			
Bank interest				81	81
General office costs			2,955		(2,955)
Bank charges			33		(33)
Other income			1,251		(1,251)
<i>Being adjustments to correct bank reconciliations</i>					
PAYE control	2,371				
Payroll costs				2,371	2,371
<i>Being reconciliation of year end PAYE creditor</i>					
Total effect on net surplus as a result of uncorrected misstatements					(6,308)

Appendix 3: Other Matters

Engagement & Independence

Our engagement objective was the audit of the South Bank Academies.

We have implemented policies and procedures to meet the requirements of the Financial Reporting Council's (FRC) Ethical Standards. To this end we considered our independence and objectivity in respect of the audit for the period under review before commencing planning our audit and communicated with you on these matters in our pre-audit letter dated 9 June 2017.

No other matters have come to our attention during the audit which we are required to communicate to you and the safeguards adopted were as described in our pre-audit letter.

Qualitative aspects of accounting practices, accounting policies and financial reporting

Based on our audit work performed, we believe that the Strategic Report, Trustee's Report and financial statements for the period under review comply with United Kingdom Accounting Standards and the Companies Act 2006.

During the course of our audit of the financial statements for the period under review we did not identify any inappropriate accounting policies or practices.

Matters specifically required by other Auditing Standards to be communicated to those charged with governance

Other than as already explained in our Engagement Letter, Pre-Audit Letter and this Post-Audit Management Report, there are no other specific matters to communicate as a result of our audit of the financial statements under review.

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Agenda Item 6

	CONFIDENTIAL
Paper title:	Going Concern Statement
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Clym Cunnington, SBA Trust Business Manager
Sponsor(s):	Natalie Ferer, Financial Controller
Purpose:	For Approval
Recommendation:	To discuss and approve the South Bank Academies Going Concern Statement for inclusion in the annual report and accounts

Executive Summary

The purpose of this statement is to declare that the Board reviewed the financial state of the company and to provide evidence that it is appropriate to prepare the accounts on going concern basis.

The committee is requested to approve the going concern statement for inclusion in the annual report and accounts.

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Going Concern Statement

1. Introduction

The Going Concern statement is a standard, legal requirement of all Academy Trusts. Its Statement of Financial Activity (SOFA), works to the Charities Statement of Recommended Practice (SORPS). This is a standard format that the Educational Skills and Funding Agency expects to see and uses to source year-end figures.

2. Going Concern Statement (Draft)

Below is a draft copy of the going concern statement that appears in the SOFA. ~The wording is standard to the above legal requirements and is usually provided by the auditors.

3. Draft

“Going concern is a fundamental accounting concept that underlies the preparation of financial statements of all UK companies. Under the going concern concept it is assumed that a company will continue in operations and that there is neither the intention to liquidate it or to cease trading. It is a requirement that Directors should make a rigorous assessment of whether the company is a going concern when preparing annual financial statements.

To this end, the SBA Board has assessed and reviewed the South Bank Academies Trust financial data for the year ended 31st August 2018. In addition, South Bank Academy directors have discussed the Multi Academy Trust’s financial plan at its Audit Committee meetings. After making appropriate enquiries, the SBA Board has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence in its current format for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting policies. “

4. Evidence to Support “Going Concern”

The evidence used to support the Trust’s declaration of Going Concern are summarised below

- a) Census reports indicating an increase in student numbers for both Schools in the Academy Trust.
- b) The related increase in funding levels based on the Age Weighted Pupil Units (AWPU) on which funding is allocated.
- c) The Annual General Annual Grant (GAG) Allocation Statements detailing the income received according to pupil numbers and other funding streams from the Education and Schools Funding Agency (ESFA) and Local Authority funding which provides Pupil Premium, Special Educational Needs funding and Special Educational High Needs Funding Top UP.
- d) An in-house analysis of annual income tracking also indicating an increase in revenue from Government sources.
- e) Bank Statements showing a healthy cash flow position.
- f) Internal monitoring documents tracking cash flow, income and expenditure.
- g) Risk Registers
- h) Audit Management Reports

5. Action

For Information and Approval by the SBA Audit Committee.

6. Summary of Terms and Acroynms

AWPU – Age Weighted Pupil Units
ESFA – Education and Skills Funding Agency
GAG – General Annual Grant
SEND – Special Educational Needs
SOFA – Statement of Financial Activity
SORP – Statement of Recommended Practice

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	CONFIDENTIAL
Paper title:	Internal Control Report
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Natalie Ferer, LSBU Financial Controller
Sponsor(s):	Natalie Ferer, Financial Controller
Purpose:	For Discussion
Recommendation:	The committee is requested to discuss the internal control report

Executive Summary

As reported in the previous year's accounts, a combination of factors contributed to a breakdown in controls with significant gaps in the oversight of routine financial operations and data quality toward the end of the 2016/17 financial year. A detailed action plan was developed to rectify the position including higher levels of oversight and regular checks of monthly closedown routines.

Progress has been made in year and the pace and scale of change has been significant. We have;

- Appointed a new CEO, Nicole Louis to replace Rao Bhamidimarri who resigned mid-way through the year
- Undertaken a complete review of structures, focusing on streamlining the governance and management of the Trust to support effective decision making and continuously improving outcomes for students
- Aligned the two school structures under a new Executive Principal, appointed to oversee academic delivery in both schools
- Appointed PwC to deliver independent internal audit assurance to the Board. Their first review was carried out in September 2018 and they have made a number of recommendations that the Trust is in the process of addressing
- Re-designed financial processes and implemented a number of additional controls. These include independent reviews of bank reconciliations, tighter controls around supplier payments, formal review and approval of the payroll, implementation of a month end processing and reconciliation check list, automating the production of management accounts and agreement to move to a single bank account.

However, significant issues have again been identified during the course of the year end audit this year. These issues reflect a combination of timeline and in year catch up given the challenges encountered last year and a continued lack of financial competence and capacity within the Trust finance team which has made it difficult to implement all of these new processes and procedures in an effective manner. As a result, a new Trust Business Manager has now been appointed post year end and it has also been agreed to change the finance structure and staff within the Trust function to address these issues. We are confident that these further changes, coupled with the progress made this year will deliver an improved position next year. A mid-year, comprehensive follow up review by the internal auditors is planned to provide independent assurance of improved control.

	CONFIDENTIAL
Paper title:	Governance Statement
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Michael Broadway, Company Secretary
Sponsor(s):	Richard Flatman, SBA Interim Chair
Purpose:	For Information
Recommendation:	The committee is requested to note the governance statement

Executive Summary

Governance Statement

As Directors, we acknowledge we have overall responsibility for ensuring that South Bank Academies has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer and the Business Manager, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Bank Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

The information on Governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met five times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dave Phoenix (Chair until 22/03/2018)	5	5

Richard Flatman (interim Chair from 22/03/2018)	3	5
Douglas Denham St Pinnock	4	5
James Stevenson	3	5
Richard Parrish	3	5
Tony Giddings	1	5
Nicole Louis (CEO and Director) (appointed 15/03/2018)	3	3
Lesley Morrison (appointed 01/09/2017)	2	5
Adam Crossley (resigned 19/09/2018)	2	4
Rao Bhamidimarri (CEO until 15/02/2018) (resigned as director 16/04/2018)	3	3
Steve McGuire (resigned 27/09/2017)	0	1

The Board began a review of Governance during the year taking into account a Self-Assessment Effectiveness Review, recommendations from an external review of Governance at the South Bank Engineering UTC, as well as consultation with School Principals, Local Governing Body representatives, and Directors. The new Governance Structure will be implemented in the new academic year 2018/19. The key changes are as follows:

- The CEO who is also a Director, is responsible to the Board for the Executive Management of the MAT and Schools. The CEO will manage the MAT and line manage a new Executive Principal role, a MAT Business Manager and Administrative Assistant.
- A new Executive Principal role will lead the academic direction of the Schools, apply budgets, ensure compliance, and contribute to strategy and policy. The Executive Principal will line manage the School Principals.
- The Local Governing Bodies will become School Advisory Bodies (SAB) with a focus on Teaching & Learning, Well-being and Safeguarding, and the general development of the local School. The SABs will have no decision-making powers but will focus on adding value at local level through engagement with the School and Community, including Link Governor Roles.

The Board has taken steps to address its gender imbalance. Two new female directors were appointed in 2017/18.

Committee Structure

The Board is supported by three committees: Remuneration Committee, Audit Committee and Nomination Committee.

The Remuneration Committee's purpose is to set the objectives and review the Principals' performance, to set the pay of the Key Management Personnel, and to approve the HR policy for the Company.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of a possible
Douglas Denham St Pinnock (Chair)	2	2
Richard Parrish	1	2
David Phoenix	2	2
Lesley Morrison	2	2

The Audit Committee's purpose is to monitor the internal and external audit functions, risk management and internal financial control at the Company.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of a possible
Richard Flatman (Chair)	5	5
Adam Crossley	1	4
Tony Giddings	4	5

The purpose of the Nomination Committee is to consider succession planning for the Board and to recruit new Co-opted Trustees to the Board. The committee did not meet during the year. Filling vacancies, including for the Chair of the Board and the Chair of the SABs, and addressing succession planning will take place during the new academic year, 2018/19, following the governance effectiveness review and implementation of the revised governance structure.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Remuneration Committee has defined the key management personnel as the CEO, Business Manager and Principals. The Committee reviews performance of the key management personnel, against agreed objectives and relevant benchmarking data when setting pay. The CEO is seconded from London South Bank University, which pays her salary.

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	CONFIDENTIAL
Paper title:	Annual Value for Money Statement
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Clym Cunnington, SBA Trust Business Manager
Sponsor(s):	Natalie Ferer, Financial Controller
Purpose:	To Note
Recommendation:	To note the Annual Value for Money Statement and make any recommendations or comments

Executive Summary

The purpose of this statement is a Charities Statement of Recommended Practice (SORP). It is also a requirement of the Academies' Financial Handbook (AFH). It declares that the Trust has considered its obligations when spending public funds.

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Annual Value for Money Report

1. Introduction

The Chief Executive Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources in her role as Accounting Officer. The Accounting Officer understands that value for money refers to the educational and wider social outcomes achieved in return for the public funds received

2. Background

The Academies Financial Handbook (AFH) requires all Academy Trusts to obtain value for money for the funds they receive. The Accounting Officer “is required to ensure regularity, propriety and value for money” (AFH p4). Point 1.3.4 of the Handbook, states that “Trustee must ensure regularity and propriety in use of the trust’s fund, and achieve economy, efficiency and effectiveness – the three key elements of value for money”

3. Value for Money

The South Bank Academies Trust (SBA) achieves value for money across its two schools of University Academy of Engineering (UAE) and University College of Technology (UTC) in the following way:

1. Ensuring the operation of the academies demonstrated good value money in the efficient use of resources.

The Trust uses competitive tendering processes for ensuring value for money when it comes to capital expenditure. The UTC has significant start-up funding for its Engineering specialism and this is monitored closely by the Trust Business Manager and the Administrative Assistant. The process for making claims, monitoring of the remaining funds as well as the relevance of the equipment required is regularly reviewed. The Accounting Officer is kept up-to-date with any capital works. The recent MUGA outdoor re-surfacing at the UAE underwent a rigorous tender process.

All major projects were subject to the Trust’s purchasing procedures and authorisation limits with final contracts being awarded after careful consideration those responsible for purchasing, including the input of the Chief Executive Officer who is the Trust’s Accounting Officer. Consultation takes place with the ESFA representative for Capital Expenditure on engineering equipment for the UTC.

2. Benefitting from Sponsor links

The London South Bank University sponsors the SBA Trust. The latter benefits from the expertise and economies of scale at minimal cost that its sponsor provides. The support offered includes access to Estates Management, Finance, Legal and Professional Services, Human Resources and Health and Safety.

3. Contracts Review

A regular review of all contracts is held particularly at the time of renewal. Other suppliers are considered to compare costs and the extent of the service offered. Special emphasis is placed on reviewing higher cost contracts such as IT services, Energy costs and capital expenditure contracts.

4. Membership to the RPA Insurance Scheme

The ESFA believes the government organised scheme for School Insurance is best value. The SBA Trust is a member of the RPA.

5. Financial Governance and Oversight

The Trust benefits from an external audit function by Kingston Smith, its auditors to ensure that its duties and obligations are correctly fulfilled. Kingston Smith reviews key financial policies, systems and procedures including the use of tenders. The Trust produces monthly management accounts. Increased training for the Trust’s finance team has increased awareness and application of the authorisation limits with a review of the Scheme of Delegation. External Partners and Improvement Services are used to review

the effectiveness of policies and procedure to ensure compliance and the application of “Best Practice”. Benchmarking with like Multi-Academy trusts ensures the Trust is performing at its best.

6. Income Generation

The schools in the Trust, in line with its charitable objectives, makes its facilities available to the local community. These include facilities such as its assembly hall, sports facilities and classrooms.

7. Economies of Scale

Cleaning and catering contracts are in place across the Trust. There is also a much greater level of cooperation across the schools of sharing knowledge, experience and inter School consultation.

4. Summary

This document outlines the ways in which the SBA Trust achieves value for money within the requirements of the Academies Financial Handbook and feeds into the Statement of Financial Activity.

Paper title:	External Audit Letter of Representation
Board/Committee	Audit Committee
Date of meeting:	27 th November 2018
Author:	Natalie Ferer, Financial Controller
Purpose:	For Review
Recommendation:	That Audit Committee recommend approval to the Board

Summary:

The Letter of Representation requires the Board to give specific assurances to the auditors over matters regarding the financial statements and the year end audit. It should be signed by the Chair of the Board at the time of signing the accounts.

Recommendation

That Audit Committee review and recommend that the Board approve the attached Letter of Representation.

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LETTER OF REPRESENTATION

Kingston Smith LLP
Chartered Accountants
Devonshire House
60 Goswell Road
London
EC1M 7AD

Dear Sirs,

We confirm to the best of our knowledge and belief the following representations given to you in connection with your audit of the Academy Trust's financial statements for the year ended 31 August 2018. We confirm that they are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you.

General

- 1) We acknowledge our responsibility for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Academy Trust and enable us to ensure that the financial statements comply with the Companies Act 2006 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).
- 2) We acknowledge our responsibility for preparing financial statements in accordance with the Companies Act 2006, the Academies Accounts Direction 2017 to 2018 issued by the ESFA and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice/UK GAAP), including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' and are satisfied that the financial statements give a true and fair view.
- 3) We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud and error in safeguarding the assets of the Academy Trust.
- 4) We confirm that the accounting policies selected are suitable to the Academy Trust's circumstances and that they have been applied consistently; that any judgements and estimates made are reasonable and prudent; and that it is appropriate to prepare the financial statements on a going concern basis.
- 5) We confirm that significant assumptions used by us in making accounting estimates, including those measured at fair value are reasonable.

Information Provided

- 6) We have provided you with:
 - a) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b) Additional information that you have requested from us for the purpose of the audit; and
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to

obtain audit evidence.

- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) We have disclosed to you the identity of all of the entity's related parties, related party relationships and transactions, and any services donated of which we are aware, including those with South Bank University.
- 9) We have disclosed to you all the transactions undertaken by LSBU on behalf of the academy trust, financial and otherwise.

Assets and Liabilities

- 10) All known assets and liabilities as at the balance sheet date have been included in the financial statements.
- 11) We confirm that there is no notional rent to be disclosed in respect of the premises from which South Bank Engineering UTC was operating during the year.
- 12) We confirm the Academy Trust has satisfactory title to all assets and there are no liens or encumbrances on the Academy Trust's assets except those disclosed within the financial statements.
- 13) We confirm that the financial statements disclose appropriately all liabilities, actual and contingent, and have disclosed all guarantees given to third parties.
- 14) We confirm that we do not anticipate a material adjustment to the actuarial valuation prepared by Aon Hewitt Limited as a result of the omission of the actuarial movements, and fair values of the assets and liabilities of the local government defined benefit pension scheme for the MAT.
- 15) We confirm the accrual for light and heat of £186,914 is a valid liability and is the best estimate based on the information available at the time of signing the accounts.
- 16) The value and classification of assets and liabilities in the financial statements is not materially affected by management's plans and intentions.
- 17) We confirm that the actuarial assumptions used by the actuaries Aon Hewitt Limited and Hymans Robertson LLP in calculating the actuarial movements, and fair values of the assets and liabilities of the local government defined benefit pension schemes are consistent with our knowledge of the trust.

Transactions Involving Directors and Connected Persons

- 18) We confirm that there are no transactions with, or on behalf of, the directors or their associates, or contracts in which the directors or their associates have an interest, which are required to be disclosed in the financial statements under the provisions of the Companies Act 2006 other than those detailed in the notes to the financial statements.

Fraud

- 19) We have disclosed to you the results of our assessment of the risk that the financial statements

may be materially misstated as a result of fraud.

20) We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involve management, employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements.

21) We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Contingent Liabilities

22) Provision has been made where a material loss is expected to result from any litigation or claim against the Academy Trust. Other contingent liabilities at the balance sheet date, none of which are expected to result in a material loss to the Academy Trust or in commitments which it cannot meet, have been disclosed in the financial statements.

Going Concern & Future Cash Requirements

23) In our opinion the Academy Trust will have adequate cash resources available to finance its trading and meet its obligations during the course of the twelve months following the date of approval of the financial statements. Accordingly, the financial statements have been drawn up on a going concern basis.

Post Balance Sheet Events

24) All events subsequent to the date of the financial statements and for which the financial statements require adjustment or disclosure have been adjusted or disclosed.

Data Protection Act

25) We confirm that the Academy Trust complied with the statutory requirements of the Data Protection Act during the year.

Laws and regulations

26) We confirm that we have disclosed to you all those events which we are aware of which involve actual or possible non compliance with laws and regulations, together with the actual or contingent consequences which may arise there from.

Other Regulatory Regimes

27) We confirm that the academy was in compliance with the Companies Act 2006 during the period and that we are not aware of any breaches or other matters that should be brought to your attention.

28) We confirm that the academy was in compliance with the rules of the ESFA on all other matters except for those disclosed in the regularity report.

Unadjusted Errors

29) We acknowledge the unadjusted errors on the attached schedule identified from your audit work, which you have requested that we correct, but consider that adjustments are not necessary for the following reasons:

The adjustments in totality fall below the materiality level of £50,483.

Yours faithfully

For and on behalf of Management

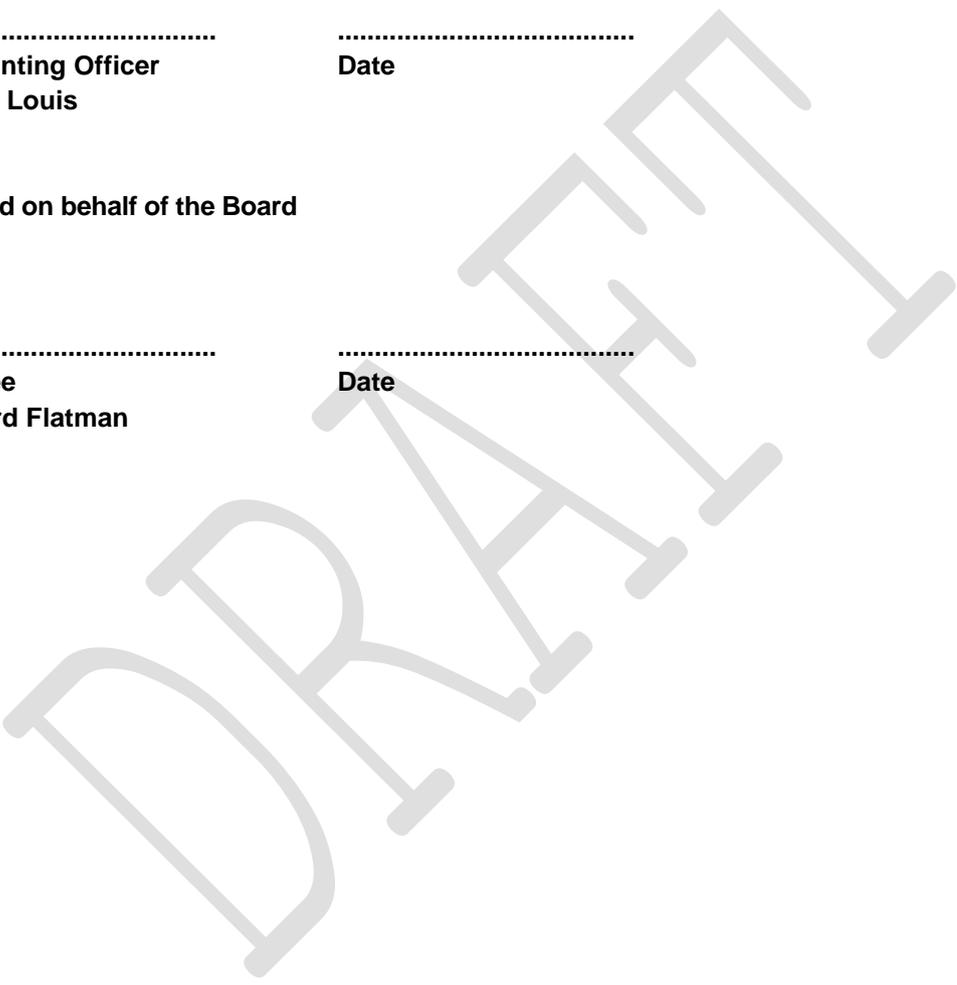
.....
Accounting Officer
Nicole Louis

.....
Date

For and on behalf of the Board

.....
Trustee
Richard Flatman

.....
Date



	Balance Sheet		SOFA		Effect on Net Surplus
	Dr	Cr	Dr	Cr	
Prepayments	3,850				
Professional services				3,850	3,850
Being prepayment of community services speech therapy invoice					
Prepayments	6,412				
Computer running costs				6,412	6,412
Being prepayment of annual fibre fee					
Fixed asset costs		14,784			
Expenditure			14,784		(14,784)
Being duplicated posting of fixed asset invoice					
Bank current account		4,289			
Purchase ledger control account	2,271				
Deferred Income		2,140			
Bank interest				81	81
General office costs			2,955		(2,955)
Bank charges			33		(33)
Other income			1,251		(1,251)
Being adjustments to correct bank reconciliations					
PAYE control	2,371				
Payroll costs				2,371	2,371
Being reconciliation of year end PAYE creditor					
Total effect on net surplus as a result of uncorrected misstatements					(6,308)



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Paper title:	Annual Report and Accounts for the year ending 31 st August 2018
Board/Committee	Audit Committee
Date of meeting:	27 th November 2018
Author:	Natalie Ferer, Financial Controller
Purpose:	For review
Recommendation:	Audit Committee is requested to review and recommend the attached Report and Accounts to the Board.

Summary

The audit for the year ending 31st August 2018 is almost complete and the report and accounts are presented here. Kingston Smith presents their Audit Management Letter to this committee as a separate item.

Outstanding steps to completion

- Confirmation from Kingston Smith that they have completed their audit work and review of the accounts
- Issuing of Letter of Representation by South Bank Academies to Kingston Smith.
- Approval by Board and signing of accounts.

As result of delays during the audit process, final accounts are not yet available to circulate. It is expected that they will be ready by Monday 26th November and in a meantime a draft is attached for the Committee's review.

Recommendation

The Committee is requested to recommend that the Board approve the attached accounts.

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South Bank Academies

Annual Report and Financial Statements

For the year ended 31 August 2018

Company Registration Number: 08589525



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DRAFT

South Bank Academies Directors' Report

The directors of the Company present their Annual Report together with the Financial Statement and Auditors' report of South Bank Academies (The Trust) for the period ended 31 August 2018. The annual report serves the purpose of both a Trustee's' report and a Directors' report under Company Law.

The Company operates two education establishments, the University Academy of Engineering South Bank (UAE) in the London Borough of Southwark which opened in September 2014, and South Bank Engineering (UTC) in the London Borough of Lambeth which opened in September 2016. It is registered at Companies House under number 08589525 (England and Wales) and its registered office is 103 Borough Road, London SE1 0AA.

Auditor

Kingston Smith LLP
Devonshire House
60 Goswell Road
London

Internal Auditor

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds Bank Plc
Threadneedle
Street London

Members

London South Bank University (LSBU)
Richard Flatman
David Phoenix

Directors

David Phoenix	Chair of the Board until 22/03/2018
Rao Bhamidimarri	Resigned 16/04/2018
Nicole Louis	From 15/03/2018
Douglas Denham-St-Pinnock	
Adam Crossley	Resigned 19/07/2018
Richard Flatman	Chair from 22/03/2018
Anthony Giddings	
Lesley Morrison	From 01/09/2017
Richard Parrish	
James Stevenson	Resigned 27/09/2017
Steve McGuire	

Company Secretary

Michael Broadway

Principal Officers

Rao Bhamidimarri	Chief Executive Officer (until 15/03/2018)
Nicole Louis	Chief Executive Officer (from 15/03/2018)
Dan Cundy	Principal of South Bank Engineering UTC
Claire Viner	Business Manager (resigned 31/03/2018)
Clym Cunnington	Business Manager (appointed 30/09/2018)
John Taylor	Principal of University Academy of Engineering South Bank (appointed 01/09/2017)

Chief Executive's Statement

2017/18 has seen both Schools develop in scale and maturity and correspondingly the Trust has enhanced its supporting infrastructure and Governance model to ensure that it is well structured today and in the future to provide excellent support, meeting the schools' needs in the areas of academic oversight, student and staff collaboration and robust financial and operational support.

In April 2018, the Trust appointed a new Chief Executive Officer following the retirement of founding CEO Professor Rao Bhamidimarri. Ms Nicole Louis, who holds the joint posts of CEO for South Bank Academies Trust and Chief Customer Officer for London South Bank University, will steer the Trust through the next phase of its growth and development, leading on translating the Trust strategy and vision into robust School and Trust operational plans, ensuring robust academic oversight and strengthening collaboration between the Trust and its Sponsors to further enhance the offer for learners and the support for staff.

During the year ending August 2018 the Trust has introduced a revised Governance Model taking on board recommendations arising from a DfE sponsored review. Key changes include a revised Scheme of Delegation, the introduction of Independent Chairs for both the Local School Boards and the Trust Board, and the introduction of a new post of Executive Principal to provide academic and operational leadership for the Schools. These positions are anticipated to be filled early in the new Academic Year.

The UTC grew in terms of pupil numbers and associated income despite the ongoing recruitment challenges associated with the UTC model. The School has expanded its campus footprint adding new specialist facilities in both Engineering and Sport, which will make the School more appealing for both current and prospective learners. Pupils at the UTC completed their first set of final outcomes for KS4 and KS5 achieving particularly encouraging results for BTEC and GCSE. For GCSE, in each subject, all key measures of attainment were above or very close to National Averages. For the UTC's specialist subject of BTEC Engineering, it achieved a 100% Pass+ rate with a significant proportion of students achieving top grades. A Level results were below expectations and will need to be an area of intense focus for leadership and staff. All students who applied for a University place or an Apprenticeship were successful.

The Academy also grew in terms of pupil numbers and associated income and further enhanced its campus facilities including dining, computing and outdoor sports space. August 2018 final outcomes were delivered for KS5 including BTEC and A Levels. For BTEC Engineering, all but one student passed with those who passed achieving very strong grades combining distinctions and merits. A Level results were below expectations however all students who applied to University or Apprenticeships were successful.

Collaborative programmes between London South Bank University and the Schools have expanded and broadened in scope and frequency. LSBU Engagement Teams supported by Student Ambassadors have led academic enrichment activities in both Schools, along with skills development, UCAS mentoring, employability workshops and wellbeing support. This has further strengthened the relationship between and the University and the Schools, as well as having a positive impact on students.

In addition to the support received from our Main Sponsor, we are also very grateful to the continued support of Skanska, Guy and St Thomas' Trust, and King's College Hospital, who have worked with us to create real world projects and work experience for our students.

Structure, Governance and Management

Constitution

South Bank Academies is a Company Limited by Guarantee. The Company's Articles of Association are its primary governing documents. SBA's Directors are also Trustees in relation to the Charity.

Members

The members are the sponsor and two persons nominated by the sponsor. Each member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Directors' Indemnities

The Company is a member of the Department for Education's Risk Protection Scheme which gives cover of up to £10 million for Governor's Liability Insurance. This cover has been renewed and is ongoing.

Method of Recruitment and Appointment or Election of Trustees

The Board of Directors has agreed its composition as:

- 5 Directors appointed by the Sponsor, LSBU
- The CEO
- The Chairs of the Local Governing Bodies
- Co-opted Trustees

During the year the Board appointed Nicole Louis as a Director. The Board has established a Nomination Committee to recruit new Co-opted Trustees to the Board. Co-opted Trustees will be recruited through an open recruitment process. No Co-opted Trustees were appointed during the year.

Policies and Procedures Adopted for the Induction and Training of Trustees

Directors and Local Governors are required to attend training. A training register is maintained by the Clerk.

During the year, Directors and Local Governors received training in Safeguarding, Pupil Premium, Spiritual, Moral, Social and Cultural Development, New Governor Induction, SEN Code of Practice, preparing for GDPR, and the new National Curriculum, among others. These were delivered by the London Boroughs of Southwark and Lambeth.

Organisational structure

The Company is responsible for running the University Academy of Engineering South Bank and South Bank Engineering UTC.

The Company is headed by a Board of Directors which is responsible for overseeing the business of the Company and may exercise all the powers of the Company (article 93). The Board has three sub-committees: Nomination Committee, Remuneration Committee and Audit Committee. Both schools have a Local Governing Body.

The matters reserved to the Board and responsibilities delegated to the Local Governing Bodies is set out in a Scheme of Delegation approved by the Board at its meeting of 7 January 2016.

Following a review of the Governance during the year, the Board has delegated decisions regarding the curriculum, learning and teaching strategy, and school performance management to Local Governing Bodies. Although local control is delegated, the Board remains responsible for ensuring that standards are maintained across all Academies. The Board, with its oversight of all the Schools, will ensure sharing of best practice, professional development and effective resource management delivering value for money. The Scheme of Delegation is being revised accordingly.

Value for Money

The Trust achieves good value in its use of public resources across its two schools by:

Efficient purchasing.

The Trust uses competitive tendering processes for ensuring value for money when it comes to capital expenditure. The UTC has significant start-up funding for its Engineering specialism and this is monitored closely. The process for making claims, monitoring of the remaining funds as well as the relevance of the equipment required is regularly reviewed.

All major projects are subject to the Trust's purchasing procedures and authorisation limits with final contracts being awarded after careful consideration those responsible for purchasing. Consultation takes place with the ESFA representative for Capital Expenditure on engineering equipment for the UTC.

Cleaning and catering contracts are in place across the Trust. There is also a much greater level of cooperation across the schools of sharing knowledge, experience and inter School consultation.

Sponsor links

The London South Bank University sponsors The Trust, benefiting from the expertise and economies of scale. The support offered includes access to Estates Management, Finance, Legal and Professional Services, Human Resources and Health and Safety.

Contracts Review

A regular review of all contracts is held particularly at the time of renewal. Other suppliers are considered to compare costs and the extent of the service offered. Special emphasis is placed on reviewing higher cost contracts such as IT services, Energy costs and capital expenditure contracts.

Membership to the RPA Insurance Scheme

The ESFA believes the government organised scheme for School Insurance is best value. The SBA Trust is a member of the RPA.

Income Generation

The schools in the Trust, in line with its charitable objectives, makes its facilities available to the local community. These include facilities such as its assembly hall, sports facilities and classrooms.

Trade Union Facility Time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, we are required to publish certain information on trade union officials and facility time. During the period from 1st April 2017 – 31st March 2018 no union representatives were employed by The Trust and therefore there is no time, pay costs or paid trade union activities to report.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on and signed on the board's behalf by:

Richard Flatman

Chair of the Board

Date:

South Bank Academies Governance Statement

Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that South Bank Academies has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer and the Business Manager, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Bank Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

The information on Governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met five times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dave Phoenix (Chair until 22/03/2018)	5	5
Richard Flatman (interim Chair from 22/03/2018)	3	5
Douglas Denham St Pinnock	4	5
James Stevenson	3	5
Richard Parrish	3	5
Tony Giddings	1	5
Nicole Louis (CEO and Director) (appointed 15/03/2018)	3	3
Lesley Morrison (appointed 01/09/2017)	2	5
Adam Crossley (resigned 19/09/2018)	2	4
Rao Bhamidimarri (CEO until 15/02/2018) (resigned as director 16/04/2018)	3	3
Steve McGuire (resigned 27/09/2017)	0	1

The Board began a review of Governance during the year taking into account a Self-Assessment Effectiveness Review, recommendations from an external review of Governance at the South Bank Engineering UTC, as well as consultation with School Principals, Local Governing Body representatives, and Directors. The new Governance Structure will be implemented in the new academic year 2018/19. The key changes are as follows:

- The CEO who is also a Director, is responsible to the Board for the Executive Management of the MAT and Schools. The CEO will manage the MAT and line manage a new Executive Principal role, a MAT Business Manager and Administrative Assistant.
- A new Executive Principal role will lead the academic direction of the Schools, apply budgets, ensure compliance, and contribute to strategy and policy. The Executive Principal will line manage the School Principals.
- The Local Governing Bodies will become School Advisory Bodies (SAB) with a focus on Teaching & Learning, Well-being and Safeguarding, and the general development of the local School. The SABs will have no decision-making powers but will focus on adding value at local level through engagement with the School and Community, including Link Governor Roles.

South Bank Academies Governance Statement

The Board has taken steps to address its gender imbalance. Two new female directors were appointed in 2017/18.

Committee Structure

The Board is supported by three committees: Remuneration Committee, Audit Committee and Nomination Committee.

The Remuneration Committee's purpose is to set the objectives and review the Principals' performance, to set the pay of the Key Management Personnel, and to approve the HR policy for the Company. Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of a possible
Douglas Denham St Pinnock (Chair)	2	2
Richard Parrish	1	2
David Phoenix	2	2
Lesley Morrison	2	2

The Audit Committee's purpose is to monitor the internal and external audit functions, risk management and internal financial control at the Company. Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of a possible
Richard Flatman (Chair)	5	5
Adam Crossley	1	4
Tony Giddings	4	5

The purpose of the Nomination Committee is to consider succession planning for the Board and to recruit new Co-opted Trustees to the Board. The committee did not meet during the year. Filling vacancies, including for the Chair of the Board and the Chair of the SABs, and addressing succession planning will take place during the new academic year, 2018/19, following the governance effectiveness review and implementation of the revised governance structure.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Remuneration Committee has defined the key management personnel as the CEO, Business Manager and Principals. The Committee reviews performance of the key management personnel, against agreed objectives and relevant benchmarking data when setting pay. The CEO is seconded from London South Bank University, which pays her salary.

The Purpose of the System of Internal Control

The system of Internal Control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is based on an on-going process designed to identify and prioritise the risks to the achievement of Company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of Internal Control has been in place in South Bank Academies for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and Financial Statements.

South Bank Academies

Governance Statement

Public Benefit

South Bank Academies is an exempt charity within the meaning of the Charities Act 2011 and is regulated by the Secretary of State for Education on behalf of the Charity Commission.

Charity Commission Guidance on Public Benefit

The members of the Board of Directors are the charitable trustees of the Company. In undertaking its duties the Board of Directors has regard to the Charity Commission's guidance on public benefit.

Key Performance Indicators

South Bank Academies has a list of key performance indicators (KPIs), both financial and non-financial.

The main KPIs that were set were:

- Finance — Surplus of over 1% in Company accounts
- Infrastructure — All compliance documentation was complete
- Teaching and Learning — Good or better
- Income target — £4.6m
- Student numbers — 82% of submission to DfE

Reserves Policy

South Bank Academies aims to carry forward some resources from the central services charge against its General Annual Grant (restricted fund).

The Company also expects its schools to carry forward some resources from the General Annual Grant (restricted fund) and the School fund (unrestricted fund) to cover the medium and long term needs for renewal and replacement of major capital projects and unforeseen contingencies.

Currently the balance of Unrestricted Funds is £92k this is to be used to increase the capacity for learning and teaching at the Academy. Restricted funds carry forward balance is £1,300k.

Total reserves are £39.5m, which also includes £38.2m Restricted fixed assets carried forward and a £66k Restricted pension deficit.

Investment Policy

Directors of South Bank Academies are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Directors do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board of Directors.

South Bank Academies Governance Statement

The Risk and Control Framework

The Trust's system of Internal Financial Control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- Comprehensive budgeting and monitoring systems with an Annual Budget and periodic financial reports which are reviewed and agreed by the Board of Directors
- Regular reviews by the Board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs
- Regular reviews of the risk and control framework by the audit committee
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

Given the challenges associated with growth and transition, the Board has reviewed the need for an internal audit function and has appointed an independent internal auditor.

Review of Effectiveness

The Trust Business Manager and the Chief Executive Officer have responsibility for reviewing the effectiveness of the system of internal control. During the year, the review has been informed by:

- The work of the Chief Executive and Trust Business Manager
- The work of the External Auditor
- The work of the Executive Managers within South Bank Academies who have responsibility for the development and maintenance of the internal control framework

A plan to address any weakness and to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 27th November 2018 and signed on its behalf by:

Richard Flatman
Chair of the Board
Date:

Nicole Louis
Chief Executive Officer
Date:

South Bank Academies Statement on Regularity, Propriety and Compliance

As Accounting Officer of South Bank Academies I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the Funding Agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and the ESFA.

Nicole Louis
Accounting officer
Date:

DRAFT

South Bank Academies

Statement of Trustees' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities,

The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on and signed on its behalf by:

Nicole Louis

Trustee

South Bank Academies

Independent Reporting Accountant's Assurance Report on Regularity to South Bank Academies and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 July 2016 and further to the requirements of the Education Funding and Skills Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018 we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Bank Academies during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely South Bank Academies and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Bank Academies and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Bank Academies and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of South Bank Academies accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of South Bank Academies funding agreement with the Secretary of State for Education dated 8 April 2014 and the Academies Financial Handbook, extant from 1 September 2018 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and reperformance

South Bank Academies
Independent Reporting Accountant's Assurance Report on Regularity
to South Bank Academies and the Education & Skills Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Date:

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

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South Bank Academies
Statement of Financial Activities for the year ended 31 August 2018
(Including income and expenditure account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
Income and Endowments from:						
Donations and capital grants	2, 16	3	92	15,997	16,092	95
Transfer on conversion		-	-	-	-	28
Charitable activities:						
Funding for the academy trusts'						
Educational operations	3	-	6,832	-	6,832	4,811
Other trading activities	4	2	-	-	2	1
Investments	5	1	-	-	1	2
Total		6	6,924	15,997	22,927	4,937
Expenditure on:						
Raising funds	6	-	-	-	-	10
Charitable activities:						
Academy trust educational operations	7	-	6,908	740	7,648	4,663
Total		-	6,908	740	7,648	4,673
Net income / (expenditure)		6	16	15,257	15,279	264
Transfers between funds	16	-	77	(77)	-	-
		6	93	15,180	15,279	264
Other recognised gains / (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	16,23	-	47	-	47	44
Net movement in funds		6	140	15,180	15,326	308
Reconciliation of funds						
Total funds brought forward		86	1,094	22,995	24,175	23,867
Total funds carried forward		92	1,234	38,175	39,501	24,175

All of the academy's activities derive from continuing operations during the above two financial periods.

South Bank Academies
Balance Sheet
As at 31 August 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	12		38,088		22,995
Current assets					
Debtors	14	648		217	
Cash at bank and in hand	21	1,542		2,240	
		<u>2,190</u>		<u>2,457</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	(711)		(1,229)	
Net current assets / (liabilities)			<u>1,479</u>	<u>1,228</u>	
Total assets less current liabilities			39,567		24,223
Net assets excluding pension liability					
Defined benefit pension scheme liability	23		(66)		(48)
Total net assets			<u>39,501</u>		<u>24,175</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	38,175		22,995	
General fund	16	1,300		1,142	
Pension reserve	16	(66)		(48)	
Total restricted funds			39,409		24,089
Unrestricted income funds	15		92		86
Total Funds			<u>39,501</u>		<u>24,175</u>

The Financial Statements on pages 14 to 35 were approved by the Trustees, and authorised for issue on 27th November and are signed on their behalf by:

Nicole Louis

Trustee

South Bank Academies
Statement of Cash Flows
For the year ended 31 August 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities:			
Net cash provided by operating activities	18	15,134	1,208
Cash flows from investing activities	20	(15,832)	(156)
Cash flows from financing activities	19	-	-
Change in cash and cash equivalents in the reporting period		<u>(698)</u>	<u>1,052</u>
Cash and cash equivalents at 1 September 2017		2,240	1,188
Cash and cash equivalents at 31 August 2018	21	<u>1,542</u>	<u>2,240</u>

South Bank Academies

Notes to the Financial Statements

for the year ended 31 August 2018

1. Statement of Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Company information

South Bank Academies is a limited Company domiciled and incorporated in England and Wales. The registered office is 103 Borough Road, London, SE1 0AA.

Basis of Preparation

The Financial Statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: 'Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

South Bank Academies meets the definition of a public benefit entity under FRS102.

The Financial Statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these Financial Statements are rounded to the nearest thousand pound.

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

South Bank Academies

Notes to the Financial Statements

for the year ended 31 August 2018

1 Statement of Accounting Practices (continued)

General Annual Grant is recognised in full in the statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items to the volume of low value items they are not recognised in the Financial Statements until they are sold. This income is recognised within "Income from other trading activities".

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in a settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including the support costs involved in undertaking each activity. Direct costs attributable to a single activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on Raising Funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the Governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

South Bank Academies

Notes to the Financial Statements

for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold buildings	period of lease
Fixtures, fittings and equipment	5 years
Computer hardware	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in the settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods and services it must provide.

Provisions

Provisions can be recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle an obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the last pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

South Bank Academies

Notes to the Financial Statements

for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note. Prepayments are not financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Employee benefits

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

South Bank Academies

Notes to the Financial Statements

for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency and Department for Education.

Critical Accounting Estimates and areas of judgment.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

2 Donations and capital grants

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	-	15,997	15,997	-
Donations	3	-	-	3	3
Donated salaries	-	92	-	92	92
	3	92	15,997	16,092	95

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted General Funds £000	Total 2018 £000	Total 2017 £000
DfE / ESFA revenue grants				
General Annual Grant (GAG)	-	5,763	5,763	3,787
Start-up grants	-	324	324	612
Other DfE / ESFA grants	-	624	624	275
		6,711	6,711	4,674
Other Government grants				
Local authority grants	-	57	57	54
		57	57	54
Other income from the academy trust's educational operations	-	64	62	83
Total funding for academy trust's educational operations	-	6,832	6,832	4,811

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Hire of facilities	-	2	2	1
	-	2	2	1

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	1	-	1	2
	1	-	1	2

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

6 Expenditure

	Staff Costs £000	Non Pay Expenditure		Total 2018 £000	Total 2017 £000
		Premises £000	Other £000		
Expenditure on raising funds	-	-	-	-	10
Academy's educational operations:					
Direct costs	3,414	-	275	3,689	2,199
Allocated support costs	1,254	1,700	1,005	3,959	2,464
	4,668	1,701	1,280	7,648	4,673

Net income / (expenditure) for the period includes:	2018 £000	2017 £000
Depreciation	740	263
Fees payable to auditor for:		
Audit	19	7
Other services	28	34
	1,064	304

7 Charitable Activities

	Total 2018 £000	Total 2017 £000
Direct costs – educational operations	3,689	2,199
Support costs – educational operations	3,959	2,464
	7,648	4,663

	Educational Operations £000	Total 2018 £000	Total 2017 £000
Support staff costs	1,254	1,254	1,012
Depreciation	740	740	263
Technology costs	217	217	87
Premise costs	960	960	567
Catering	299	299	217
Governance costs / other support costs	489	489	318
Total support costs	3,959	3,959	2,464

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

8 Staff

a. Staff costs

	2018	2017
	£000	£000
Staff costs during the period were:		
Wages and salaries	3,219	1,760
Social security costs	326	246
Operating costs of defined benefit pension scheme	457	408
	4,002	2,414
Supply staff costs	574	587
Donated staff costs	92	92
Staff restructuring costs	-	-
	4,668	3,093
Staff restructuring costs comprise:		
Other restructuring and settlement costs	-	-
	-	-

b. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2018	2017
	No.	No.
Teachers	49	47
Administration and support	43	32
Management	17	8
	110	87

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018	2017
	No.	No.
£60,001 - £69,999	4	4
£70,001 - £79,999	2	2
£80,000-£89,999	1	-
£90,001 - £99,999	1	1

d. Key management personnel

Key Management Personnel include persons who have authority and responsibility for planning, directing and controlling the activities of the schools and The Trust. This includes salary, employer national insurance contributions, and employer pension contributions. The total amount paid during the year was £371,996 (2017: £365,153).

**South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018**

9 Disclosure of central services

The Trust has provided the following central services to its academies during the year: human resources; financial services; educational support services; marketing; recruitment

The Trust charges for these services on the following basis:

3.5% of GAG income received for each school is taken as a fee for central services the actual amounts charged during the year were as follows:

	2018	2017
University Academy of Engineering South Bank	220,953	147,512
South Bank Engineering UTC	68,612	41,665
	289,565	189,177

10 Related party transactions – Trustees’ remuneration and expenses

None of the Trustees have been paid remuneration or have received other benefits from an employment with the Trust (2017: none).

During the year ended 31 August 2018, no travel and subsistence expenses were reimbursed or paid directly to any Trustees (2017: none).

11 Trustees and officers insurance

The academy trust has opted into the Department of Education’s risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

12 Tangible fixed assets

	Leasehold Land and Buildings £000	Leasehold Improvements £000	Furniture and Equipment £000	Computer Hardware £000	Total £000
Cost					
At 1 September 2017	23,000	17	59	197	23,273
Additions	14,288	-	1,141	404	15,833
Disposals	-	-	-	-	-
At 31 August 2018	37,288	17	1,200	601	39,106
Depreciation					
At 1 September 2017	184	1	18	75	278
Charged in year	298	1	241	200	740
Disposals	-	-	-	-	-
At 31 August 2018	482	2	259	275	1,018
Net book values					
At 31 August 2018	38,606	15	941	326	38,088
At 31 August 2017	22,816	16	41	122	22,995

13 Financial instruments

	2018 £000	2017 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	170	2
Carrying amount of financial liabilities		
Measured at amortised cost	610	1,174

14 Debtors

	2018 £000	2017 £000
VAT recoverable	368	129
Other debtors	5	2
Prepayments and accrued income	275	86
	648	217

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

15 Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	285	95
Taxation and social security	103	55
ESFA creditor: abatement of GAG	20	769
Other creditors	54	22
Accruals and deferred income	249	288
	711	1,229

Deferred income

	2018	2017
	£000	£000
Deferred income at 1 September	-	34
Resources deferred in the year	-	-
Amounts released from previous years	-	(34)
Deferred income at 31 August	-	-

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

16 Funds

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	1,142	5,763	(5,682)	77	1,300
Start-up grant	-	324	(324)	-	-
Other DfE grants	-	624	(624)	-	-
Other sources	-	213	(213)	-	-
Pension reserve	(48)	-	(65)	47	(66)
	1,094	6,924	(6,908)	124	1,234
Restricted fixed asset funds					
ESFA capital grants	-	1,337	(273)	(77)	987
Local authority capital grants	118	-	(53)	-	65
Transfer from Local Authority	22,816	-	(184)	-	22,632
Other transfers	61	14,660	(230)	-	14,491
	22,995	15,997	(740)	(77)	38,175
Total restricted funds	24,089	22,921	(7,648)	47	39,334
Total unrestricted funds	86	6	-	-	92
Total funds	24,175	22,927	(7,648)	47	39,501

The specific purposes for which the funds are to be applied are as follows:

Restricted general funds

All restricted funds are grants received from the Department for Education and the Local Authority for the purpose of running the academy. This also includes catering income received from pupils.

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

Total funds analysis by academy

Fund balances at 31 August 2018 were:

	Total 2018 £000	Total 2017 £000
University Academy of Engineering South Bank	1,218	1,065
South Bank Engineering UTC	442	162
Central services	(268)	1
Total before fixed assets and pension reserve	1,392	1,228
Restricted fixed asset fund	38,175	22,995
Pension reserve	(66)	(48)
Total	39,501	24,175

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding depreciation) £000	Total £000
University Academy of Engineering South Bank	2,454	726	155	3,281	6,616
South Bank Engineering UTC	960	287	116	382	1,745
Central Services	-	241	4	121	366
Academy Trust	3,414	1,254	275	3,784	8,727

17 Analysis of net assets between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	38,088	38,088
Current assets	92	2,013	87	2,190
Current liabilities	-	(711)	-	(711)
Pension scheme liability	-	(66)	-	(66)
Total net assets	92	1,234	38,175	39,501

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

18 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2018	2017
	£000	£000
Net income / (expenditure) for the reporting period	15,279	264
Adjusted for:		
Depreciation	740	263
Interest receivable	(2)	(2)
Defined benefit pension scheme cost less contributions payable	64	64
Defined benefit pension scheme finance cost	1	-
(Increase) / decrease in debtors	(433)	(93)
Increase / (decrease) in creditors	(516)	712
Net cash provided by operating activities	<u>15,134</u>	<u>1,208</u>

19 Cash flows from financing activities

19 Cash flows from financing activities	2018	2017
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

20 Cash flows from investing activities

	2018	2017
	£000	£000
Dividends, interest and rents from investments	1	2
Purchase of tangible fixed assets	(15,833)	(158)
Net cash provided by / (used in) operating activities	<u>(15,834)</u>	<u>(156)</u>

21 Analysis of cash and cash equivalents

	At 31	At 31
	August	August
	2018	2017
	£000	£000
Cash in hand and at bank	1,542	2,240
Total cash and cash equivalents	<u>1,542</u>	<u>2,240</u>

South Bank Academies

Notes to the Financial Statements

for the year ended 31 August 2018

22 Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

23 Pension and Similar Obligations

The trust's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the two Local Government Pension Schemes (LGPS') for non-teaching staff, one managed by Southwark Council and one by Lambeth Council. All are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPSs 31 March 2016.

Contributions amounting to £16,576 were payable to the schemes at 31 August 2018 (2017: £21,608) and are included within creditors.

Teachers' Pension Scheme Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return of 3.0% in excess of prices and 2% in excess of earnings. The rate or real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

South Bank Academies

Notes to the Financial Statements

for the year ended 31 August 2018

23 Pension and Similar Obligations (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £265,405 (2017: £183,791).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £146,000 (2017: £75,000), of which employer's contributions totalled £108,000 (2017: £57,000) and employees' contributions totalled £38,000 (2017: £18,000). The agreed contribution rates for future years are 14.5 per cent for employers and between 5.5 per cent and 7.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy closure, outstanding Local Government Pension Scheme Liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	Lambeth At 31 August 2018	Southwark At 31 August 2018	Lambeth At 31 August 2017	Southwark At 31 August 2017
Rate of increase in salaries	2.70%	3.50%	2.80%	3.40%
Rate of increase for pensions in payment/inflation	2.30%	2.00%	2.40%	1.90%
Discount rate for scheme liabilities	2.80%	2.80%	2.50%	2.50%
Inflation assumption (CPI)	2.30%	2.00%	2.40%	1.90%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	Lambeth At 31 August 2018	Southwark At 31 August 2018	Lambeth At 31 August 2017	Southwark At 31 August 2017
<i>Retiring today</i>				
Males	21.6	22.5	21.6	22.5
Females	23.9	26.2	23.9	26.1
<i>Retiring in 20 years</i>				
Males	23.8	24.2	23.8	24.1
Females	26.0	28.0	26.0	27.9

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

23 Pension and Similar Obligations (continued)

Sensitivity analysis

Approximate momentary increase to the obligation as a result of following changes in assumptions at 31 August 2018:

	At 31 August 2018	At 31 August 2017
Southwark		
0.1% increase in the salary increase rate	3.5	3.4
0.1% increase in the pension increase rate	2.0	1.9
0.1% decrease in the real discount rate	2.8	2.5
Lambeth		
0.5% increase in the salary increase rate	2.7	2.8
0.5% increase in the pension increase rate	2.3	2.7
0.5% decrease in the real discount rate	2.8	2.5

The trust's share of the assets in the scheme were:

	Fair Value at 31 August 2018 £000	Fair Value at 31 August 2017 £000
Equity instruments	206	81
Debt instruments	62	41
Property	48	21
Cash and other liquid assets	2	1
Total market value of assets	278	144

The actual return on scheme assets was £13,000 (2017: £2,000)

South Bank Academies
Notes to the Financial Statements
for the year ended 31 August 2018

23 Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities

	2018	2017
	£000	£000
Current service cost	172	127
Interest income	(13)	(2)
Interest cost	14	2
Total amount recognised in the SOFA	165	127

	2018	2017
	£000	£000
Changes in the fair value of defined benefit organisations were as follows:		
At 1 September	192	80
Current service cost	172	127
Interest cost	14	2
Employee contributions	38	20
Actuarial (gain) / loss	(30)	(35)
Benefits paid	(2)	(2)
At 31 August	384	192

	2018	2017
	£000	£000
Changes in the fair value of the Academy's share of scheme assets:		
At 1 September	144	52
Interest income	13	2
Actuarial gain / (loss)	9	9
Employer contributions	108	63
Employee contributions	38	20
Benefits paid	9	(2)
At 31 August	318	144

	2018	2017
	£000	£000
Net movements in the defined benefit liability:		
At 1 September	(48)	(28)
Current service cost	(172)	(127)
Finance cost	(1)	-
Employer contributions	108	63
Net actuarial gain / (loss)	39	44
Net pension liability	(74)	(48)

South Bank Academies Notes to the Financial Statements for the year ended 31 August 2018

24 Related Party Transactions

Owing to the nature of the Trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place during the year ending 31 August 2018.

Five directors are full time salaried employees of LSBU including the current and previous CEO;

One director is a non-remunerated governor of LSBU;

The Trust has utilised the services of 2 employees from LSBU. The value of these services for the year were £91,648 (2017: £91,800)

The Trust received Governance services from LSBU. During the year £22,941 was invoiced, including services relating to the prior year, and £22,941 was owing to LSBU at year end, included in creditors.

A Director, Prof Dave Phoenix, is a member of the Science Museum Group. During the year the Trust paid this organisation £120 for a school trip.

Richard Flatman is a director of South Bank Enterprises Ltd. During the year, the Trust spent £11,662 for the provision of invigilators.

	CONFIDENTIAL
Paper title:	Risk Register Report and Template
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Clym Cunnington, SBA Trust Business Manager
Sponsor(s):	Nicole Louis, SBA Interim CEO
Purpose:	For Approval
Recommendation:	To review and approve the proposed redraft of the current risk registers

Executive Summary

Risk registers give a detailed account of the approach and the procedures that the Trust and its Academies have in place to manage risk. The current risk register format was evaluated. In this report we have outlined the problems with the current risk register format and presented a proposal of developing a new format, provided along with a proposed template.

The committee is requested to discuss and approve the new template and the work to complete the updated risk registers.

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Risk Registers

1. Introduction

The Academies Financial Handbook notes in section 2.3.9 that Academy Trusts should maintain Risk Registers. It explains:

“The Academy Trust should make a considered choice about its desired Risk profile, taking account of its legal obligations, business objectives and public expectations. The Trust **must** recognise and manage present and future Risks to ensure its effective and continued operation”.

2. Background

Guidance received from the Department for Education (DfE) states that Multi-Academy Trusts (MATs) should maintain Risk Registers, which covers all of the Schools in its Trust.

A Risk register is a document that allows Senior Managers and Trustees, where relevant, to plan for, track, and monitor key Risks and Risk controls for the whole School. There is no single structure that should be used for Risk Registers, and Schools can develop their own preferred style of document and evaluation process.

While Risk Registers will be different depending on a School's context, they will generally cover areas such as:

- Finance
- Pupil levels
- Emergencies
- GDPR
- Staffing levels
- Infrastructure
- Safeguarding

The current Risk Register was updated in June 2018 for the Trust, the University Academy of Engineering (UAE) and South Bank Engineering University Technical College (UTC).

Below is an analysis of the Risk Registers to assess whether it is fit for purpose.

3. Analysis of Current Risk Registers

Changes are proposed to the content of the current Risk Registers across the Trust and Schools to enhance the process and improve the current assessment of risk, allowing Senior Managers and Trustees to conduct an assessment of risk across the group.

- The level of detail of the single Risk Registers is minimal and needs to take into account much wider ranging Risks.
- Normally, there are five Risk Registers dividing out the categories mentioned above.
- Each category would then have the specific Risks associated with it managed at each level.
- The Risk Registers are confusing as they are not divided into areas of Risk nor are they extensive in their considerations.
- As a result, the formatting creates confusion, obscuring the Risks that need to be managed.
- Some of the scoring of Risks are illogical in that it has a strategy to mitigate the Risk; however, the Risk scoring is not adjusted to reflect the level of mitigation.
- The Register needs to reflect a practical application across the Trust and its Academies.
- The practical application is reinforced by Risk Register assessment process. Relevant staff from each section of the Trust contribute to its construction and application. It should therefore be a summary of mitigating actions. These should then be reviewed as to their effectiveness, based on real information.

- The current Risk Registers refer to specific incidents that would not normally be included. Considerations need to be general, although they may arise out of specific incidents.

4. **Proposal**

Attached is a revised Risk Registers template, which addresses all of the findings above. It is divided out into relevant categories and allows a full, practical assessment of Risk in each section of the Trust.

The scoring system reflects the same approach as the current Risk Registers, but in a simplified format.

The simplicity of the Template makes it easier to use and easier to manage on a regular basis. It refers to overall considerations not individual events.

There are no value judgements on the Risk Registers, rather a set of observations on the type of Risk, how it is being managed, and the effectiveness/end result of that management.

5 **Timescales**

Consultation with the relevant staff members at each level of the Trust will create a sense of ownership of the Risk Registers. They need to be a true and accurate reflection of the Risks and how they are managed. This necessarily means that the Registers are a working document and will be ready for presentation once completed and updated at the next Audit Committee meeting.

6 **Action Required**

Agreement on a revised format, greater content and assessment of the Risk Registers.
(Template attached)

South Bank Academies: Financial Risk Register

This is a proposed template of risk registers that is intended to be extended to include the Trust and its Academies

Risk No	Financial Risk	Likelihood H/M/L	Significance H/M/L	Key Controls	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
1	<i>These areas of risk are a proposed starting point.</i> Overspend budget, caused by weak expenditure management			<i>These proposed controls are a template to build the specific controls for SBA from.</i> Annual budget/ Regular financial reporting/ Strong strategic plan of action/ Auditors			
2	Overspend budget, caused by poor budgeting						
3	Received less income than budgeted, caused by poor budgeting						
4	Overspend on capital schemes			Asset Management Plans, Regular monitoring by Finance and ABM and introduction of control documents by the Governing Body. Improved Tender process with governors' oversight.			
5	Short term cash shortages			School currently has a strong cash flow surplus position for 17-18. Suitable level of reserves in place.			
6	Long term cash shortages – insufficient reserves			Funds now separated out into restricted and unrestricted. Restricted funds have a surplus while unrestricted funds of £250k are now in a separate business account.			
7	Improper or irregular use of funds			Scheme of delegation in place. Internal Controls subject to regular scrutiny by auditors performing regular internal audits. Expenditure authorisation process clear. AO and CFO familiar with AFH and updates.			
8	Errors in accounts caused by inadequately skilled or inexperienced finance staff			Experienced, stable Finance Team with proven qualifications and experience in place.			
9	Loss caused by lack of security over assets including cash			CFO reports to Finance and General Purposes Committee on annual inventory check. Improved processes and paperwork in place for financial and booking reconciliations. Replaced card payment machine.			

10	Fraudulent payments to suppliers			Annual review of effectiveness of internal controls. Expenditure authorisation procedures Systems under constant review by UHY/CFO			
11	Fraudulent payments to staff			Robust procedures for monthly payroll sign off Personnel establishment under regular review			
12	Insufficient insurance cover			Annual review of insurance arrangements by CFO and Finance and General Purposes Committee			
13	Failure to ensure that the income due to the school is collected in a timely and efficient manner and fully reconciled as per financial regulations			Month end reporting reviews income and ensure it is at the correct level. This is checked off against the GAG Income payment schedule to ensure all income is received. Aged debtors are sent statement reminders while all income is cross referenced on the cash flow. Business Manager monitors all income regularly reconciling it to invoices and remittance advices. Sports Hall income is closely monitored with extensive paperwork.			
14	Failure to ensure that Goods and Services are purchased in line with Financial Regulations and that Suppliers are paid in a timely and efficient manner			Monthly Creditor Control, Monthly reports from the School, Financial regulations awareness, Internal Controls operated by the School, BACS Payment system used by the School, Effective Internal and External Audit			
15	Failure to ensure that a comprehensive, up-to-date list of Suppliers to the School is maintained			<ul style="list-style-type: none"> • Financial Regulations awareness • Internal Controls operated by the School Finance Team • Effective Internal and External Audit 			

South Bank Academies: Strategic and Reputational Risks

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible	Date for Next Review
1	Failure of the School to recruit sufficient learners to make it viable	<ul style="list-style-type: none"> • Significant financial risk • Risk that the confidence of stakeholders is diminished 			<ul style="list-style-type: none"> • Admissions Policy • Parent/Carer Communication • Marketing Strategy • Effective Networking 			
2	Failure to ensure that the objectives of the School are met	<ul style="list-style-type: none"> • Risk that the School fails to operate within the strategic objectives agreed by the Governing Body • Risk that the School's strategic objectives become out of date or no longer appropriate • Risk that the School receives an unfavourable Ofsted Report • Risk that the objectives of the School are seen as controversial 			<ul style="list-style-type: none"> • Experienced Senior Leadership Team • HT performance management with external HT • Active and experienced Trustees and Governing Body • Stakeholders who take an active role in the operation of the School • Regular HT and Operations Meetings • External Advisors • Ofsted Action Plan • T&L focus of Governors • HT Report • Data Harvest 			
3	Failure to monitor and react accordingly to the requirement of our stakeholders	<ul style="list-style-type: none"> • Risk that stakeholders and beneficiaries do not consider the School service to be valuable and high quality 			<ul style="list-style-type: none"> • Reports to Trustees • Reports to School Governing Body • Parent/Carer Communication • School Council • Open Day Questionnaires • Parent, Student, Staff surveys. 			

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
4	Failure to monitor and react accordingly to the risks associated with competitor establishments	<ul style="list-style-type: none"> • Risk that competitors make a more attractive offer to stakeholders • Risk that stakeholders fail to differentiate between the School and its competitors • Risk of competition or the same share of the market 			<ul style="list-style-type: none"> • Marketing Strategy • Effective Networking • Designated Assistant Headteacher with responsibility for Community • Post 16 Investments and Improvements • Post 16 SDP • Strong Family Links to the School 			
5	Failure to assess and review alliances and partnerships with other organisations	<ul style="list-style-type: none"> • Risk that an alliance or partnership is no longer appropriate • Risk to the integrity of the School 			<ul style="list-style-type: none"> • Networking • Visits to other schools • Headteacher Meetings • Schools' Forum 			
6	Failure to ensure Information technology in the School is maintained to the highest standard	<ul style="list-style-type: none"> • IT security risk • Risk to the corruption or loss of data • Risk that IT equipment and services are outdated and no longer fit for purpose • Financial risk • Risk of litigation 			<ul style="list-style-type: none"> • IT Support Contracts • IT Strategy • Access to School IT staff and Policies • Ongoing review of major incidents EG Malware • Outsourcing of Risk to external platforms eg SCOMIS • Safeguarding Meetings 			

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
7	Failure to monitor the effect of risks over which the School has little or no control such as economic or natural disaster	<ul style="list-style-type: none"> Financial risk Risk of litigation Reputational risk 			<ul style="list-style-type: none"> Part of School Insurance Review process organised by Business Manager Fixtures, Fittings, Employer, Public Liability held by the School Disaster Recovery Plan ICT Disaster Recovery Plan Temporary building replacement scheme with insurers (Zurich). PREVENT strategy used in School Medical Reviews PHSE program in school. 			
8	Failure of the School to recruit Governors who have the appropriate profile	<ul style="list-style-type: none"> Risk that a Governor could attract negative publicity Risk that stakeholders view Governors merely as extension of SLT Risk that stakeholders lose confidence in the Governing Body 			<ul style="list-style-type: none"> Governor Training and Induction Formal Application process Regular Governors' skills audit. Induction and recruitment process 			
9	Failure of the School to produce open and regular management accounts	<ul style="list-style-type: none"> School receives a set of Unqualified Accounts from its Annual Audit. Fines from the EFSA Potential Financial Notice to Improve issues from EFSA. 			<ul style="list-style-type: none"> Monthly Management Accounts Budget Monitoring Reports to SLT and Governing Body Awareness of Financial Regulations Effective Internal and External Audit 			
10	Failure of the School to have Financial Management systems to prevent fraud	<ul style="list-style-type: none"> Financial risk Risk of litigation Reputational risk Risk to the future of the School 			<ul style="list-style-type: none"> Monthly Management Accounts Internal Controls Daily reconciliations for real time data. Read only online banking to all finance staff. 			

					<ul style="list-style-type: none"> • Review of monthly accounts by Chair of FGP. • Robust financial policies and procedures • Robust organisational Monthly HT/AO month-end review. 			
11	Failure to comply with legislative requirements	<ul style="list-style-type: none"> • Financial risk • Reputational risk • Risk of litigation • Risk of poor morale affecting staff and stakeholders • Risk to the future of the School 			<ul style="list-style-type: none"> • Clear policies disseminated to staff • Risk Assessment process • Health and Safety Policy • Guidance on Data Protection 			
12	Failure of the Academy and the Governing Body to ensure that the School has a robust organisational approach in place to deliver governance of the School	<ul style="list-style-type: none"> • Risk that Committees fail to operate effectively • Risk that Committee delegation is poor • Risk that the Governing Body does not delegate or delegates too much to the Headteacher or SLT • Risk that the Terms of Reference are inadequate and/or unfit for purpose 			<ul style="list-style-type: none"> • Governor Training and Induction • Register of Governor interests • Minutes of Governing Body Meetings • approach. • Financial Regulations • Effective Internal and External Audit • Annual governors' review and Terms of Reference. 			
13	Failure of the Academy and the Governing Body to have procedures in place to cover the absence of the Headteacher or other members of SLT	<ul style="list-style-type: none"> • Financial risk • Reputational risk • Risk of poor morale affecting staff and stakeholders • Risk to the day-to-day operation of the School 			<ul style="list-style-type: none"> • Clear guidance on senior staff roles • Clear cover arrangements • Active Governing Body membership • Access to SLT for guidance and support • External Advisors Browne Jacobson 			

South Bank Academies: Operational Risks

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
1	Failure to ensure that the quality of Management Information produced by the School is of a high quality, timely and aids decision making.	<ul style="list-style-type: none"> • Risk that the financial and non-financial performance of the School cannot be managed or reviewed by SLT • Risk that the financial and non-financial performance of the School cannot be challenged or reviewed by the Trust or Governing Body • Risk to the School of receiving poor audits and inspections 			<ul style="list-style-type: none"> • Regular reporting and review of performance against targets for recruitment • SIP and Self Evaluation. • Trustee and Governing Body Reports and Minutes • Support from the School's Administration Team • Outsourced data platforms eg ALPS/4Matrix/SISRA • Addition of a New Data Assistant in 2017 to staff structure. 			

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Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
2	Failure to ensure that the quantity of Management Information produced by the School is good enough to aid decision making	<ul style="list-style-type: none"> • Risk that SLT cannot take informed decisions • Risk that the Governing Body cannot make informed strategic decisions 			<ul style="list-style-type: none"> • Regular reporting and review of performance against targets for recruitment • SLT Review process • Trustee and Governing Body Reports and Minutes 			

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
		<ul style="list-style-type: none"> Risk that the Governing Body has no financial expertise Risk that individual Governors play a 'passive' role on the Governing Body 						
5	Failure to ensure the Managers of the School possess the skills and experience required to manage the School	<ul style="list-style-type: none"> Risk that Leadership does not have the capability or experience within the sector Risk that SLT do not have the integrity required Risk that succession planning is ignored Risk that too much emphasis is placed on entrepreneurial work and the strategic objectives of the School ignored 			<ul style="list-style-type: none"> School Recruitment and Selection Policy and Procedures Continuing Professional Development Appraisal Staff Development Strategy EFA Handbook School Policies 			
6	Staff recruited to the School have the required skills and expertise to meet the strategic objectives of the School	<ul style="list-style-type: none"> Risk to staff and stakeholders of low morale Risk of poor recruitment of learners to the School Risk of poor retention and success rates Risk of recruiting unsuitable staff Risk of poor appraisal, CPD processes and the need to instigate costly disciplinary procedures, tribunals etc 			<ul style="list-style-type: none"> School Recruitment and Selection Policy and Procedures Active Senior Team Membership Continuing Professional Development Active Governing Body membership Staff Development Strategy 			

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
		<ul style="list-style-type: none"> Financial risk Risk of litigation Risk to the achievement of the School's strategic objectives 						
9	Failure to implement a Risk Management Strategy	<ul style="list-style-type: none"> Failure to optimise educational opportunities Non-compliance with EFA requirements Exposure of the School to unnecessary risk Increased costs, eg insurance 			<ul style="list-style-type: none"> Risk Strategy Risk register and Action Plans Risk Management group Governing Body reporting mechanisms 			

South Bank Academies: Compliance Risks

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
1	Failure to ensure the School complies with employee legislation	<ul style="list-style-type: none"> • Risk that legislative requirements are not known or complied with • Risk that Equal Opportunities legislation may not be complied with or discrimination in the work place may occur • Risk that Data Protection legislation may not be complied with • Risk that Human Rights legislation will not be complied with • Risk that employee contract legislation may not be complied with • Risk that employee Pension legislative requirements are not known or complied with • Risk that Health and Safety legislative requirements are not known or complied with • Fines for not ensuring right to work in the UK 			<ul style="list-style-type: none"> • Support of HR Advice and the associated policies and procedures • Support of school Data Protection Officer and supporting policy and procedure • Health and Safety Policy • First Aid Policy • Fire Safety Policy • Support from the School's external Health and Safety Officer • External Advisors – Browne Jacobson • Safeguarding policy 			
2	Failure to ensure the School complies with environmental legislation	<ul style="list-style-type: none"> • Risk that UK legislative requirements are not known or complied with • Risk that EU legislative requirements are not known or complied with • 			<ul style="list-style-type: none"> • Reporting to SLT and Governing Body • Utilisation of School Sustainability Policies [as Landlord of building] • Support of the School Site Manager • Monthly Management Accounts • Reports to Finance and General Purposes 			

					<ul style="list-style-type: none"> Committee and the Governing Body Budget monitoring Awareness of Financial Regulations and AFH Effective External Audit 3 year financial forecasts Support from the Responsible Officer Recycling program both teachers and students. IT disposal policy Members of LBH carbon monitoring program 			
3	Failure to ensure the Financial reporting requirements of the School are met	<ul style="list-style-type: none"> Risk that the legislative requirements relating to the production and reporting of the Statutory Accounts are not known or complied with Risk that the legislative requirements relating to Accounting Standards are not known or complied with Risk that the Charities Statement of Recommended Practice [SORP] legislative requirements are not known or complied with 			<ul style="list-style-type: none"> Monthly Management Accounts Reports to Finance and General Purposes Committee and the Governing Body Budget monitoring Awareness of Financial Regulations and AFH Effective External Audit 5 year financial forecasts Support from the UHY internal Audit Governors Annual Audit against financial handbook. Governors Control document. 			
4	Failure to ensure that up-to-date information regarding the legislation relating to charities is maintained and kept updated by School Business Manager	<ul style="list-style-type: none"> Risk that legislative requirements are not known or complied with Financial risk Risk that the Governing Body are not aware of their legislative obligations 			<ul style="list-style-type: none"> Independent Clerk to the Governing Body Networking Groups EFA Updates School website Professional bodies, The Key UHY Internal and External Auditors 			
5	Failure to ensure that the School	<ul style="list-style-type: none"> Risk that the legislative 			<ul style="list-style-type: none"> Support from School 			

	complies with Tax legislation	<p>requirements relating to VAT, PAYE, National Insurance etc are not known or complied with</p> <ul style="list-style-type: none"> • Financial risk • Litigation risk 			<p>Payroll Provider and the associated policies</p> <ul style="list-style-type: none"> • UHY Auditors – internal and external 			
6	Failure to ensure that the School ensures that Data Protection systems, procedures and processes are adequate	<ul style="list-style-type: none"> • Risk that the legislative requirements relating to the protection of data are known and complied with • Financial risk • Litigation risk 			<ul style="list-style-type: none"> • Support of School Data Protection Officer and supporting policy and procedure • Data Manager recruited and introduction of new Data Officer Post • Archive and storage recently over hauled and moved to more secure area. • 			
7	Failure to ensure that the School is compliant in respect of Welfare issues	<ul style="list-style-type: none"> • Risk that the legislative requirements relating to disability are not known or complied with • Risk that the legislative requirements of the Child Protection Act are not known or complied with 			<ul style="list-style-type: none"> • Support of HR Manager and the associated policies and procedures • Parent/Carer Communication • DBS Policy • Citizenship Policy • Personal, Social, Health Education Policy • Reporting mechanisms to the Governing Body • Safeguarding Officer and ongoing training. • RESPECT procedures • EpiPen Training • Attendance Review 			

Risk No	Risk Description	Risk Consequences	Likelihood H/M/L	Risk H/M/L	Existing Internal Controls and Evidence	Assessment of Control Quality/ Action Needed	Person Responsible in School	Date for Next Review
8	Failure to ensure that the school is compliant in respect of the requirements of the school sector	<ul style="list-style-type: none"> • Risk that the legislative requirements relating to the National Curriculum are not known or complied with • Risk that the legislative requirements relating to mental health are not known or complied with 			<ul style="list-style-type: none"> • Reporting mechanisms to the Governing Body • Government Website and advice • External website subscriptions – The Key • Exam entries • Subscriptions to professional bodies. • Curriculum leaders meeting and regular reviews. 			
9	Failure to ensure that the School is compliant in respect of the requirements of the Government and other relevant Authorities	<ul style="list-style-type: none"> • Risk that the terms and conditions relating to the payment of any grant is not known or complied with • Risk that the legislative requirements relating to licensing are not known or complied with • 			<ul style="list-style-type: none"> • Reports to SLT and the Governing Body • Ofsted Inspections • Internal and External Audit • Networking • Visits to other schools • Headteachers' Meetings • External subscriptions – The Key (Schools and Governors) 			

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South Bank Academies
Risk Register - MAT

Area	Risk	Impact description	Probability assessment	Impact assessment	Combined risk level	Mitigating actions	Residual Risk	Owner	Last reviewed	Date for next review	Status	Change	Explanation of change
Compliance	Failure to meet new GDPR guidelines for storing and collating data in Trust and across schools.	Litigation, possible fines, loss to reputation.	2	3	6	Recruiting a Data protection officer in the UAE and the UTC to deliver appropriate training and ensure compliance. (external services).	3	Chair	N/A	Jun-18	Open	↓	GDPR comes into effect. Schools need to adhere to compliance requirements.
Compliance	Inadequate challenge and ineffective local governance for Trust and Schools.	Failure to achieve mission and objectives of the Trust. Poor decision making and information flow. Risk of one establishment not following Trust procedures.	2	2	4	Introduction of new governance model following DFE feedback and in consultation with LGB and SBA boards.	1	Chair	Mar-18	Jun-18	Open	↓	Current review of governance led by company secretary and CEO
Page 18 Compliance	UKVI regulations not met	Loss of licence, fines and/or prosecution.	3	3	9	An internal review being carried out of UKVI-related teacher recruitment in both schools. This will address any found non compliance and future training needs.	2	CEO	N/A	Jun-18	Open	↑	
Compliance	Failure to comply with ESFA and DFE guidelines.	Notice given on non performance, litigation, possible fines, loss to reputation.	1	3	3	Timely audit. Preparation & submission of annual report. Quarterly internal audit. Financial training.	3	CEO	Mar-18	Jun-18	Open	→	

Safeguarding	Safeguarding incident at any of the schools.	Risk to child/children, risk to reputation of Trust and/or schools, DFE and HSE intervention depending on seriousness of incident. Risk to Ofsted rating.	2	3	6	All schools employ the services of experienced staff with appropriate safeguarding qualifications. All staff and governors are given safeguarding and prevent training . All students and staff complete e-safety training and firewalls are in place to secure all ICT networks. Safeguarding regularly reviewed as part of governance.	4	CEO	Mar-18	Jun-18	Open	→	
Finance Page 186	Failure to meet internal/external financial targets and deadlines.	Late submission of budgets/accounts to ESFA, possible litigation, possible fines.	2	3	6	Employment of agency worker (Accountant) to ensure correct budgeting/accounting takes place. Budget timetables agreed and set to run alongside LGB and Audit committee meetings for review of budgeting process. Also help given from LSBU finance department.	3	CEO/CFO	N/A	Jun-18	Open	↓	
Finance	Poor financial performance by one or more of the schools.	A deficit or liabilities in one or more schools will affect the Trust financial viability and could have significant risk for finance and cash flow Leading to DfE letter.	2	3	6	Trust financial controls and procedures in place and communicated to all staff. Monthly Management accounts, Schedule of delegation, Budget monitoring by LGB and the Trust, Internal and External Audit. Regular reports to Trust members. Financial expertise at Operational and Trustee level. Staff training also in place.	3	CEO/CFO	Mar-18	Jun-18	Open	→	

Staffing	Change in personell affecting the running of the MAT.	Change destabilising the work with the schools, bringing confusion to the vision of the MAT,	2	3	6	Rigorous interview process, and working with LSBU teams such as governance and HR to ensure that the right person is in place. Internal supervisions to monitor performance. Strategy and structure meetings with principals and CFO.	3	CEO	N/A	Jun-18	Open	↑	Specifically Trust Business Manager Role. It will affect the financial and business side of the MAT.
Pupils (Numbers)	While overseeing student recruitment, failure to recruit target student numbers for both schools.	Reduction in pupil led income which could lead to cash flow or long term financial problems.	3	3	9	Careful budget setting, working on alternative scenarios for income, careful cost control, and budgeting to create surplus.	6	CEO/Principals	Mar-18	Jun-18	Open	→	
Pupils Page 187	Poor student outcomes in one or both schools.	Poor examination results could cause a reputational and financial risk due to poor student recruitment. Detrimental to student futures/careers.	2	3	6	Teaching and Learning constantly monitored and reported. Termly attainment reporting sent to management and pupils. Principal reports to local governing body. Practice Ofsted inspections and quality insurance visits.	3	CEO/Principals	Mar-18	Jun-18	Open	→	
Infrastructure	Failure to carry out the correct audit/review procedures to ensure building, maintenance, health and safety regulations are upheld in both schools.	Requirements are not met, danger to staff and students, could lead to loss of reputation and litigation.	1	2	3	Teams from LSBU being brought in to help carry out audits/reviews. Scoping documents drafted/being drafted. Meetings with principals set up.	2	CEO/Principals/TBM	N/A	Jun-18	Open	↓	
Infrastructure	Failure to safeguard schools or assets from theft or damage.	Damage to building and assets. Health and saftey risk to students and staff. Reputational damage and poor learning outcomes.	1	2	3	Adequate security systems and budgetary allowance for upkeep and maintenance. Asset registers at each establishment . Adequate insurance.	2	CEO/Principals/TBM	Mar-18	Jun-18	Open	→	

Reputation	Failure to uphold the values and visions of the Trust for its schools through change in leadership.	The schools lose original focus, students do not achieve well, loss of unity across MAT, value for money on current equipment supplied becomes void.	2	3	6	Previous CEO offering support and advice during transitional leadership. Interim CEO developing vision and scope and management meetings held with acting CEO and principals of both schools to ensure smooth transition.	3	CEO	N/A	Jun-18	Open	↓	We have had a change in management personell (The CEO of SBA). April 2018
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Risk Calculation	Probability		
	1 low	2 medium	3 high
1 low	1	2	3
2 medium	2	4	6
3 high	3	6	9

- Key - Areas**
- Compliance
 - Safeguarding
 - Finance
 - Staffing
 - Pupil Levels
 - Infrastructure
 - Reputation

South Bank Academies
Risk Register - UTC

Area	Risk	Impact description	Probability assessment	Impact assessment	Current risk level	Mitigating actions	Previous Risk level	Owner	Last reviewed	Date for next review	Status	Change	Notes
Compliance	Inadequate level of expertise and challenge on Local Governing Body leading to ineffective local governance.	Failure to achieve mission and objectives of the School/Trust. Poor decision making and information flow. Ofsted outcomes below good.	1	3	3	Appropriate recruitment process for governors. Representation of the Trust on local governing bodies. Annual review of local governing bodies including skills audit. Training as required. Minutes to accurately represent challenge.	3	Trust Board/Chair of LGB	May-18	Jul-18	Open	→	Governance review complete including feedback. Internal actions to be completed.
Compliance	UTC not ready for GDPR requirements coming into force on May 25th	Potential fines for non-compliance	2	2	4	Policy updated and published. Online training undertaken by SLT; audit taking place internally; securing services of external Data Controller - interim by Principal	4	Trust	May-18	Jul-18	Open	→	Internal audit of data ecosystem to be updated.
Compliance	Serious breach of health & safety regulation or disability legislation occurs	Risk of litigation and Reputational risk.	1	3	3	Policies and procedures consistent with relevant legislation. Independent audit on Health and Safety and Policies. Regular reports to the board. Adequate insurance cover. Site supervisor to be appointed.	3	Principal	Apr-18	Jul-18	Open	→	LSBU-led audit of H&S scheduled
Safeguarding	Safeguarding incident at the UTC.	Risk to reputation locally and nationally, DfE, Ofsted and HSE intervention depending on seriousness of the event.	2	3	6	DSL fully trained and on SLT/pastoral managers trained. Audit recommendations (DfE and Lambeth) in place. All staff and governors are given safeguarding and prevent training. Network monitoring to be introduced.	6	Principal	May-18	Jul-18	Open	→	Safeguarding systems and procedures tighter following DfE review; subsequent DfE monitoring and Lambeth audit positive.
Finance	Changes to Funding via Government policy	Potential loss in income and threat to viability. Withdrawal of Transitional Funding. Fair Funding Formula impacts.	2	3	6	Strategic engagement with DfE and ESFA. Monitoring of Government policy, Long term forecasts monitored by LGB, Financial expertise at Operational and Trustee level. Robust system of internal controls.	6	CFO/CEO	May-18	Jul-18	Open	→	Climate of uncertainty with regard to longevity of UTC-specific transitional funding: no announcement post 2019-20. Uncertainty over funding formula change and implementation. Recent meeting with DfE helpful in relation to securing employer commitment.

Staffing	Failure to recruit key teaching and support staff posts. Lack of financial resource to fully staff required positions in structure.	Lack of strength in teaching leading to lower than expected outcomes from students. Lack of capacity to sustain improvements in T&L. Lack of leadership capacity. Lack of development of UTC-specific elements. Inadequate Ofsted grading leading to reputational risk.	2	3	6	Thorough recruitment programme with all relevant staff trained, comprehensive professional development. Strong Appraisal system. Competitive remuneration and career development. External validation visits to triangulate leaders' judgements and identify additional needs.	6	Principal	May-18	Jul-18	Open	→	Strong recruitment for 2018-19 with physics, chemistry and engineering vacancies filled; front desk officer recruited.
Staffing	Inadequate calibre of teaching and support staff within the UTC.	Inadequate teaching and learning and student support leading to poor student outcomes. Unsatisfactory Ofsted grading leading to poor outcomes.	1	3	6	Strong internal systems; management monitoring and support; staff development programme. Strategies to retain strong staff and move on underperformers	6	Principal	May-18	Jul-18	Open	→	N/A
Pupils	Failure to recruit sufficient number of pupils in to Years 10 and/or 12.	Reduction in pupil led income which could lead to T&L, attainment and long term financial problems. Potential damage to the UTCs reputation.	3	3	9	Increase in trust and UTC marketing capacity & delivery and effective admissions processes. Interviews and 'keep warm' events. Monthly monitoring of student numbers. Work with secondary schools and other partners. Strong recruitment of current UTC Y11 into Y12.	9	Principal	May-18	Jul-18	Open	→	Uncertainty over attrition rate - proportion of applicants who will enrol in September 2018. Three financial plan scenarios prepared.
Pupils	Poor student outcomes.	Poor examination results could cause a reputational and financial risk. Will generate data potentially impacting on Ofsted grading. Detrimental to student futures/careers. UTC's reputation at risk.	2	3	6	Teaching and Learning constantly monitored and reported. Termly attainment reporting sent to management and pupils. Strategic intervention led by data analysis. Principal reports to local governing body. Mock Ofsted inspections and quality assurance visits.	6	Principal	May-18	Jul-18	Open	→	Progress 8 professional prediction +0.29
Infrastructure	Land and Buildings are fit for purpose.	Damage to property due to poor maintenance or lack of suitable site staff could cause disruption to business continuity and cause damage to pupils learning and School reputation	2	2	4	Maintenance requirements assessed; planning in place for site support. Adequate budgets for building maintenance are provided. Support from LSBU in place.	4	Principal/Trust Business Manager	May-18	Jul-18	Open	→	Currently good site support through builders during construction phase but no site team on staff; some maintenance issues to be addressed at 12 months from occupation.

Infrastructure	Failure to safeguard UTC assets from theft or damage by third party	Damage to building and assets. Health and safety risk to students and staff. Reputational damage and poor learning outcomes.	2	2	4	UTC has adequate security systems and budgetary allowance for upkeep and maintenance. Asset registers are monitored and audited regularly. Adequate insurance is provided.	4	Principal	May-18	Jul-18	Open	→	In permanent building higher level of security both physical and system-based. Secure by Design entry and exit. Asset register and internal systems.
Reputation	High profile event in the school affects Trust overall	Risk to reputation nationally and locally to the school and the trust.	1	3	3	The UTC has a Critical Incident plan which is regularly assessed listing a delegation of duties in the event of an emergency situation.	3	Principal/CEO	May-18	Jul-18	Open	→	N/A

Risk Calculation Impact	Probability		
	1 low	2 medium	3 high
1 low	1	2	3
2 medium	2	4	6
3 high	3	6	9

Key - Areas

- Compliance
- Safeguarding**
- Finance
- Staffing
- Pupil Levels
- Infrastructure
- Reputation

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**South Bank Academies
Risk Register - Academy**

Area	Risk	Impact description	Probability assessment	Impact assessment	Combined risk level	Mitigating actions	Reisidual Risk	Owner	Last reviewed	Date for next review	Status	Change	Notes/Comments
Compliance	Inadequate level of expertise and challenge on Local Governing Body leading to ineffective local governance.	Failure to achieve mission and objectives of the School/Trust. Poor decision making and information flow.	1	3	3	Appropriate recruitment process for governors. Representation of the Trust on local governing bodies. Annual review of local governing bodies including skills audit.	3	Trust Board/Chair of LGB	Dec-17		Open	→	
Compliance	Serious breach of health & safety regulation or disability legislation occurs	Risk of litigation and Reputational risk.	3	3	9	Policies and procedures consistent with relevant legislation. Independent audit on Health and Safety and Policies. Regular reports to the board. Adequate insurance cover.	9	Principal	Apr-18		Open	↑	General Data Protection Regulation. The trust has engaged Judicium to provide comprehensive support in developing its response to GDPR. The risk is high as the law became enforceable of 25 th May.
Safeguarding	Safeguarding incident at one of the schools.	Risk to reputation locally and nationally, DfE and HSE intervention depending on seriousness of the event.	2	3	6	Experienced full time SENDCO as member of staff. All staff and governors are given safeguarding and prevent training. All students and staff complete e-safety training and firewalls are in place to secure all ICT networks.	6	Principal	Apr-18		Open	↑	Rao is currently our governor with oversight of safeguarding. As he will be leaving the governing body shortly a replacement will need to be found who is then trained to the appropriate level to effectively scrutinise the schools safeguarding procedures and activity.
Finance	Changes to Funding via Government policy	Potential loss in income and threat to viability.	2	3	6	Monitoring of Government policy, Long term forecasts monitored by LGB, Financial expertise at Operational and Trustee level. Robust system of internal controls.	3	CFO/CEO	Dec-17		Open	→	
Staffing	Failure to recruit key teaching and support staff posts. Inadequate capacity to review quality fo work.	Staff not able to carry out their duties, poor management and decision making, poor quality of teaching and learning leading to poor student outcomes. Inadequate Ofsted grading leading to reputational risk.	2	3	6	Thorough recruitment programme with all relevant staff trained, comprehensive professional development, Strong Appraisal system. Competitive remuneration and career development.	3	Principal	Apr-18		Open	→	
Staffing	Inadequate number of teaching and support staff within the Academy.	Inadequate teaching and learning and student support leading to poor student outcomes. Unsatisfactory Ofsted grading leading to poor outcomes	2	3	6	Monthly monitoring of staffing, independent exit interviews carried out by Trust for all staff, timely recruitment processes to attract and retain competent staff.	3	Principal	Apr-18		Open	→	
Pupils	Failure to recruit sufficient number of pupils in to Year 7.	Reduction in pupil led income which could lead to cash flow or long term financial problems. Potential damage to the Academys reputation.	1	3	3	Trust and Academy Marketing capacity & delivery and effective admissions processes. Monthly monitoring of pupil numbers. Work with local primary schools to ensure the Academy remains a first choice.	3	Principal	Apr-18		Open	→	
Pupils	Failure to recruit sufficient number of pupils in to Year 12.	Reduction in pupil led income which could lead to cash flow or long term financial problems. Potential damage to the Academys reputation.	2	3	6	Increase trust and Academy Marketing capacity & delivery and effective admissions processes. Monthly monitoring of student numbers. Work with secondary schools with no post 16 offer.	3	Principal	Apr-18		Open	→	
Pupils	Poor students outcomes.	Poor examination results could cause a reputational and financial risk. Detrimental to student futures/careers. Academy's reputation at risk.	2	3	6	Teaching and Learning constantly monitored and reported. Termly attainment reporting sent to management and pupils. Incoming students assessed for suitable attainment levels. Principal reports to local governing body. Practice Ofsted inspections and quality insurance visits.	6	Principal	Apr-18		Open	↑	Pupil outcomes. Teaching is now significantly better than it has been in the previous three years. We have taken action to make significant improvements and will be investing heavily in intervention, including tutoring, in year 11.
Infrastructure	Land and Buildings are fit for purpose.	Damage to property due to poor maintenance could cause disruption to business continuity and cause damage to pupils learning and School reputation	1	3	3	Maintenance programme in place assessed and monitored by Principal and forwarded to Trust. Adequate budgets for building maintenance are provided. Regular site checks by facilities team and external audits.	3	Principal/Trust Business Manager	Apr-18		Open	→	

Infrastructure	Failure to safeguard academy assets from theft or damage by third party	Damage to building and assets. Health and safety risk to students and staff. Reputational damage and poor learning outcomes.	1	2	2	Academy has adequate security systems and budgetary allowance for upkeep and maintenance. Asset registers at each establishment are monitored and audited regularly. Adequate insurance is provided.	2	Principal	Apr-18		Open	→	
Reputation	High profile event in the school affects Trust overall	Risk to reputation nationally and locally to the school and the trust.	2	3	6	Academy has a Critical Incident plan which is regularly assessed listing a delegation of duties in the event of an emergency situation.	6	Principal/CEO	Apr-18		Open	↑	There have been a very high number of robberies where our students are the victims, around the school, particularly as they are going home. There have also, recently, been a number of stabbings in the proximity of the school, again as the students are making their way home. We are in communication with the Police about this. As an additional measure we will be employing staff to patrol outside the school from 3.40 to 5.30pm and particularly to provide safe access for the students to bus routes.

Risk Calculation	Probability		
	1 low	2 medium	3 high
1 low	1	2	3
2 medium	2	4	6
3 high	3	6	9

- Key - Areas
- Compliance
- Safeguarding
- Finance
- Staffing
- Pupil Levels
- Infrastructure
- Reputation

	CONFIDENTIAL - RESTRICTED TO MEETING PARTICIPANTS
Paper title:	Audit of Personnel Files
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Jacqui Collins, Trust HR Manager
Sponsor(s):	Nicole Louis, SBA Interim CEO
Purpose:	Review
Recommendation:	To review the findings of the audit report and the summary of key issues, as well as the current progress that has been made since the initial audits.(Please note name redactions)

Executive Summary

The HR/SCR/UKVI Audit into all Personnel Files was completed on 2nd and 3rd October 2018. The report that this generated enabled us to see the gaps in our HR processes and systems. The original audit reports are included along with a summary that also explains what has been done since then to address these issues, with any further steps to be made.

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Human Resource Files overview.

UAE

Contents Page

Some files had them others did not. It is recommended that there is a contents page on the front of each file that states what is in the file, and where there are gaps, which should always be chased. Checks carried out should be recorded i.e. with the person's name and date inserted.

Start dates

These could be identified from the contracts and offer letters. However, there was no contract or offer letter in the files for [REDACTED] or [REDACTED].

Identity Checks

These were in place except for [REDACTED] and [REDACTED].

Visa issues

Visa checks were evident where needed, in most files however there are some serious issues that need following up immediately:

- [REDACTED] - Has been engaged on a permanent full-time basis, but current visa runs out on **26/07/2019**. The visa has restrictions on it that need checking out now.
- [REDACTED] - Has been engaged on a permanent full-time basis but the current visa runs out on **22/04/2023**.

- [REDACTED]. Has been engaged on a permanent full-time contract but current residency runs out 13/1/ 2019
- [REDACTED]-No residency information in the file. She is from the [REDACTED].

References and missing References

Where possible schools should obtain references prior to interviews to allow any concerns to be explored with the referee and discussed with the candidate. Electronic references should be vetted to ensure that they originate from a credible source. A follow up telephone call to referees to check that the reference is from a credible source is recommended.

It is advisable to Risk assess (as discussed) where you have staff that have worked at the school for more than three years that you don't have two references for and update the SCR accordingly.

Application Forms

Missing application forms should be placed in the H.R files.

Job Descriptions

Any missing ones should now be put in the Personnel files.

Contracts of Employment

In the absence of a written contract, there is an implied contract in place and in many cases, there is, as indicated on the attached audit form, an offer of employment letter in place. However, the missing contracts need putting in place a.s.a.p.

Professional Certificates

These are important where you have recruited for a position that requires proof of their qualifications and does require chasing. It is expected that a check should be made on **original certificates**.

DBS and Barred List Information

As the majority of staff are engaged in regulated activity an enhanced DBS certificate which includes **barred list information** is required for most appointments.

Enhanced DBS information

This could not be found in the files of: [REDACTED], [REDACTED], [REDACTED], [REDACTED]
(this is being chased) [REDACTED] and this requires immediate checks to be made.

Single Central Register

This needs tidying and there is missing information and gaps. There should be no gaps in a SCR.

The SCR Must record that the relevant checks have been made these are:

- An identity check. **This was missing.** The Reviewer was informed by K.B that evidence of identity checks would be (migrated from SIMs) into the SCR on 16 October
- A barred list check. **This was missing.**
- An enhanced DBS check. Majority in place but there are the queries, in the audit of the files, that need following up.
- A prohibition from teaching check. **This was missing** (NB this is not the same as a barred list check) it must be made for anyone undertaking 'teaching work' (with or without qualified Teacher Status)
- Further checks on people living or working outside the U.K, including **European Economic Area** (EEA) (this is all EU countries plus Iceland, Liechtenstein and Norway) **regulating authority teacher sanctions or restrictions.** These are imposed by EEA professional regulating authorities on or after 18 January 2016 and which have been notified to the T.R.A. **The EEA check was missing.**

- A check on professional qualifications. **These were missing.**
- A check to establish the person's right to work in the U.K. This was evident.
- An independent school (including Academies and free schools) a section 128 prohibition check for people in management positions. **This was missing.**
- The SCR should be current -archive on a separate tab.
- The SCR should record, what has been seen, when it was seen and by whom.
- Checks for all prohibition, directions sanctions and restrictions can be carried out for free by logging into the secure access portal on the Teacher Services' webpage.

Other:

Trainee/student teachers

Schools should obtain written confirmation from the provider that it has carried out all pre-appointment checks that the school would otherwise be required to perform.

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Human Resource Files Overview

UTC

Contents Page

Some files had them others did not. It is recommended that there is a contents page on the front of each file that states what is in the file, and where there are gaps, which should always be chased. Checks carried out should be recorded i.e. with the person's name and date inserted.

Start dates

These could be identified from the contracts with the exception of [REDACTED].

Identity Checks

These were in place except for [REDACTED].

Visa issues

Visa checks were evident where needed.

References and missing References

The majority of references were in place. Where possible schools should obtain references prior to interviews to allow any concerns to be explored with the referee and discussed with the candidate. Electronic references should be vetted to ensure that they originate from a credible source. A follow up telephone call to referees to check that the reference is from a credible source is recommended.

It is advisable to Risk assess (as discussed) where you have staff that have worked at the school for more than three years if you don't have two references for them and update the SCR accordingly.

Application Forms

Any missing application forms should be placed in the H.R files.

Job Descriptions

These should now be put in the Personnel files.

Contracts of Employment

In the absence of a written contract, there is an implied contract in place. However, any missing contracts need putting in place a.s.a.p.

Professional Certificates

The majority are in place. These are important where you have recruited for a position that requires proof of their qualifications and does require chasing. It is expected that a check should be made on **original certificates**.

DBS and Barred List Information

As the majority of staff are engaged in regulated activity an enhanced DBS certificate which includes **barred list information** is required for most appointments.

Enhanced DBS information

These were all in place.

Single Central Register

The SCR Must record that the relevant checks have been made these are:

- An identity check. This was included
- A barred list check. This was included
- An enhanced DBS check. This was included
- A prohibition from teaching check. This was included
- Further checks on people living or working outside the U.K, including European Economic Area (EEA) (this is all EU countries plus Iceland, Liechtenstein and Norway) regulating authority teacher sanctions or restrictions. These are imposed by EEA professional regulating authorities on or after 18 January 2016 and which have been notified to the T.R.A. **The EEA check was missing.**
- A check on professional qualifications. These were included in the main but any missing ones need chasing. Some teachers are not yet qualified.
- A check to establish the person's right to work in the U.K. This was evident.
- An independent school (including Academies and free schools) a section 128 prohibition check for people in management positions. This was included.

- The SCR is current and is archived on a separate tab.
- The SCR should record, what has been seen, when it was seen and by whom.
- Checks for all prohibition, directions sanctions and restrictions can be carried out for free by logging into the secure access portal on the Teacher Services' webpage.

Other:

Trainee/student teachers

Schools should obtain written confirmation from the provider that it has carried out all pre-appointment checks that the school would otherwise be required to perform. This was in place.

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HR/SCR/UKVI Audit Report Findings

Summary of Key Areas that need Addressing

University Academy of Engineering

Auditor: Karen Lowe

Summary of Key Issues:

The main issues are with historical employee files where there is documentation missing. These files will need to be risk assessed, the documentation found, and the process reviewed to ensure against this in the future.

Breakdown of the issues is as follows:

Issue	Current Progress	Outstanding Actions
4 DBS numbers were not on file	These have been obtained and filed	None
Missing copies of contracts	All the missing teachers' contracts have been filed	Support staff contracts to be obtained and filed (currently working on this)
1 employee visa is due to run out in 2019. 1 employee in 2021, and 1 employee in 2023.	Job offer letters have been adjusted to reflect the end of the visa dates as the end of the fixed term of employment.	None
One employee had no residency information on file	This has been obtained and filed	None
Two identity checks missing	These employees' identity checks have now been completed and filed.	None
Missing job descriptions	Currently working on this action point.	To be reviewed
Missing start dates	These are all on file	None
Missing professional qualifications	Currently working on this action point	To be reviewed
Missing Independent Schools' section 128 prohibition check for people in management positions	Currently working on this action point	To be reviewed
The SCR should be current, and should record what have been seen, when and by whom.	Currently working on this action point	To be reviewed

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	CONFIDENTIAL
Paper title:	Student Data Returns
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Clym Cunnington, SBA Trust Business Manager
Sponsor(s):	Nicole Louis, SBA Interim CEO
Purpose:	Review
Recommendation:	To review the current progress and procedure that is in place to produce the student data returns.

Executive Summary

Academy General Annual Grant Funding (GAG Funding) is calculated from the details of the Annual School Census collection (the Census). Funding levels are calculated according to the number of pupils in academic years 7-9 (Key Stage or KS3), in academic years 10-11 (Key Stage 4 or KS) and academic years 12-13 (Key Stage 5 or KS5). KS5 or Sixth Form funding is “lagged” meaning it is paid up to two years in arrears.

It is the October census return in the Autumn term from which funding is calculated for the Age Weighted Pupil Units (AWPU).

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Student Data Returns

1. Introduction

Academy General Annual Grant Funding (GAG Funding) is calculated from the details of the Annual School Census collection (the Census). Funding levels are calculated according to the number of pupils in academic years 7-9 (Key Stage or KS3), in academic years 10-11 (Key Stage 4 or KS) and academic years 12-13 (Key Stage 5 or KS5). KS5 or Sixth Form funding is “lagged” meaning it is paid up to two years in arrears.

It is the October census return in the Autumn term from which funding is calculated for the Age Weighted Pupil Units (AWPU)

2. Background

The two schools in the trust have completed the Annual Census Return on time. Processing is done through the Schools Information Management Systems (SIMS). Any missing details or errors of information are flagged for correction before submission is permitted. The Census also collects other information such as Ethnicity, First Language, English as an Additional Language (EAL), Pupil Premium. These factors also contribute to the calculation of other non-GAG streams of funding such as deprivation factors, Special Education High Needs Funding and Other Factors.

3. Process

Given the importance of calculating funding correctly, each school in the Trust has a Data Officer who is responsible for compiling and completing the returns.

Once all the queries are answered and it is ready to submit it is sent to the CEO Trust Business Manager for review and confirmation that it is to be submitted

4. Census Submission

Prior to authorising and submitting the Census in each of the Academies, it is checked to verify the data in line with our numbers and forecasts. This is one of the measures, which indicates the ongoing viability of the Trust’s funding as this is dependent on the numbers that are reported.

When checking the census, the following areas are considered:

1. Age of students matches the year group they are in that the information being processed is correct (funding levels differ according to Key Stages).
2. Student numbers are compared to those of last year to show that they are actually increasing.
3. Checked to see if we have any Y14 students which would mean they haven’t been successful in obtaining their qualification in the allotted timescale of 2 years – may also affect funding levels.
4. For the UTC verified with the Data Officer 11-15 category only included Y10 birthdates and that we have no younger students in this category.
5. Verification of the number of SEND Students as there is separate government funding for this.
6. Ensuring the coding of SEND students is correct as incorrect details again will affect additional SEND funding (High Needs Top Up funding known as SEN top up funding)

5 Analysis of Census Returns (See below)

UTC Student Numbers

When comparing student numbers at the UTC with the previous year’s Census, there has been an increase of 10 students at Key Stage 4(KS4) from 86 to 95 whilst at Key

Stage 5 (KS5) there has been an increase of 27 students from 99 to 128. There are no Key Stage 3 (KS3) students at UTC.

SEND Numbers for the UTC show 4 students with an Educational Health Care Plan (EHCP) or a Statement of Needs. SEN support graded at level K some but non-specific Needs are greatly reduced between the academic years covered by the census reports, which is accounted for by the leavers in Y13 and Y11 where they go on to other Educational Institutions. These are 50 students for 17-18 and 23 for 18-19. There are no children in care at the Academy.

English as an Additional Language (EAL) Student Numbers have increased from 56 student to 65 whilst the main languages spoken in the school are English 437 students, Spanish and Arabic: 12 students. These figures are stable across both census reports with an increase of numbers in the Somali speakers at 8 students.

UAE Student Numbers

Initial estimates show that there is an increase in student numbers at the Academy, chiefly through the Year 7 intake. However, these has yet to be confirmed in the 18-19 Census as these detail have yet to be received at the Trust. The pattern of expansion in numbers for the UAE follows a typical pattern of a newly formed school where there are greater student numbers in the lower Key Stages than there are in the higher ones.

KS3 numbers show an increase from 409 student to 549 whilst KS4 remains stable at 100 students. KS5 numbers have decreased slightly from 57 students to 51.

These figures still need to be confirmed in the 18-19 census report. No further details are available for the other categories.

7. **Summary of Census Reports (where data is available)**

Addendum below.

Student Numbers	UAE	UTC
KS3		
17-18	407	0
18-19	549	0
KS4		
17-18	100	86
18-19	100	95
KS5		
17-18	57	99
18-19	51	128
Total Students 17-18	564	185
Total Students 18-19	700	223

Languages

EAL 17-18		56
English 17-18	437	129
Spanish/Arabic		9
Portuguese		8

EAL 18-19		65
English 18-19		158
Arabic		12
Spanish		11
Portuguese		8
Somali		8

SEND Numbers

17-18

EHCP/Statement	6	4
SEN Support (K)	83	50
Other Support Codes	89	0

18-19

EHCP		5
SEN Support (K)		23
Other Support Codes		0

Students in Care

17-18		0
18-19		0

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	CONFIDENTIAL
Paper title:	Anti-Fraud, Bribery and Corruption report
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	29 November 2017
Author:	Natalie Ferer, LSBU Financial Controller
Sponsor:	Nicole Louis, SBA Interim CEO
Purpose:	For information
Recommendation:	To note any reports of Fraud, Bribery and Corruption

Introduction

This report provides information on any changes to the Anti-Fraud, Bribery and Corruption Policy. The policy also details the procedures for reporting and resolving any claims of perceived malpractice that may occur.

Executive Summary

South Bank Academies (Trust) is committed to be an honest and ethical Multi-Academy Trust and as such is opposed any fraudulent activity. The Trust seeks to eliminate fraud by the way it conducts business.

All staff, Governors and Directors have a role to play. The Trust also recognises the role of others in alerting them to areas where there is suspicion of fraud.

South Bank Academies has measures to ensure proper administration and to prevent and detect fraud and corruption. Recognising a potential fraud and being able to report it is just as important as the measures to prevent and detect.

There has been no identified attempted fraud or reported incidents of bribery or corruption since the last meeting in July 2018.

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	CONFIDENTIAL
Paper title:	Speak Up report
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author:	Michael Broadway, SBA Company Secretary
Sponsor:	Nicole Louis, SBA Interim CEO
Purpose:	To update the committee on any speak up matters raised since the last meeting.
Recommendation:	To note the speak up report.

Executive Summary

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to note any report relating to the Speak Up Policy.

The policy also details the procedures for reporting and resolving any claims of perceived malpractice that may occur.

Speak Up policy

The South Bank Academies (Trust) is committed to the highest possible standards of openness, probity and accountability. The Speak Up Policy and procedure supports this commitment.

The Policy is about the ways in which concerns about perceived malpractice may properly be raised within the Trust and if necessary outside the Trust.

There have been no reports made in-line with this Policy since the last meeting on 19 July 2018.

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