

**Minutes of the meeting of the South Bank Academies Audit Committee
held at 4.00 pm on Tuesday, 25 May 2021
MS Teams**

Present

Richard Flatman (Chair)
Tony Giddings
James Blastland

Apologies

Zac Yiallourous
Helena Abrahams

In attendance

Fiona Morey (minutes 6 to 11)
Michael Broadway
Natalie Ferer
Dan Cundy
Ciara Carroll
Gemma Wright (BDO)
Gumayel Miah (Buzzacott)

1. Welcome and apologies

The Chair welcomed the members and attendees to the meeting. Apologies were received from Zac Yiallourous and Helena Abrahams.

2. Declarations of interest

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

3. Minutes of previous meetings

The minutes of the meeting on 9 March 2021 were approved by the committee.

4. Matters arising

Both items on the log relating to the external audit plan and the risk register update were on the agenda and were therefore closed.

The committee noted that the trust is considering any learnings and policy changes from recent events at Pimlico Academy and the Everyone's Invited website. Any changes will be consulted with stakeholders to ensure they are appropriate and comprehensive. Key policies will include an equalities impact statement which is specific to the policy itself.

The committee heard that the schools are still operating with year group 'bubbles' in line with government guidance. There are declining numbers of staff and students required to self-isolate. The committee noted the different arrangements for national exams, which are being implemented in the schools.

5. Internal Audit reports

a. Budget setting and control

The committee noted the internal audit report on budget setting and control which was rated as 'moderate assurance' for both 'design' and 'operational effectiveness'. The report was positive with a few enhancements recommended to the process.

The committee requested that management consider the use of KPIs which track less obvious indicators such as the time available to the principals to conduct activities which drive pupil numbers up.

The committee noted the recommendation on the threshold for budget variance and was assured that management will continue to investigate all variances, rather than only those above a certain level, and that a threshold would be applied to reporting those variances to the committee. This threshold will be regularly reviewed.

The committee emphasised it was important that the monitoring mechanisms are appropriate and useful, including clear ownership of actions and time-tracked resolution of issues.

b. Progress report for 2020-21

The committee noted the addition of the student experience internal audit to the SBA plan and that work has been backloaded due to the impact of the pandemic at the start of the academic year.

A number of overdue items on the IT internal report were highlighted as being outside the control of SBA due to the fact that they were group actions, rather than being trust specific.

The committee discussed the recommendation to check that no changes have been made to supplier bank details before making BACS payments. The committee requested that management trial the use of the suggested check by the auditors and report back to the next meeting on the appropriateness of the action.

The committee noted that the password complexity requirement will be implemented for all students in the trust by the summer half term break.

c. Annual plan for 2021-22

The committee noted that the group internal audit plan for 2021/22 has been discussed by the Group Executive and will also be discussed by the Group Audit and Risk Committee. The plan is a three year rolling plan and later years in the plan will be populated when risk areas become clearer and as the organisation develops.

The committee noted that an audit of quality assurance processes will be included in the plan for 2021/22. The committee agreed that the cyber follow-up is important in the light of the increased number of cyber-attacks that are happening across the sector.

It was noted that some areas within the trust operations are not covered by internal audit, but the committee agreed that an internal audit was not likely to add enough value to be worthwhile or to be covered in other audits in the plan. A risk related to failure to comply with ESFA and DfE guidelines was identified as being covered across several different audits, rather than a specific internal audit report in its own right.

The committee agreed the annual plan proposal, subject to the inclusion of the quality assurance audit. The overall group plan would be approved by the Group Audit and Risk Committee at its meeting of 15 June 2021.

6. External audit plan, including summary of Academies Accounts Direction update 2020-21

The committee discussed the draft external audit plan. Key areas of the audit plan were highlighted; the approach to the audit will be broadly similar to last year, with an interim audit taking place in July 2021 focussing on payroll testing.

Changes to audit standards were discussed; the going concern updates will require the auditors to take a more in-depth look at the going concern evaluation, focussing on the use of management accounts and three-year budgets.

Fiona Morey joined the meeting.

The most significant outstanding issue for the external audit is that of the UTC lease agreement. A valuation is being arranged and the auditors confirmed that it would be necessary to bring the building onto the balance sheet this year.

The committee was assured that the trust has made plans to ensure that all workstreams will be completed and the audit delivered on time. The interim audit will ensure more work is done earlier in the year and the narrative reporting will be front-loaded in the summer to ensure that the annual accounts preparation is given enough time in the autumn. Buzzacott has assigned a separate resource to assist in the preparation of the accounts.

The committee noted that trustees are required to confirm in the accounts that the accounting policies in use are appropriate.

The committee discussed the restricted capital allocation of £300K for the UTC and heard that the trust has now received written confirmation of the spending guidance.

The committee noted that it should have sight of the regularity self-assessment questionnaire that management are responsible for completing and requested it be brought to the next meeting.

The committee approved the external audit plan for 2020-21.

Gemma Wright and Gumayel Miah left the meeting.

7. Annual report on effectiveness of external auditors

Management reported satisfaction with the audit process and the auditors during the financial year 2020-21 and explained that a wash-up session had been completed prior to this meeting to review the audit process and identify further points of improvement.

The committee noted that the audit process had run smoothly this year for the most part, with amendments to the trust process also credited for improvement.

The committee supported the recommendation to re-appoint the auditors for this year. The formal process of reappointing for the 2021-22 financial year will take place at the December 2021 Audit Committee meeting (and at that time every year going forward).

8. Risk management – explanation of risk review strategy

The committee noted that the requirements around the risk management process are anticipated to be widened in the next iteration of the Academies Financial Handbook (AFH) and this increased emphasis will tie in with the current work the trust is doing on risk.

Following the agreement of the risk appetite, the trust's risk registers are being reviewed to ensure that accountability and responsibility are correctly assigned.

At present the Executive Principal is working with the principals at both schools to identify seven to ten of the most significant risks that will sit on the school risk registers. This work will be completed by the end of the summer term.

The committee requested that the updated risk registers be sent to all members for review, prior to submission to the Board in July 2021.

9. **External audit findings progress review**

The committee noted that most items had already been discussed in other agenda points, in particular the UTC lease. The committee was pleased to see progress on the ParentPay debtor and was hopeful that the ESFA would respond in good time.

The committee discussed the work ongoing to digitise all personnel files and the process of integration with the group's IT software, iTrent, which has been delayed in part due to the cyber incident at LSBU.

10. **Anti-fraud, bribery and corruption report**

There were no items to report.

11. **Speak up report**

There were no items to report.

**Date of next meeting
4.00 pm, on Tuesday, 2 December 2021**

Confirmed as a true record



..... (Chair)