

## Meeting of the South Bank Academies - Audit Committee

3.00 - 5.00 pm on Thursday, 9 March 2017  
in 1B27 - Technopark, SE1 6LN

### Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
1.	Welcome and apologies		RF
2.	Declarations of interest		RF
3.	Minutes of previous meeting	3 - 6	RF
4.	Matters arising	7 - 8	RF
	<b><i>Items to discuss</i></b>		
5.	Internal audit function	9 - 16	DS
6.	MAT risk register	17 - 22	DS
7.	Anti-fraud policy (to approve)	23 - 28	DS
8.	Whistleblowing policy (to approve)	29 - 32	DS
9.	Safeguarding compliance report	To Follow	RB
10.	Any other business		RF

**Date of next meeting**  
**2.00 pm on Thursday, 15 June 2017**

**Members:** Richard Flatman (Chair) and Tony Giddings

**Apologies:** Adam Crossley

**In attendance:** Dan Smith, Rao Bhamidimarri, Michael Broadway and Pervena Singh

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## South Bank Academies

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**Minutes of the meeting of the South Bank Academies - Audit Committee  
held at 3.00 pm on Tuesday, 29 November 2016  
1B27 - Technopark, SE1 6LN**

### **Present**

Richard Flatman (Chair)  
Adam Crossley  
Tony Giddings

### **In attendance**

Dan Smith  
James Stevenson  
Michael Broadway (by conference call)  
Pervena Singh  
Rao Bhamidimarri  
Simon Cunningham (External Auditor – Kingston Smith LLP)

## **1. Welcome & apologies**

The Chair welcomed members to the first audit committee meeting.

The Chair outlined the purpose of the meeting which was to review draft accounts for South Bank Academies and consider the outcome of the external audit.

The committee noted that the accounts included in the meeting papers did not include the in-year transfer of undertaking from South Bank Engineering UTC Trust. The Secretary confirmed that the transfer of undertaking legally completed on 1 July 2016. Combined accounts, which included the in-year transfer from the UTC company, were tabled at the meeting.

The committee noted the Board's responsibility to prepare "true and fair accounts" for the Company and requested urgent legal advice on which set of accounts the Board was required to approve.

*{Secretary's note: legal advice confirmed that it was appropriate for the Board to prepare and approve combined accounts. This position was subsequently agreed with the Education Funding Agency (EFA).}*

## **2. Declarations of interest**

No interests were declared on any item on the agenda.

### 3. **External audit findings**

The External Auditor (Kingston Smith) presented the audit findings for the year-end 31 August 2016. No material weaknesses had been identified. The committee noted that all recommendations for 2015 had been implemented.

The committee requested an amendment or footnote to make clear that any material misstatements had not been identified as a result of audit work. A final version would be circulated to the committee.

### 4. **Going concern statement**

The committee approved the going concern review. The review provided assurance for the going concern statement in the annual report and accounts.

The auditors confirmed that it was appropriate to prepare accounts on a going concern basis.

### 5. **External audit letter of representation**

The committee discussed the letter of representation to the auditors which had been recommended to the committee by the CEO. The committee noted that the letter contained standard representations only and that no items had been inserted specific to South Bank Academies.

The committee recommend the letter of representation to the Board for approval subject to minor adjustments, if required, following advice on the preparation of the accounts. {Secretary's note: See note to minute 1.}

### 6. **Draft South Bank Academies Annual Report & Accounts**

The committee reviewed the tabled draft combined annual report and accounts. The committee noted that further changes may be necessary following legal advice on the preparation of the accounts.

The committee requested an assurance report on the system of internal control and value for money (VfM) so the committee could give assurance to the Board that it was appropriate to approve the internal control and the VfM statement in the accounts.

The committee requested that the reserves and investment policies be reviewed ahead of the Board meeting.

The committee noted that no restatement of the 2015 position had been required following the adoption of FRS102.

The committee requested that the related party transactions are reviewed to reflect the equivalent disclosure in London South Bank University's accounts.

**7. Group Risk Register**

The committee discussed the group risk register and requested to review the document at every audit meeting.

**8. Dissolution of South Bank Engineering UTC Trust**

The committee noted that the directors of South Bank Engineering UTC Trust intended to apply for its dissolution by the registrar of companies. A Board meeting is scheduled in December 2016 to approve final company accounts for 2015/16 and to approve the dissolution of the company. The UTC company accounts would also be filed with the EFA. Since 1 July 2016, the running of the UTC school was the responsibility of South Bank Academies.

**9. Any other business**

The committee noted the need to create greater synergies between South Bank Academies and the sponsor, LSBU. The CEO was developing a plan in response to the Apprenticeship Levy.

The Secretary reported that for future years three meetings of the committee would be planned.

**Date of next meeting  
3.00 pm, on Tuesday, 28 November 2017**

**Confirmed as a true record**

..... (Chair)

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## SOUTH BANK ACADEMIES - AUDIT COMMITTEE - TUESDAY, 29 NOVEMBER 2016 ACTION SHEET

Agenda No	Agenda/Decision Item	Action	Date	Officer	Action Status
3.	External audit findings	<ul style="list-style-type: none"> <li>Footnote to be included within accounts to make clear that any material misstatement had not been identified as a result of audit work.</li> </ul>	Before 16 Dec 2016	Dan Smith	Completed
6.	Draft South Bank Academies Annual Report & Accounts	<ul style="list-style-type: none"> <li>The committee requested an assurance report on the system of internal control and value for money, to give assurance to the Board.</li> </ul>	Before 16 Dec 2016	Rao Bhamidimarri	Assurance Report circulated to committee members via email on 7 December 2016 - Completed
		<ul style="list-style-type: none"> <li>The committee requested that the reserves and investment policies be reviewed ahead of the upcoming Board meeting.</li> </ul>	Before 12 Dec 2016	Dan Smith	Completed
9.	Any other business	<ul style="list-style-type: none"> <li>CEO to develop a plan in response to the Apprenticeship Levy.</li> </ul>	Before 31 Dec 2016	Rao Bhamidimarri	In Progress
		<ul style="list-style-type: none"> <li>Clerk to arrange for three meetings of the committee annually.</li> </ul>		Pervena Singh	Outlook invitations circulated to members, for three meeting dates in 2017 - Completed

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	CONFIDENTIAL
Paper title:	Internal Audit Function
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	9 March 2017
Sponsor:	CEO
Author:	Dan Smith
Purpose:	Approve
Recommendation:	To review the Internal Audit and Controls

### **Executive Summary**

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to review the current internal audit controls.

Provided within the report are a list of controls, the procedure and reasoning attached to the control and comments. Comments may include findings.

Future reports will only show findings and reports from internal audits and any new controls put in place.

### **Introduction**

The purpose of this report is to inform the South Bank Academies Audit Committee of the current controls and audit functions put in place by the Trust, any future considerations and action plans.

The control and audit program is linked to the Key Performance Indicators for each school and the Trust and also the Trust Risk Register, this is to ensure that the audit function has a direct effect on the aims and objectives of the Trust.

The internal audit function will attempt to set and monitor controls internally but where expertise is required that is not held internally then external supply and consultancy will be bought in.

## **Current Controls/Audits**

Shown below are the main controls and audits that have been implemented, which risk area they relate to and comments on procedure and findings.

All information provided by the schools can be spot checked and a cycle of internal audit visits will be implemented.

### **(A)**

**Control/Audit:** Health and Safety Audit

**Risk Area:** Compliance and Infrastructure

**Procedure:** The Trust employs Judicium Education who audit each school termly for health and safety compliance and the effectiveness of the implementation of the schools health and safety policy.

The audit is completed by a qualified consultant who carries out a physical on-site inspection of the buildings and premises and the related documentation.

On completion a comprehensive report is sent to the school and the Trust. This report will include an Executive Summary for the local Governing Body and a detailed Action Plan for the school.

**Comment:** This has worked well and has proved invaluable this year for the UTC. The UTC opened in September 2016 in temporary accommodation, the initial audit found various areas of concern which were fed back to site contractor and immediately fixed.

### **(B)**

**Control/Audit:** Single Central Record Audit

**Risk Area:** Safeguarding

**Procedure:** The Trust employs Judicium Education who audit each school's Single Central Record (SCR) annually.

The audit is completed by a School Improvement Officer who carries out a physical on-site inspection of the SCR and the related personnel documentation.

On completion a report is sent to the school and the Trust. This report will highlight any areas of concern and gaps in documentation and give an Action Plan for the school.

Included in the audit is one to one training for the person responsible for the SCR at each site.

**Comment:** This was completed for the first time in January 2017. The SCR is the first document reviewed by any visiting Ofsted Inspector and is also a vital document regarding the safeguarding systems put in place by each school.

There was some information and documentation missing at each site, this was rectified quickly.

The Trust Business manager will review the SCR termly and continue with an annual external audit.

### **(C)**

**Control/Audit:** Data Warehouse - Staffing

**Risk Area:** Finance and Staffing

**Procedure:** At the end of each half term each school needs to submit a data sheet to the Trust which includes the following information:

- Staffing numbers with Core Subject numbers highlighted.
- No of Starters per module with Core Subject starters highlighted.
- No of Leavers per module with Core Subject leavers highlighted.
- Internal Observation results with Core Subjects results highlighted.

**Comment:** The data received allows the Trust to monitor the staffing numbers, starters and leavers looking for any correlation, seasonality or expected/unexpected patterns.

The internal observation data allows the Trust to monitor the quality of teaching especially in the core subject areas.

### **(D)**

**Control/Audit:** External School Review

**Risk Area:** Safeguarding, Pupils and Infrastructure

**Procedure:** The Trust employs School Improvement Officer/Qualified Ofsted Inspector who completes a Mock Ofsted inspection of each school annually.

The review of the school focuses on the Ofsted Criteria of:

- Overall effectiveness
- Effectiveness of leadership and management
- Quality of teaching, learning and assessment
- Personal development, behaviour and welfare
- Outcomes for children and learners
- The effectiveness of sixth form provision

On completion a report is sent to the school and the Trust. This report will highlight any areas of concern and areas of improvement, based on this information and internal evaluations an Action Plan for the school would be compiled.

The reports would be circulated to the Local Governing Bodies (LGB) and the Trust Board.

**Comment:** This has been completed twice for the Academy and has highlighted areas of improvement. It also provides the LGB and the Trust with an external comparison to the school's self-evaluation report.

## (E)

**Control/Audit:** Data Warehouse - Students

**Risk Area:** Finance, Safeguarding and Pupils

**Procedure:** At the end of each half term each school needs to submit a data sheet to the Trust which includes the following information:

- Current pupil numbers by year group.
- Attendance percentage by year group.
- Participation in Enrichment activities by year group.
- Number of fixed term/permanent exclusions by year group.

**Comment:** The data received allows the Trust to monitor the current student numbers looking for any correlation, seasonality or expected/unexpected patterns. Attendance and exclusion data can highlight any behavioural or safeguarding concerns.

A KPI for each school is to get 100% attendance in enrichment activities so this allows the Trust to monitor this.

**(F)**

**Control/Audit:** Data Warehouse – Admission/Application Numbers

**Risk Area:** Finance and Pupils

**Procedure:** At the end of each week during the admissions cycle each school needs to submit a data sheet to the Trust which includes the following information:

- Year 12 applications received.
- Year 10 applications received (for 14-19).
- Year 7 applications received (if 11-18).

**Comment:** A high risk area on the Trust Risk Register is the 'failure to recruit a sufficient number of pupils'. Schools are funded by the number of pupils on roll.

A weekly tracker for applications is essential for the Trust to monitor and forecast the number of students likely to enrol. Any areas of concern can be mitigated with additional marketing interventions.

**(G)**

**Control/Audit:** Authorisation to Recruit Forms and Exit Interviews

**Risk Area:** Finance, Safeguarding and Staffing

**Procedure:** Before any Contracted or Fixed term role can be advertised the school needs to send the following to the Trust for authorisation:

- Outline of role.
- Salary and proof role is on agreed staffing structure.
- Justification for role – i.e. to replace leaver.
- Attached recruitment pack including JD and PS.

Any staff leaving will be invited to an exit interview with a member of the Trust staff. This is hoped to provide an environment where the employee can be candid and highlight any areas of strength or concern about the school.

**Comment:** Staffing costs can make up to 80% of the schools expenditure so control and monitoring from the Trust of this area is essential. Roles should be part of the agreed staffing structure which is aligned to the school's annual budget, any additions to this would need justification.

Any staff leavers in the schools are invited to exit interviews with a member of the Trust staff. During these interviews the employee could relay any managerial, health and safety or safeguarding issues they may have.

**(H)**

**Control/Audit:** Monthly Finance Reporting and Payroll Reconciliations

**Risk Area:** Finance and Staffing

**Procedure:** Each school has a member of staff trained to update the finance system with invoices, payments and general documentation including staff expenses and purchase orders. They also ensure that these are authorised correctly and in line with school procedures.

At the month end the Trust Business Manager will sit with those members of staff and compile a forecast for the academic and financial year. This will detail the current financial situation and a forecast with variances to the annual budget highlighted with commented reasons.

Each school will have a member of staff who will have control of the payroll administration, sending all authorised documentation to the external payroll bureau. Using the reports sent back to them they will compile a Gross Pay reconciliation which will highlight any starters, leavers and additional pay and deductions made. This will be sent to the Trust for review.

**Comment:** The Trust should monitor on a monthly basis the budget and forecast and question any variances that arise. Any variances may need intervention or assistance from the Trust.

Staffing costs are a significant expenditure for the schools and monthly monitoring of leavers and starters (cross checking with authority forms) and also any overtime payments by the Trust is needed.

(I)

**Control/Audit:** Census Information

**Risk Area:** Finance, Safeguarding and Pupils

**Procedure:** Each term every school is asked to return a census report to the DfE. This report is generated from the data from the schools Management Information System. Information collected includes.

- Current student numbers.
- Ethnicity, first language and SEN needs.
- Attendance and exclusion data.

The DfE will use this data to effect funding (student numbers and SEN) and also to highlight any causes for concern (attendance and exclusion)

**Comment:** The Trust now reviews these before they are sent and cross references with other data held and received. Any anomalies and these are investigated and corrections made before submission to the DfE.

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	CONFIDENTIAL
Paper title:	MAT Risk Register
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	9 March 2017
Author:	Dan Smith, Business Manager
Sponsor:	CEO
Purpose:	To Review
Recommendation:	The paper is presented to review the Risk Register.

## Executive Summary

The Risk Register 2016-17 highlights the key risks for South Bank Academies under six key categories;

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

The register calculates the risk level associated to each risk by combining the probability of the risk and the impact of the risk. Also listed are the actions that have been taken to mitigate each risk. Each risk will have an 'Owner' to take responsibility for the risk and ensure the mitigating actions are undertaken and deployed.

The Register is an ongoing document and will be reviewed each year: all current risks will be re-assessed and emergent risks will be added.

Each school within the Trust will have its own Risk Register that is aligned to the schools' operations.

Significant change from the last review:

- Additional risk relating to Safeguarding. Mitigating actions relating to safeguarding and ICT structure. High risk due to the percentage of SEN students at schools.

High Risk areas currently are:

- Safeguarding as above.
- Compliance – Health and Safety due to temporary accommodation at the UTC.
- Finance – The new Fair Funding formula will mean changes to school funding. The full impact will not be known until we receive our 2017/18 funding statements.
- Staffing - Academy recruitment process for permanent Principal ongoing.
- Pupils – Current application numbers for Post 16 places at both schools are unknown.

Area	Risk	Impact description	Probability assessment	Impact assessment	Combined risk level	Mitigating actions	Owner	Last reviewed	Date for next review	Status
Compliance	Inappropriate Governance structure and organisation	Failure to achieve mission and objectives of the Trust. Poor decision making and information flow.	1	3	3	Department for Education oversight and approval. Periodic Ofsted inspection. Qualified and experienced Governance support.	Chair	Aug-16	Aug-17	Open
Compliance	Inadequate level of challenge and ineffective local governance affects Trust overall	Failure to achieve mission and objectives of the Trust. Poor decision making and information flow. Risk of one establishment not following Trust procedures.	1	3	3	Representation of the Trust on local governing bodies. Annual review of local governing bodies including external audit.	Chair	Aug-16	Aug-17	Open
Compliance	Serious breach of health & safety regulation or disability legislation occurs	Risk of litigation and Reputational risk.	2	3	6	Policies and procedures consistent with relevant legislation. Independent audit on Health and Safety and Policies. Regular reports to the board. Adequate insurance cover. Probability rating currently higher than normal due to temporary building used by UTC.	CEO	Aug-16	Aug-17	Open
Safeguarding	Safeguarding incident at one of the schools.	Risk to reputation nationally and locally, DfE and HSE intervention depending on scale of the event.	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 on induction. All students and staff complete e-safety training and firewalls are in place to secure all ICT networks.	CEO	Aug-16	Aug-17	Open
Finance	Changes to Funding via Government policy	Any changes could cause a loss in income.	2	3	6	Monitoring of Government policy, Long term forecasts, Financial expertise at Operational and Trustee level	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Finance	Poor financial performance by one or more school	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 and action by DfE	1	3	3	Trust financial controls and procedures will be set 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	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Finance	Financial controls and systems are not adequate or maintained	Risk that policies and procedures are not followed and that value for money is not considered in procurement and staff costs.	2	2	4	Trust financial controls and procedures will be set 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	Trust Business Manager/CEO	Aug-16	Aug-17	Open

Staffing	Failure to recruit key management posts and Inadequate competency of staff within the Trust or the Schools	Staff not able to carry out their duties, poor management and decision making, poor quality of teaching and learning leading to poor student outcomes. Unsatisfactory Ofsted grading leading to reputational risk.	2	3	6	Thorough recruitment programme, comprehensive professional development, Strong Appraisal system. Recruitment of specialist staff for key positions.	CEO/Principals	Aug-16	Aug-17	Open
Staffing	Inadequate number of staff within the Trust or the Schools	Inadequate teaching and learning and student support.	1	3	3	Monthly monitoring of staffing levels from all schools, independent exit interviews for all staff, comprehensive recruitment processes.	CEO/Principals	Aug-16	Aug-17	Open
Pupils	Failure to recruit sufficient number of pupils in Trust schools	Reduction in pupil led income which could lead to cash flow or long term financial problems.	2	3	6	Trust and school Marketing capacity and effective admissions processes. Monthly reports on pupil numbers for monitoring. Benchmarking against local rival schools.	CEO/Principals	Aug-16	Aug-17	Open
Pupils	Poor students outcomes in Trust schools	Poor examination results could cause a reputational and financial risk. Detrimental to student futures/careers.	2	2	4	Teaching and Learning constantly monitored and reported. Termly attainment reporting sent to management and pupils. Principal reports to local governing body.	CEO/Principals	Aug-16	Aug-17	Open
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 Trust reputation	1	3	3	Each school will have a maintenance programme and this will be assessed and monitored by a Trust staff member. Adequate budgets for building maintenance are provided. Regular site checks by facilities team and external audits.	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Infrastructure	New School Projects embarked on without appropriate design and construction. Insufficient due diligence undertaken for going concerns.	Existing school could transfer reputational or financial risks and new schools need an appropriate learning environment.	2	2	4	Professional and independent advice sought before any project undertaken.	Trust Business Manager/CEO	Aug-16	Aug-17	Open
Infrastructure	Failure to safeguard school or academy assets to theft or damage by third party	No provision for security or prevention systems or inadequate insurance causing financial risk or risk to student safety	2	2	4	All schools will have adequate security systems and budgetary allowance for upkeep and maintenance. Asset registers at each establishment are monitored and audited regularly. Adequate insurance is provided.	Trust Business Manager/CEO	Aug-16	Aug-17	Open

<b>Reputation</b>	High profile event in one school affects Trust overall	Risk to reputation nationally and locally depending on scale of the event.	1	3	3	Critical Incident plan for each school will list what should happen and delegation of duties in the event of an emergency situation.	CEO	Aug-16	Aug-17	Open
<b>Risk Calculation</b>	Probability									
Impact	1 low	2 medium	3 high							
1 low	1	2	3							
2 medium	2	4	6							
3 high	3	6	9							

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	CONFIDENTIAL
Paper title:	Anti-Fraud Policy
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	9 March 2017
Sponsor:	CEO
Author:	Dan Smith
Purpose:	Approve
Recommendation:	To approve the Anti-Fraud Policy

## Executive Summary

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to approve the proposed Anti-Fraud Policy.

The policy details the measures in place to minimise incidents of fraud and the procedures for reporting and resolving any incidents that occur.

## **SOUTH BANK ACADEMIES**

### **Anti-Fraud Policy**

#### **Introduction**

South Bank Academies (Trust) aims to be an honest and ethical multi-academy trust and as such is opposed any means of fraud. The Trust will seek 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 many measures to ensure proper administration and 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.

#### **Aim**

In an aim to eliminate fraud the Trust will:

- include in this policy a formal statement of its expectations on standards of personal conduct, propriety and accountability
- the establishment of adequate and effective systems of internal financial and management control, and an independent audit function with an on-going responsibility to review and report on these systems
- include in this policy a formal statement of the procedures to be followed by employees who have a suspicion of, or concern about, possible or actual malpractice within the Trust and a fraud response plan, which sets out the Trust's policies and procedures to be invoked, following the reporting of possible fraud or the discovery of actual fraud.

#### **Definition of fraud**

Fraud can be defined as the use of deception with the intention of:

- Gaining an advantage, personally and/or for family or friends
- Avoiding an obligation
- Causing a financial loss to the Trust or one of its schools

Whilst not a definitive list, the main types of fraud are:

- The theft of cash, assets or any other property of the Trust by staff or students
- False accounting – dishonestly destroying, defacing, concealing or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another, or with the intent to cause loss to the Trust or furnishing information which is or may be misleading, false or deceptive
- Deliberate claiming of expenses that were not incurred on Trust business, or the use of Trust Charge Cards for the same purpose
- Abuse of position – abusing authority and misusing Trust resources or information for personal gain or causing loss to the Trust



- Entering into unfavourable contracts or arrangements with suppliers in order to benefit personally from the relationship.
- Attempting to make payments to the Trust with a stolen or unauthorised credit/debit card.

## **Operation**

The Trust aims to promote an organisational culture, which encourages the prevention of fraud by raising awareness of the need for high standards of personal conduct. To help ensure that all employees are fully aware of the Trust's expectations regarding standards of personal conduct, appropriate guidance is provided by the following key statements:

- These regulations are binding on all members of staff, students and constituent parts of the Trust. Refusal to observe them will be grounds for disciplinary action.
- In disbursing and accounting for all funds, the Trust must demonstrate that it is adopting high standards of financial probity. Implicit within this regime is the requirement that employees of the Trust must at all times conduct financial affairs in an ethical manner.
- All members of staff and lay members of Trust committees are responsible for disclosing any personal, financial or beneficial interest in any transaction with respect to the Trust or its related companies, minority interest companies and trading areas.
- Any person who is responsible for placing an order with a supplier (whether a contractor or not) with whom she/he has a personal interest must disclose this to the Trust Business Manager. The Trust Business Manager should disclose any personal interest to the CEO.
- Employees of the Trust shall never use their office or employment for personal gain and must at all times act in good faith with regard to the Trust's interests.
- Budget Holders are expected to adhere to the Financial Regulations at all times and to use their best efforts to prevent misuse or misappropriation of funds and other Trust property.

Taken together, these represent a statement of the framework within which employees are expected to conduct themselves.

## **Systems of Internal Control**

The next line of defence against fraud is the establishment of operational systems, which incorporate adequate and effective internal controls designed to minimise the incidence of fraud, limit its impact and ensure its prompt detection. These controls include high level management controls, such as budgetary control (designed to identify fraud which results in shortfalls in income or overspendings against expenditure) and organisational controls such as separation of duties, internal check and staff supervision.

HR policies are also a key part of setting the culture and deterring fraud. This includes seeking to reduce the risk of employing dishonest staff by checking information supplied by employees and references obtained during the course of the recruitment process, including DBS checks.

The general framework of responsibilities for financial management and the policies relating to the broad control and management of the Trust are documented in the Financial Handbook. The Financial Handbook is reviewed, updated and issued periodically by the Trust Business Manager, following approval by the Trust Board. They are binding on all members of staff, students and constituent parts of the Trust.

Independent auditors provide advice to management in respect of control matters and conduct a cyclical programme of reviews of the adequacy and effectiveness of the systems which have been put in place (including those intended to minimise the potential exposure to fraud and corruption).

The Trust will work closely with Police and other appropriate agencies to combat fraud.

Computer system controls have been implemented to minimise any illegal access to certain sensitive programmes and databases. These include password logon control, access control into programmes and firewalls.

## **Fraud response**

The Fraud Response Plan sets out the Trust's policies and procedures for ensuring that all allegations and reports of fraud or dishonesty are properly followed-up are considered in a consistent and fair manner and that prompt and effective action is taken to:

- minimise the risk of any subsequent losses
- reduce any adverse operational effects
- improve the likelihood and scale of recoveries
- demonstrate that the Trust retains control of its affairs in a crisis; and
- make a clear statement to employees and others that it is not a soft target for attempted fraud.

The plan includes both statements of general policy and specific steps to be taken when circumstances dictate and is necessary in order to reduce the following risks:

- inadequate communication so that action is late or inappropriate
- lack of leadership and control so that investigators are not properly directed and waste time and effort
- failure to react fast enough so that further losses are incurred or the evidence required for successful recovery or prosecution is lost
- adverse publicity which could affect confidence in the Academy; and create an environment which, because it is perceived as being ill-prepared, increases the risk of fraud.

## **Fraud plan**

The main elements of the Trust's plan are as follows.

- All members of staff, students and constituent parts of the Trust are required to notify immediately the Trust Business Manager of any financial irregularity, or any circumstance suggesting the possibility of irregularity, affecting the financial procedures, cash, stores or other property of the Trust.
- The Trust Business Manager will ascertain whether or not the suspicions aroused have substance. She/he will, if appropriate, conduct a preliminary investigation to gather factual information and reach an initial view as to whether further action is required. The findings, conclusions and any recommendations arising from the preliminary investigation will be reported to the CEO.
- The CEO will have the initial responsibility for co-ordinating the Trust's response. In doing this she/he will seek advice from a Solicitor or Employment Law advisor regarding potential employment or litigation issues before taking any action.

- The Trust is required to notify the Trust Board of any acts of fraud or financial irregularities. This action will be taken at the first opportunity following the completion of the initial investigations.
- The CEO will keep the Chair of the Trust Board fully informed between committee meetings of any developments relating to control weaknesses, fraud or accounting breakdowns.
- If evidence of a fraud is forthcoming then the Trust Board will inform the DfE as required by the Funding Agreement and will consider whether or not to refer the matter to the police.

### **Monitoring and Evaluation**

The Trust Board and CEO will monitor the operation and effectiveness of the Trust's Fraud Policy at specified intervals.

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	CONFIDENTIAL
Paper title:	Whistleblowing Policy
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	9 March 2017
Sponsor:	CEO
Author:	Dan Smith
Purpose:	Approve
Recommendation:	To approve the Whistleblowing Policy

## Executive Summary

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to approve the proposed Whistleblowing Policy.

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

# **SOUTH BANK ACADEMIES**

## **Whistleblowing Policy**

### **Introduction**

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

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

The Public Interest Disclosure Act gives legal protection to workers against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns. Where an individual discovers information which he or she believes shows malpractice or wrongdoing within the organisation then it should be disclosed without fear of reprisal, and this may be done independently of line management.

### **Scope**

This Whistleblowing policy is intended to allow students, staff and others associated with the Trust to raise concerns and disclose information about perceived malpractice.

The term 'malpractice' includes, but is not limited to:

- financial malpractice, impropriety or fraud
- breaches of financial controls, false accounting/reporting, financial and other reporting irregularities
- academic malpractice
- failure to comply with Trust's legal or regulatory obligations – for example about the health and safety of students, employees or the public, anti-discrimination legislation, trading standards or environmental protection laws
- unethical business conduct, where colleagues receive or solicit anything of value from a third party or promise, offer or give anything of value to influence the decision of a third party in procurement or contract execution for Trust
- any other criminal activity, such as assault
- bullying, harassment, discrimination or victimisation of others
- colleagues who are involved in the taking, buying, selling of drugs or other forms of substance abuse
- a miscarriage of justice
- actions intended to hide any of the above
- behaviour which might damage LSBU's reputation

## **Aim**

All employees have the right to be able to raise a concern about working practices and other areas of concern in the public interest and receive feedback on actions taken. South Bank Academies will seek to engender an ethical and open culture in which establishes safe routes of communication without reprisal, impartial and effective investigative procedures which respect confidentiality. The key principles therefore are to:

- Provide avenues for employees to raise genuine concerns internally as a matter of course and receive feedback on actions taken
- Ensure that matters are dealt with quickly and appropriately and ensure that concerns are taken seriously
- Re-assure employees that they will be protected from reprisals or victimisation for whistleblowing in good faith

## **Operation**

Initially, an employee should normally raise concerns to their line manager or where their line manager is concerned, the Principal. Students are encouraged to raise any concerns with a member of staff who can assist in progressing the concern. Any issues concerning the Principal should be raised with the Chief Executive Officer. Any issues concerning the Chief Executive Officer should be made to the South Bank Academies Audit Committee which is independent of the senior management team, letters for this committee should be sent to the Trust's Head Office address available on the Trust's website.

Ideally, concerns are better raised in writing. The employee should set out the background and history of the concerns, giving names, dates and places where possible, and the reasons why the employee is particularly concerned about the situation. If an employee does not feel able to put the concern in writing, the employee should telephone or meet their line manager or Principal. It is important, however that when the concern is raised, the employee makes it clear that they are raising the issue via the Whistle Blowing procedure.

Although an employee is not expected to prove the truth of an allegation, they will need to demonstrate to the person contacted that there are sufficient grounds for concern.

An initial meeting will be held between their line manager or Principal and the individual raising the concern to establish there is genuine and sufficient grounds for concern and that the concern is appropriately being raised by the Whistle Blowing Policy. Employees may bring a colleague or trade union representative to any meetings under this Policy who must respect the confidentiality of your disclosure and any subsequent investigation. A formal record will be kept of this meeting which the person raising the concern will be asked to sign. The line manager or Principal should positively encourage the employee to do this as a concern expressed anonymously is much less powerful and more difficult to address.

After the initial meeting, the line manager or Principal will determine if an investigation is appropriate and what form it should take. A record will be kept of this meeting and the agreed

actions. In the case of any concerns regarding the Principal, the Chief Executive will determine if an investigation is appropriate.

The line manager or Principal will communicate with the employee during the investigative process and will write a response at the end of the process outlining the steps that have been taken and provide advice and guidance on further actions if the outcome is deemed inappropriate.

At all stages the identity of the individual raising the concern will be kept confidential as far as possible.

The line manager, Principal or Chief Executive will explain to the employee if that during the process it is uncovered that the allegations are in any way malicious or vexatious, then disciplinary action may be taken against them.

If the investigation finds the allegations to be unfounded the matter will be considered to be closed unless any new evidence is received.

A brief anonymised report of all disclosures and any actions taken will be regularly reported to the South Bank Academies Audit Committee.

### **Monitoring and Evaluation**

The South Bank Academies Audit Committee and Chief Executive Officer will monitor the operation and effectiveness of the Whistle Blowing Policy.