



**Minutes of the meeting of the South Bank Academies Audit Committee
held at 10.00 am on Friday, 12 January 2018
1B16 - Technopark, SE1 6LN**

Present

Richard Flatman (Chair)
Douglas Denham St Pinnock
Tony Giddings
David Phoenix
James Stevenson
Rao Bhamidimarri

Apologies

Adam Crossley
Richard Parrish

In attendance

Claire Viner
Michael Broadway
Joe Kelly
Anjali Kothari

1. Welcome and apologies

The Chair welcomed members to the meeting. The above apologies were noted.

2. Declarations of interest

No director declared a conflict of interest in any item on the agenda.

3. Minutes of previous meeting

The minutes of the following meetings were approved:

- Board meeting, 7 December 2017
- Joint Audit Committee and Board meeting, 20 December 2017

4. Matters arising

Joint Audit Committee and Board meeting, 20 December 2017:

- Academies Accounts Return (AAR): the meeting noted that the AAR data would be reviewed by LSBU's Planning, Performance and Assurance team on Monday 15 January 2018. It would then be

reviewed by the auditors and submitted to the ESFA by the deadline, 19 January 2018.

- Internal audit: the meeting noted that a meeting with PwC, LSBU's internal auditors, has been arranged for 17 January 2018 to discuss a group wide internal audit function for South Bank Academies.
- The external auditor confirmed that the Letter of Representation would be circulated by the end of the day.

5. External audit findings

The meeting discussed the draft external audit findings report.

The meeting noted the auditor's confirmation that the accounts would be unqualified, with irregularities noted, and the auditor's view that management responses were accurate and appropriate.

The meeting noted that the number of operational failures, highlighted in the report, was unacceptable and required immediate attention. The meeting requested the Audit Committee to monitor the identified risks and ensure timely resolution, to review governance and management structures and the roles and responsibilities of the management team.

The meeting noted that the value of the 125 year lease for land and buildings on the site of the University Academy of Engineering must be recorded on the balance sheet with appropriate depreciation. The auditor confirmed that the insurance valuation of £23M was adequate. For future years the meeting agreed that the ESFA valuation would be used. The auditor informed the meeting that the ESFA has its own valuation system and that the figure could be reviewed once the ESFA had conducted its valuation. The meeting instructed the CEO to arrange the ESFA valuation. The meeting requested that a note be included in the accounts to this effect.

The meeting noted the timeline of interaction between the auditor and the management team.

The final audit findings report would be circulated to the directors prior to filing with the ESFA.

6. Going concern statement

The meeting discussed the Going Concern statement and noted that the figures needed updating to reflect changes to the accounts. The meeting approved the Going Concern statement pending amendments in line with the accounts and was satisfied that the accounts should be prepared on a going concern basis.

7. System of internal control report

The meeting discussed the system of internal control report.

The meeting noted that the Audit Committee had already begun to review arrangements for internal controls including internal audit arrangements (meeting with PwC, 17 January 2018). The Board would also review governance and management structures, and the roles and responsibilities of the management team.

8. External audit letter of representation

The meeting noted that the Letter of Representation was not yet available. The meeting requested that the Letter of Representation be circulated to members by the end of the day.

Directors requested that before approval of the letter, the CEO confirm that all material matters had been disclosed to the auditors and that the representations were true, accurate and reasonable.

The Board delegated approval of the Letter of Representation to the Chair of the Board, Chair of the Audit Committee, and the CEO.

The final Letter of Representation would be circulated to all directors for comment prior to approval.

9. South Bank Academies Annual Report and Accounts

The meeting discussed the Annual Report and Accounts.

The meeting noted the surplus was now £496k after appropriate treatment for income, and clawback by ESFA relating to the previous year's student recruitment. Ongoing work to reconcile the remaining non-material differences do not prevent the Board from approving and signing the accounts.

The meeting noted the wording of the auditor's Regularity Statement and that the auditor had raised matters in the report by exception. The meeting agreed that SBA's statement on regularity should be consistent with the auditor's. The auditor confirmed that the nature of a limited assurance engagement prevents them from expressing a positive opinion.

The Board approved the accounts subject to finalisation of figures relating to the land and buildings lease. The Board agreed that the final version of the accounts could be approved and signed by a sub-committee consisting of the Chair of the Board, the Chair of the Audit Committee, and the Chief Executive. The final accounts, along with a tracked changes version, would be circulated to the full Board.

The Board instructed the CEO to upload the signed accounts to the ESFA website by 19 January 2018.

The Academies Accounts Return (AAR) would be finalised by SBA management, LSBU's Planning, Performance and Review Team, and the

auditors, and would be uploaded to the ESFA website by the deadline, 19 January 2018.

10. Finance System action plan

The meeting discussed the Finance System action plan.

The meeting noted that the Audit Committee would monitor actions on the identified risks, appoint an internal auditor, and that the Board would review management roles and responsibilities. The meeting noted the need to bring the current year's records up to date, as soon as possible. The Board requested an update on progress in February 2018.

11. Financial controls policy

The meeting noted the current Financial Controls policy and update on the cleaning and catering contracts.

The meeting agreed that a new policy was required, as soon as possible, to address the concerns of the Board and Audit Committee, and to bring the current financial year up-to-date.

The meeting noted that LSBU plans for a new group structure would enable support for, and oversight of new financial controls from within LSBU.

The meeting requested that the delegated levels of authority for financial transactions be reviewed and brought to the meeting of the Audit Committee in March 2018.

12. Any other business

There was no other business.

**Date of next meeting
10.00 am, on Tuesday, 6 March 2018**

Confirmed as a true record

..... (Chair)