

**Minutes of the meeting of the South Bank Academies Audit Committee
held at 2.00 pm on Wednesday, 26 June 2019
South Bank Engineering UTC, 56 Brixton Hill SW2 1QS**

Present

Richard Flatman (Chair)
Tony Giddings

Apologies

Dan Cundy

In attendance

Nicole Louis
Michael Broadway
Clym Cunnington
Natalie Ferer
Anjali Kothari
Alexander Enibe

1. Welcome and apologies

The Chair welcomed everyone to the meeting.

In his absence, the Chair thanked Douglas Denham St Pinnock for standing in as Chair while an independent chair of the Board was appointed.

2. Declarations of interest

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

3. Minutes of previous meeting

The committee approved the minutes of the meeting held on 28 March 2019.

4. Matters arising

The committee noted the actions arising from the previous meeting.

Under item 5, the committee noted that all the gaps previously identified in the staff files at the Academy following the Judicium audit are almost complete and background checks have been completed. The final report would be circulated to the committee via email.

The committee noted that the HR metrics had been agreed by the Board at its meeting of 25 June 2019.

The committee noted that the staff cost of living pay recommendation was included in the 2019/20 budget which the Board would be asked to approve at its meeting of 19 July 2019.

The committee noted that the catering contract is being re-tendered as a group-wide catering contract. The committee requested to be updated on the outcome of the tendering process.

Under item 8, the committee noted that the financial control policy update had been delayed and requested an update at its next meeting on 19 November 2019.

5. External Audit findings - action plan update

The committee noted the update on progress of the external audit recommendations, following the audit of the SBA accounts for the year ending 31 August 2018.

The committee noted from the action tracker that 9 of the 14 recommendations have been implemented. The rest are in process or will be completed as part of the year-end process.

The committee noted that Kingston Smith will be undertaking an interim audit in July 2019 ahead of the 2018/19-year end audit.

The committee discussed the treatment of depreciation of assets funded by ESFA grants. The Business Manager will review the correct treatment with the auditors and the ESFA.

The committee noted that the UAE building has been revalued by the ESFA property valuation team at £8.4m and this will be picked up in the financial statement at the year end.

6. PwC internal audit progress report update

The committee noted an update on actions from the prior PwC internal audit report on key financial controls, budgeting and financial monitoring, and safeguarding.

The committee noted good progress in implementing the agreed actions from the previous audit. For the key financial controls, 10 out of 15 controls (67%) have been implemented. For the other areas, 4 of 5 actions have been implemented with the remaining low risk action for safeguarding remaining open and due to be implemented in Q4, following board approval.

The committee noted that BDO have been appointed as internal auditors for the LSBU Group. A review of SBA will be part of the group internal audit plan for 2019/20. This will include a follow up of recommendations made by PwC.

The committee noted that Kingston Smith would comment on the PwC internal audit progress report after they have concluded their own review in July 2019.

7. External audit plan 2018/19

The committee noted Kingston Smith's external audit plan for the year ended 31 August 2019.

The committee noted the three areas of higher audit risk that Kingston Smith will focus on during the audit. These are income recognition, books and records and management override of controls.

The committee noted the increasing focus of the ESFA on related party transactions, which would be reviewed as part of the audit. The committee requested that the financial regulations should be circulated to all senior managers who should all sign to confirm that they have read and comply with the regulations. The committee requested an update on this at its next meeting.

Kingston Smith confirmed that they will provide a quote for producing the accounts.

Kingston Smith will undertake an interim audit during the week commencing 1 July 2019. Any issues would be raised in a timely manner to the Chair of the Audit Committee.

The committee approved the external audit plan.

8. UAE parent debt / write-off

The committee noted the UAE parent pay debt write-off report.

The CEO informed the committee that historically a number of parents at the school has not been paying for their children's overdrawn balances on parent pay as it has not been an expectation from the school. Having regard to this situation, the CEO considered it unfair to ask the parents to start paying off this historic debt.

The committee noted that, at its meeting of 25 June 2019, the Board has approved the parent pay debt write-off, subject to review by the Audit committee. The Board had agreed that the parents' debt should be met by the Trust as a one-off.

The Business Manager confirmed that the finance team had thoroughly reviewed the amount of debt owing on each account and that the figure of £91,335k was accurate and appropriate. The committee requested that this review is sent to Kingston Smith.

The committee noted that as individual amounts for write-off were below the ESFA threshold, permission from the ESFA for the write-off would not be required.

The committee discussed different ways of tackling this issue and agreed that letters should be sent to all the parents on the payment policy. The Business Manager confirmed that a parent pay system has been set up and this also prompts the parents whenever their balance is low.

The committee noted that there is a plan to transfer these responsibilities to the new catering company (following the tender), ie for collecting future payments for the students' meals directly from the parents.

The committee supported the Board's decision to write-off £91,335k of parent-pay debt.

9. Capital claim VAT payments

The committee noted the capital claim VAT payments update.

The Business Manager confirmed that this has been paid and completed and was taken from the General Annual Grant (GAG). This is reflected in the GAG income and the ESFA is aware.

10. UTC lease update

The committee noted an update on the UTC lease. Management are in discussions with Trinity Academy and the ESFA. An update will be provided to the next meeting.

11. Risk registers

The committee noted the risk registers.

The committee agreed that it would continue to review the MAT risk register and that the School Advisory Boards should review the local risk registers.

12. Speak up report

The committee noted that there is nothing to report since its last meeting.

13. Anti-fraud, bribery and corruption report

The committee noted that there is nothing to report since its last meeting.

**Date of next meeting
2.00 pm, on Wednesday, 9 October 2019**

Confirmed as a true record

A handwritten signature in black ink, consisting of a large initial 'L' followed by several loops and a long horizontal stroke at the bottom.

..... (Chair)