

Meeting of the South Bank Academies Audit Committee

2.00 pm on Wednesday, 26 June 2019

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		RF
2.	Declarations of interest		RF
3.	Minutes of previous meeting	3 - 8	RF
4.	Matters arising	9 - 10	RF
Items to discuss			
5.	External Audit findings - action plan update	11 - 16	CC
6.	PwC internal audit progress report update	17 - 62	CC
7.	External audit plan 2018/19 (to approve)	63 - 74	NF, AK
8.	UAE parent debt / write-off	75 - 78	NL
Items to note			
9.	Capital claim VAT payments	To Follow	CC
10.	UTC lease update	Verbal Report	CC
11.	Risk registers	To Follow	CC
12.	Speak up report	79 - 80	MB
13.	Anti-fraud, bribery and corruption report	81 - 82	CC

Date of next meeting
2.00 pm on Tuesday, 19 November 2019

Members: Richard Flatman (Chair) and Tony Giddings

In attendance: Nicole Louis, Michael Broadway, Clym Cunnington, Dan Cundy, Natalie Ferer, Anjali Kothari and Alexander Enibe

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**Minutes of the meeting of the South Bank Academies Audit Committee
held at 1.45 pm on Thursday, 28 March 2019
South Bank Engineering UTC - South Bank Engineering UTC, 56 Brixton Hill
SW2 1QS**

Present

Douglas Denham St Pinnock (Chair)
Richard Flatman
Tony Giddings

Apologies

Dan Cundy

In attendance

Michael Broadway
Clym Cunnington
Alexander Enibe
Natalie Ferer
Nicole Louis

1. Welcome and apologies

The Chair welcomed everyone to the meeting.

The above apology was noted.

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 27 November 2018.

4. Matters arising

The committee noted the actions arising from the previous meeting.

Under item 12 of the previous meeting, the Business Manager confirmed that the company reserves policy is being finalised.

The committee requested an HR Audit update at its meeting on 26 June 2019.

5. HR audit update

The committee noted the HR audit update.

The CEO confirmed that the HR Manager's remit now covers the company-wide HR matters.

The CEO confirmed that the HR Manager is reviewing salary scales for the Board meeting in autumn 2019.

The committee noted that the single central register has been thoroughly reviewed and is up-to-date.

HR Metrics would be reported regularly to the Board.

The management confirmed that the HR environment is improving.

The committee requested an update at its June 2019 meeting.

6. External Audit findings - action plan

The committee noted the External Audit findings action plan.

The committee noted the progress made on the implementation of the 14 recommendations made by the External Auditors.

The Business Manager confirmed that the implementation of the recommendations is being monitored by the Group Financial Controller

The committee noted that some of the high risk areas have been addressed.

The committee noted the External Auditor's advice not to post adjustments to reserves except for reallocations between reserve balances, and this has been done.

The committee noted that the Business Manager is currently claiming rates relief that have been unclaimed for the past 4 years. He confirmed that income is now being monitored appropriately, and timely action being taken to recover outstanding Local Authority income.

The committee noted that the Trust has been in contact with the ESFA regarding the lease for the building occupied by the UTC and will update the committee at its meeting on 26 June 2019.

7. Re-appointment of Kingston Smith as external auditors

The committee discussed the recommendation to re-appoint Kingston Smith as external auditors.

After detailed discussion, the committee recommended the appointment of Kingston Smith as external auditors for another one year, subject to SBA going to tender after one year.

8. **PWC internal audit report & action plan**

The committee noted the PWC internal audit report and action plan.

The report covered key financial controls ('high risk') budgeting and financial monitoring ('medium risk') and safeguarding ('low risk'). The report was classified as high risk overall.

The CEO confirmed that the Executive Principal is responsible for the company-wide safeguarding oversight.

The committee noted that system issues needed to be addressed to enable some of the recommendations to be completed.

The committee requested a PWC progress report at its next meeting on 26 June 2019.

The committee noted the issues around parent pay and debt recovery, and the decision on whether to chase debt recovery directly or outsource this.

The committee requested that the Business Manager provides an update on the actual figures owed under parent pay and a recommendation on debt recovery at its next meeting on 26 June 2019.

The committee noted that the re-tendering of the catering contract is due, group-wide approach will be considered when re-tendering the catering contract.

9. **Financial controls policy update**

The committee noted an update on the financial control policy update.

The policy is currently being reviewed.

The committee requested the financial control policy to its next meeting on 26 June 2019.

10. **Asbestos report update**

The committee noted the asbestos report update.

The committee noted that the Trust is required to report to the ESFA on asbestos.

The Business Manager confirmed that a check has been done on the sites for both the UAE and UTC and they are both asbestos free.

The committee noted this as positive news.

11. **Safeguarding report**

The committee noted the safeguarding report – January 2019.

The committee requested benchmarking data on safeguarding for future reports.

In response to a question, the CEO responded that the recent Ofsted inspection at the UTC confirmed that the safeguarding processes at the UTC are in line with expectations.

The committee agreed that regular safeguarding report should go to the Board to avoid duplication.

12. **Risk Registers**

The committee reviewed the risk registers.

The committee requested that the level of risk is colour-coded.

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

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

The committee noted that no cases of fraud, bribery and corruption had been identified.

14. **Speak up**

The committee noted the Speak up report.

The committee noted that there have been no speak up incidences since the last Audit committee meeting.

The committee noted that the Trust speak up arrangements are covered by the LSBU Group wide speak up policy.

The committee noted that LSBU Group is reviewing and refreshing the publicity of speak up policy.

**Date of next meeting
1.45 pm, on Wednesday, 26 June 2019**

Confirmed as a true record

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**SOUTH BANK ACADEMIES AUDIT COMMITTEE - THURSDAY, 28 MARCH 2019
ACTION SHEET**

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
5.	HR audit update	The committee requested an HR Audit update at a future meeting Staff cost of living pay recommendation going to the Board meeting in June 2019 HR metrics to future Board meetings	26 June 2019 Autumn 2019	Nicole Louis Nicole Louis Nicole Louis	verbal update on board agenda on going
6.	External Audit findings - action plan	The committee requested the Business Manager provides an update on the building occupied by the UTC at its next meeting on 20 June 2019.	26 June 2019	Clym Cunnington	on agenda
7.	PWC internal audit report & action plan	On recollection of debt, the committee requested that the Business Manager provides an update on the actual figures owed under parent pay and a recommendation on debt recovery. The committee requested a PWC progress report at its next meeting on 20 June 2019. The committee requested that the Business Manager to consider a group-wide approach when re-tendering the catering contract	26 June 2019 26 June 2019	Clym Cunnington Clym Cunnington Clym Cunnington	on agenda on agenda in progress

Agenda No	Agenda/Decision Item	Action	Date Due	Officer	Action Status
8.	Financial controls policy update	The committee requested the financial control policy update to its next meeting on 20 June 2019	26 June 2019	Clym Cunningham	update at meeting
11.	Risk Registers	The committee requested that the Business Manager add more rag rating in colour codes to the risk registers. Work to redraft and simply these is ongoing, but an update is complete for Audit committee to review		Clym Cunningham	completed

	CONFIDENTIAL
Paper title:	External Audit Findings progress update
Board/Committee	South Bank Academies Audit Committee
Date of meeting:	26 th June 2019
Author:	Natalie Ferer, Group Financial Controller
Purpose:	To update on progress made with implementation of recommendations made by Kingston Smith following their audit of the 2017/18 accounts.
Recommendation:	The committee is asked to note the attached report

Background

Kingston Smith completed the audit of the accounts of South Bank Academies (SBA) for the year ending 31 August 2018 and made a number of recommendations as a result of their review. The purpose of this paper is to provide an update on progress with implementing these recommendations. In July Kingston Smith will be undertaking interim work ahead of the 2018/19-year end audit and will perform their own review of progress with implementing these actions as part of that work.

Summary

14 recommendations were made, mostly relating to improving financial procedures, accounting entries and routines. 8 recommendations have been implemented, 3 are in progress and 3 relate specifically to year end processes and are therefore not yet due.

In addition, there are 3 recommendations made during the course of the 2016/17 audit, completion of which are in progress.

The attached action tracker lists progress against individual actions.

Recommendation

The Committee is asked to note the report.

Actions arising from 2017/18 Audit by Kingston Smith

	Recommendation	RISK	Management response and progress at June 2019
1	<p>Reconciliation of reserves Adjustments should not be posted to reserves. Where reserves transfers are required these should purely be reallocations between reserve balances</p>	HIGH	<p>Correct accounting treatment will be applied going forward</p> <p>Progress: in place</p>
2	<p>Use of Capital Grant Funding 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.</p>	HIGH	<p>Progress: In Progress: We have received verbal confirmation in respect to use of assets shared by both schools and are seeking written confirmation.</p>
3	<p>Monitoring of Capital Grants We recommend that procedures are implemented to continuously monitor capital grant spend. The accounting system should be set up and used to ensure capital funding and the associated expenditure can be tracked. In addition, this will help identify any spend incurred for which income has not yet been received and therefore additional funding to be accrued at the year end.</p>	High	<p>Progress: not yet due. preparing for correct accounting at year end.</p>
4	<p>Other Creditors (Including Salary Advances and Payroll Control) 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. It is also recommended that a list of all salary advances including season ticket loans is prepared and reconciled against payroll deductions on a monthly basis</p>		<p>Progress: in place. This task will be part of the month end reconciliation process</p>
5	<p>Bank Mandate 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>	High	<p>Progress: In place</p>

	Recommendation	RISK	Management response and progress at June 2019
6	<p>Trade Creditor Reconciliations</p> <p>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.</p> <p>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.</p>	High	<p>Progress: in place. The difference has now been corrected and going forward, this reconciliation will be completed as part of the month end reconciliation process and any discrepancies will be investigated.</p> <p>Controls on supplier account postings and more robust checking of payment runs has reduced the risk of making duplicate or incorrect payments to suppliers</p>
7	<p>Payroll Documentation</p> <p>It is recommended that employment contracts are drafted for all student employees.</p>	HIGH	<p>Progress: The Trust has decided not to issue contracts to these casual employees</p>
8	<p>Bank reconciliation</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>	HIGH	<p>Progress: In place. Bank reconciliations are now prepared monthly by University staff and reconciling bank items are followed up.</p>
9	<p>Posting of transactions</p> <p>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.</p> <p>Invoices should be processed and reviewed upon arrival to ensure the correct accounting treatments have been applied.</p> <p>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.</p>	HIGH	<p>Progress: in place and monitored as part of the month end process.</p>

	Recommendation	RISK	Management response and progress at June 2019
10	<p>Depreciation of fixed assets</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>	HIGH	<p>Progress:</p> <p>In place. A fixed asset register has been maintained throughout the year and includes calculations of depreciation. There is a query on the deprecation of grant funded assets which is currently being investigated and the fixed asset register will be updated.</p>
11	<p>LGPS pensions</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>	MEDIUM	<p>Progress: Not yet due - at year end actuarial reports will be reviewed and reconciled to accounting and HR records</p>
12	<p>Local Authority income</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>	MEDIUM	<p>Progress:</p> <p>In place through monthly variation reports.</p>
13	<p>Building occupied by UTC</p> <p>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.</p>	MEDIUM	<p>Progress: in progress</p>
14	<p>Accruals</p> <p>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.</p>	LOW	<p>Progress: accruals that are material to the management accounts are accrued during the year. years end accruals will be processed at year end.</p>

Outstand actions from 2016/17 Audit.

RISK	RECOMMENDATION	FOLLOW UP
HIGH	A full set of management information should be made available and reviewed at least on a termly basis.	In place: Management accounts are now being produced monthly but there were gaps earlier in 2018/19 where management accounts were not produced
HIGH	We recommend that proper controls are put in place around supplier invoices which would allow clear monitoring of transactions.	In progress The Trust has still to obtain an estimate of accrued costs for the hot water supply at the Academy. All other accruals can now be documented.
MEDIUM	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.	In progress A fixed asset register is now maintained. An outstanding query relating to the treatment of grant funded assets is being investigated and the register will be updated once this has been resolved
MEDIUM	We recommend that the Trust reviews the documentation received by the actuaries regarding LGPS and reconciles contributions paid to internal records, with discrepancies investigated and resolved directly.	In progress To be actioned at year end

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	CONFIDENTIAL
Paper title:	PwC Internal Audit Actions update
Board/Committee	South Bank Academies Audit Committee
Date of meeting:	26 June 2019
Author:	Natalie Ferer, University Financial Controller PwC
Purpose:	For review
Recommendation:	The committee is asked to note progress made with implementing actions resulting from the Internal Audit review.

Background:

An Internal Audit of the Academies Trust took place in the Autumn Term of 2018 and a number of actions were agreed. PwC have reviewed progress with implementation of these actions at the end of March and their report is attached.

Summary:

Good progress in implementing the agreed actions from PwC's 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.

More detail is shown on the attached report produced by PwC. The University has appointed BDO to perform internal audit across the LSBU group and a scope for their review of South Bank Academies will be drawn up over the summer and will include a follow up of recommendations made by PwC.

Recommendation:

The committee is asked to note the attached report.

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Internal Audit Report 2018/19

South Bank Academy Trust – Follow up on prior audit

*London South Bank
University*

June 2019

Final

Page 19


Click to launch

Contents

Executive summary

1 

Background and scope

2 

Findings

Page 20 **3** 

Appendices

- A. Basis of our classifications
- B. Terms of reference
- C. Limitations and responsibilities

Distribution list

For action: Clym Cunnington, Trust Business Manager
Natalie Ferer, Group Financial Controller

For information: Richard Flatman, Group Chief Financial Officer
Audit Committee



Executive summary (1 of 2)



Background and approach

Our review on the South Bank Academy Trust between Q1 and Q2 2018/19, focused on the following areas:

- Key financial controls across the five areas (AP, AR, Payroll, Cash and General Ledger)
- Budgeting and Financial Monitoring
- Safeguarding

The review identified 15 control design gaps (63%) out of 24 expected controls, across 4 of 5 key financial control areas. The exceptions related to both Academies and wider Trust oversight by the University. This was a significant number of control gaps and exceptions, which resulted in this area being classified as *high* risk. Furthermore three medium risk findings were also identified for Budgeting and Financial Monitoring, and one low risk and one advisory finding for Safeguarding.

The purpose of our review was to perform a follow up on the agreed management actions and recommendations; and to provide an update for the University in Q3. Since our fieldwork, the Academy Trust had recruited the Trust Business Manager to act as a bridge between LSBU and the Trust including overseeing the implementation for some of the actions. This had been a vacant role during our fieldwork and was considered to be one the main root causes.

Alongside this follow up review, we also performed a review on the Trust's Risk Management and Value for Money controls and processes. This is reported in a separate cover.

Overall conclusion





















The Trust has made good progress in implementing the agreed actions from our previous audit. For the key financial controls, they have implemented 10 of 15 controls (67%) and where 4 of the 5 remaining actions are not due for implementation as agreed from their set target date (for these actions, we have provided an update on its progress). However 1 of the 4 actions had been implemented at one of the schools, even though it was not due.

The remaining action from the 5, is partially 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. This is due to requiring board approval for their new process.

Please see the summary table on the next page for more details.

Executive summary (2 of 2)

The table below summarises the total number of exceptions that were identified from our previous review and is updated for the total number of action evidenced as completed or remains outstanding. The Trust has made good progress and there are only 6 actions that remain open, where 4 actions are not due for implementation (from the agreed target date) and 1 action that is partially implemented. The other action remaining is low risk.

Scope areas	University Academy of Engineering South Bank in Southwark (UAESB)	South Bank Engineering UTC	Total control design issues identified	Follow up – Number of actions completed	Follow up – Number of actions open	Completion Status
1. Key Financial Controls – Control design						
Payroll	 Green (0)	 Green (0)	-	N/A	N/A	N/A
Accounts Payable	 Red (5)	 Red (6)	6	3	1 - (Partially implemented) 2 - (Not due)	
Accounts Receivable	 Red (3)	 Amber (2)	3	1	2 - (Not due)	
Cash	 Red (3)	 Red (3)	3	3	-	
General Ledger	 Red (3)	 Red (3)	3	3	-	
2. Budgeting and Financial Monitoring	 Amber (3)	 Amber (3)	3	3	-	
3. Safeguarding	 Green (2)	 Green (1)	2	1	1 (Low risk)	

Background and scope



This review was being undertaken as an addition to the prior South Bank Academy Trust review. The latter review was from the 2018/19 internal audit plan approved by the Audit Committee.

Background and audit objectives

The South Bank Academies' Trust is a Multi-Academy Trust was established in January 2016 and sponsored by London South Bank University (LSBU). The Trust has two Academies, the University Academy of Engineering South Bank in Southwark (UAESB) and the South Bank Engineering UTC (UTC) in Lambeth. There are operational boards for each academy that report into the Trust's audit committee.

There have been concerns raised by LSBU on the internal control environment at the Trust and LSBU Management want to improve the current level assurance in place, focussing on the highest risk areas facing the Trust. A New Business Manager has been in place since October 2018, to coordinate and manage the reviews.

This internal audit had followed up on the 20 exceptions identified from the audit in September 2018. The exceptions have been identified across Key Financial Controls, Budgeting and Financial Monitoring and Student Safeguarding. Additionally, we will also review the controls and processes in place at the Trust for Risk Management and Value For Money.

We believe our work will touch upon the following areas of our annual report to Audit Committee:

Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
17	X	x		x	x

X = area of primary focus

x = possible area of secondary focus

Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (1 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AP1 Supplier Due Diligence:</p> <p>Prior to approval, new suppliers are properly vetted through supplier due diligence checks.</p>	●	●	<ul style="list-style-type: none"> Both Academies do not have a formalised approach to supplier due diligence. There is no defined minimum level of checks required to be performed prior to supplier set up. <p>Management response</p> <p>A supplier request form has been put in place which should be authorised at Trust Level.</p> <p><u>Responsibility for action:</u></p> <ul style="list-style-type: none"> Clym Cunnington, Trust Business Manager Sharlyn Villamayor, School Finance Officer, UAESB Natasha Padmore, School Finance Officer , UTC <p><u>Date:</u></p> <p>In place since fieldwork finished.</p>	●	Implemented for both schools– no further action required.

Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (2 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AP2 Supplier Set up:</p> <p>(1 of 2) Documentation must be reviewed with authorisation prior to creating a new supplier record.</p>	●	●	<ul style="list-style-type: none"> Where supplier details have been obtained via email or a call, there is no independent sign off from the supplier to confirm the accuracy and completeness of details provided. The Finance Officer can set suppliers up in the accounting system and can also raise PO's, therefore an segregation of duties issue arises. <p>UAESB</p> <ul style="list-style-type: none"> New Supplier Form' is not required to be completed for 'one-off' suppliers. No monitoring controls are in place to ensure where a 'one-off' supplier is used again, the 'New Supplier Form' process is initiated, completed and approved. <p>SBE UTC</p> <ul style="list-style-type: none"> There is no documentation to define the individuals responsible for approving 'New Supplier Forms'. This is particularly important for when the Principal is absent. 	●	<p>Partially implemented</p> <p>Although new suppliers are approved at Trust level, it was confirmed by the Finance Officers that changes to supplier details are not required to be approved at Trust level.</p> <p><u>Management response:</u></p> <p>A supplier details change form was introduced in March and rolled out to the Finance team in each school. There were no changes to supplier details in the period of the audit; and hence no centrally or locally held record. The form shows that the Finance Officers, the Trust Finance Manager and the Trust Business Manager must authorise it centrally.</p> <p><u>Responsibility for action:</u> Clym Cunnington, Trust Business Manager 3 June 2019</p> <p><u>Date:</u> Implemented</p>



Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (3 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AP2 Supplier Set up:</p> <p>(2 of 2) Documentation must be reviewed with authorisation prior to creating a new supplier record.</p>	●	●	<p>Management response:</p> <p>A new supplier form is required for all suppliers, even if it is expected that they will only be used once. The form should be approved at Trust level.</p> <p>The issue around segregation of duties is addressed by a) new supplier and amendments to existing suppliers should be authorised at Trust level, and b) while the Finance Officer can raise a requisition, it should be approved inline with letters of delegation before a PO is created.</p> <p><u>Responsibility for action:</u></p> <p>Clym Cunnington, Trust Business Manager</p> <p>Sharlyn Villamayor, School Finance Officer, UAESB</p> <p>Natasha Padmore, School Finance Officer , UTC</p> <p><u>Date:</u></p> <p>In place since fieldwork finished.</p>	●	See update on previous page.

Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (4 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AP3 Supplier Changes:</p> <p>Documentation must be reviewed with authorisation prior to amending a new supplier record, especially for bank account changes.</p>	●	●	<ul style="list-style-type: none"> There is no process in place to approve supplier changes, by an authorised individual, prior to the change being reflected directly in the accounting system. Finance Officers can amend supplier details in the accounting system and also raise PO's, which is segregation of duties issue. There is no process to log or maintain evidence of the calls made by either Academy with the supplier to confirm and validate the changes to be processed. <p>UAESB</p> <ul style="list-style-type: none"> Email documentation of the supplier change being requested is not maintained for all supplier change requests processed. No listing is maintained of all supplier changes processed and this therefore gives rise to a completeness issue. <p>Management response:</p> <p>Same as AP2. In addition a list of supplier changes will be maintained and checked by Trust staff when supplier payments are authorised.</p> <p><u>Responsibility for action:</u> Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 31st January 2019</p>	●	<p>Partially implemented</p> <p>There is no list of supplier changes that is maintained and checked by Trust staff as per the recommendation.</p> <p>The Finance Officers would call the Trust staff to inform them of changes but there is no record kept of this call.</p> <p><u>Management response:</u></p> <p>There is a centrally held list which is currently empty as there was no supplier changes needed in the period covered by the audit. Supplier change forms show the process used and the contact method used to verify change details. These are stored with the payment run invoices at Trust level.</p> <p><u>Responsibility for action:</u> Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> Implemented. 3 June 2019</p>



Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (5 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
AP5 PO Authorisation: Purchases are pre-approved either through a PO or manually before purchase.	●	●	<ul style="list-style-type: none"> No defined PO policy exists to outline the types of spend where PO's are required/not required and the approval limits in place for PO authorisation. <p>Management response:</p> <p>The list of purchases that do not require a PO will be clarified and set out in the Trusts financial procedures. Approval limits, in line with the Trust Scheme of delegation, will be confirmed annually in the Letters of Delegation issued to School Head Teachers and other senior staff within the Trust.</p> <p><u>Responsibility for action:</u></p> <p>Natalie Ferer, Financial Controller Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 30th November 2018</p>	●	Implemented for both schools – no further action required.



Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (6 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AP6 Invoice Receipt & Authorisation:</p> <p>Invoices are approved for payment by an appropriately authorised individual.</p> <p>Invoices are matched to purchase orders for all expenditure prior to payment and variances investigated.</p>	●	●	<ul style="list-style-type: none"> There is no documented evidence of the 3 way match process. Once invoices are received, they are manually matched to the corresponding POs but there is no evidence of this being performed and PO numbers are not recorded on the invoices. Therefore there is limited assurance on the invoice being matched to the correct pre-approved spend. There is no formalised documentation in place to outline who is authorised to approve invoices and the limits/thresholds set. <p>Management response:</p> <p>Finance officers in the schools have been retrained to ensure that POs are matched against invoices and this process is documented by entering the PO number on the physical invoice. Going forward we are investigating automation of this process through the accounting system, PS Financials.</p> <p>The scheme of delegation for approval of POs and purchase invoices will be clarified in written financial procedures and will be confirmed annually in the Letters of Delegation issued to School Head Teachers and other senior staff within the Trust, as mentioned in AP5 above.</p>	<p>N/A</p> <p>This action is not due.</p> <p>However the action has been implemented at SBE UTC.</p>	<p>Not due – update only.</p> <p>UAESA has not implemented the action but it is implemented SBE UTC .</p> <p>For UAESB, invoices that require a PO, when entered on PS Financials, do not generate a barcode that can be scanned and attached to the PO as a way of matching the two.</p> <p>Further to this, currently PO numbers are not entered on the physical invoice and no documented matching exercise is performed.</p>



Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (7 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AP7 Goods Receipt: Goods receipt notes are approved by either the requestor or the finance officer.</p>	●	●	<p>SBE UTC</p> <ul style="list-style-type: none"> No evidence exists of the physical goods receipt note to PO matching process, which is performed outside of the accounting system. <p>Management response:</p> <p>Finance officers in the schools have been retrained to ensure that goods receipt notes are matched against POs and that this process is documented by entering the PO number on the goods receipt note as well as the invoice.</p> <p><u>Responsibility for Action:</u> Clym Cunningham, Trust Business Manager</p> <p><u>Date:</u> 30th April 2019</p>	<p>N/A</p> <p>This action is not due</p>	<p>Not due – update only.</p> <p>Currently there is no physical evidence of matching the GRN to the PO, as GRNs are not always received (similar to the LSBU).</p> <p>However this process is superseded by the required PO and invoice approval process. Budget holders will be advised that when they are authorising an invoice for payment then they are responsible for ensuring that the goods or service has been received.</p> <ol style="list-style-type: none"> Invoices are signed by the budget holder and the Principal to indicate that the goods have been received. Scanned signed invoices, authorised POs and any GRN (if received) are all scanned into the PSF finance system.



Detailed Findings – Key Financial Controls – Control Design

1. Accounts Payable (8 of 8)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AP8 Payment Processing (BACS):</p> <p>BACS payment runs are reviewed by the appropriate individuals and properly approved prior to release of Academy funds.</p> <p>Cross checks are made back to vendor masterfile data in the accounting system to ensure supplier payment details are accurate and complete.</p>	●	●	<ul style="list-style-type: none"> Unauthorised changes made to supplier details in the accounting system, these will also be live in the banking system. <p>SBE UTC</p> <ul style="list-style-type: none"> There is no alternative authoriser for the physical payment listing in the absence of the principal. <p>South Bank Academy Trust / LSBU</p> <ul style="list-style-type: none"> The Financial Controller of LSBU does not receive the physical invoices when making her secondary approval of the payment listing. The completeness of her approval is therefore limited. <p>Management response:</p> <p>This process has now been changed so that the Trust Business Manager checks each payment batch include matching of PO to invoice, scrutiny of expenses and authorisation limits. The Financial Controller, when she is asked to authorise a payment, will check that this review has taken place and can request sight of specific payments that she request.</p> <p><u>Responsibility for action:</u> Clym Cunningham, Trust Business Manager</p> <p><u>Date:</u> In place since fieldwork finished. 30th November 2018</p>	●	Implemented for both schools– no further action required.



Detailed Findings – Key Financial Controls – Control Design

2. Accounts Receivable (1 of 3)



Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AR1 Income:</p> <p>Any income received by the Academy is properly and appropriately recorded, logged and monitored to ensure the collectability and the appropriate follow up on any significant overdue balances.</p> <p>Accurate and detailed records are maintained by finance staff to track amounts committed and amounts recovered for example, school trips or school dinners (inside or outside of applicable systems).</p>	●	●	<p>UAESB</p> <ul style="list-style-type: none"> There is no formalised or documented approach to debt collection and monitoring of ParentPay overdrawn balances- this is where students have been charged for school meals, but parents have not loaded funds to the online system to pay for this. There is no formalised process in place to ensure that amounts committed for school trips by students are reconciled back to both cash balances subsequently received or funds loaded onto the ParentPay system online. No controls exist or are in place to regularly monitor ParentPay balances on a student by student basis to ensure the appropriate follow up on any negative (credit) balances on ParentPay accounts. <p>Management response:</p> <p>A process is being put together and will be formalised, ensuring that amounts received are clearly documented, recorded on the accounting system and reconciled to Parent Pay. A process will also be put in place to chase up and take action when payment is not received as expected.</p> <p><u>Responsibility for action:</u> Clym Cunnington, Trust Business Manager <u>Date:</u> 31st May 2019</p>	N/A	<p>Not due – update only</p> <p>ParentPay training is expected to be conducted in the next month (April) and after this the Finance Officer will be responsible for the monitoring and chasing of ParentPay debts after subsequent training has been received.</p>

Detailed Findings – Key Financial Controls – Control Design

2. Accounts Receivable (2 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
AR2 Debt (AR) Monitoring: Debts are regularly monitored by finance staff to ensure appropriate chasing and follow up on any significantly overdue balances.	●	●	UAESB There is no defined process in place for the ongoing monitoring of debt balances, particularly those relating to school dinners on the ParentPay system. Management response: Same as AR1 for Parent Pay receipts. In addition the Trust Business Manager will review all debts with school staff and agree action when amounts remain unpaid. <u>Responsibility for action:</u> Clym Cunnington, Trust Business Manager <u>Date:</u> 31 st May 2019	N/A This action is not due.	Not due – update only The formalised process will be going to the Board in June 2019 for discussion. The Trust are currently in the process of reconciling the debt balances for students with who is eligible for free school meals to clear many of the accounts that have been wrongly apportioned a debt balance.



Detailed Findings – Key Financial Controls – Control Design

2. Accounts Receivable (3 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>AR3 Debt (AR) Reporting:</p> <p>Debt balances are adequately reported on, in sufficient detail, to give senior finance staff required visibility and oversight on such balances.</p>	●	●	<p>There is no regular process in place for both Academies to accurately report debt balances to the Trust, for inclusion in the management accounts reporting process.</p> <p>This decreases visibility and understanding on the source of such balances, thus not enabling Trust management or the Trust Board to make effective decisions on the follow up and investigation of Academy debt.</p> <p>Management response:</p> <p>An updated month end checklist has been introduced which includes an Aged Debtor and which will be reported as part of the management accounts.</p> <p>Responsibility for action: Clym Cunnington, Trust Business Manager</p> <p>Date: 31st May 2019</p>	●	Implemented for both schools– no further action required.

Detailed Findings – Key Financial Controls – Control Design

3. Cash (1 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>C1 Bank Reconciliations:</p> <p>Bank reconciliations are performed on a regular, periodic basis to reconcile ledger balances to bank balances. These are reviewed by the appropriate authority and there is sufficient follow up on any discrepancies/reconciling items.</p>	●	●	<p>South Bank Academy Trust / LSBU</p> <ul style="list-style-type: none"> Two segregation of duties issues exist: <ul style="list-style-type: none"> Bank reconciliations are prepared by staff who have journal posting access in the accounting system. The reviewer of bank reconciliations also has journal posting access in the accounting system. Bank reconciliations may get signed off and approved by inappropriate staff that do not have knowledge on Academy bank account balances and movements. <p>Management response:</p> <p>Bank reconciliations will continue to be reviewed monthly by members of the University Finance team to ensure appropriate segregation of duties.</p> <p><u>Responsibility for action:</u> Natalie Ferer, Financial Controller</p> <p><u>Date:</u> 30th November 2018</p>	●	Implemented for both schools– no further action required.

Detailed Findings – Key Financial Controls – Control Design

3. Cash (2 of 3)



Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>C2 GL Posting Access:</p> <p>Access to post to the cash GL in the accounting system is restricted to those with appropriate authority (Bank reconciliation preparers and reviewers should not have such access).</p>	●	●	<p>South Bank Academy Trust / LSBU</p> <ul style="list-style-type: none"> The Trust does not have a process in place to regularly review user access to the accounting system to ensure the appropriate people have the appropriate access rights, in line with their specific roles & responsibilities. <p>Management response:</p> <p>A periodic review of system access will be put in place to ensure that access is appropriate and up to date and that staff who have left or moved roles have their access removed or changed.</p> <p><u>Responsibility for action:</u> Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 31st January 2019</p>	●	Implemented for both schools– no further action required.

Detailed Findings – Key Financial Controls – Control Design

3. Cash (3 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
C4 Bank Mandate: An up to date bank mandate is maintained by Trust management to outline who is responsible for approving payments in the banking system.	N/A	N/A	South Bank Academy Trust / LSBU <ul style="list-style-type: none"> An up to date bank mandate is not maintained by Trust management and there is therefore lack of documentation available to show the authorised individuals responsible for approving payments in the banking system. <p>Management response:</p> <p>Since this review took place, Lloyds have confirmed the bank mandate they hold. Going forward a list will be kept of staff who are listed on the bank mandate and those set up as users on the Lloyds online banking system as well as their access, roles and signing limits.</p> <p><u>Responsibility for action:</u></p> <p>Natalie Ferer, Financial Controller</p> <p>Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 31st December 2018</p>	●	Implemented at the Trust – no further action required



Detailed Findings – Key Financial Controls – Control Design

4. General Ledger (1 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>GL1 General Ledger Review:</p> <p>An overall review of the GL is performed on a regular (monthly/quarterly) basis by someone of the appropriate authority and seniority.</p>	N/A	N/A	<p>South Bank Academy Trust / LSBU</p> <ul style="list-style-type: none"> The month end checklist review of all balance sheet and income statement accounts of the Trust is not performed regularly by the Financial Controller. Therefore no assurance of GL balances was obtained before reporting. <p>Management response:</p> <p>The month end check list has been updated . It will be completed and reviewed at each month end.</p> <p><u>Responsibility for action:</u></p> <p>Natalie Ferer, Financial Controller</p> <p>Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 30th November 2018</p>	●	Implemented at the Trust–no further action required

Detailed Findings – Key Financial Controls – Control Design

4. General Ledger (2 of 3)



Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
GL2 GL Posting Access: Access to post to the cash GL in the accounting system is restricted to those with appropriate authority (Bank reconciliation preparers and reviewers should not have such access).	●	●	<ul style="list-style-type: none"> There is no regular review of user access to the banking system to ensure that individuals have the right access levels in the system based on their roles and responsibilities within each Academy. <p>Management response:</p> <p>As with control C4, a list will be kept of staff who are set up as users on the Lloyds online banking system as well as their access, roles and signing limits. This will be reviewed as and when staff changes take place.</p> <p><u>Responsibility for action:</u></p> <p>Natalie Ferer, Financial Controller</p> <p>Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 31st December 2018</p>	●	Implemented for both schools– no further action required.

Detailed Findings – Key Financial Controls – Control Design

4. General Ledger (3 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
GL3 Journal Posting Review: All journals posted in the accounting system are subject to review and approval at month end, to ensure accuracy and completeness of journal postings, and by extension, ledger balances.	N/A	N/A	South Bank Academy Trust / LSBU <ul style="list-style-type: none"> No evidence of journal reviews are kept by the Finance team at LSBU. Journals are not physically signed off and approved prior to posting in the accounting system. There is no month end journal review performed, by someone independent who does not have posting access in PS Financials. As such, completeness of monthly journal postings cannot be assured. As no secondary action is required in the system to approve individual journals, the risk surrounding this issue is further enhanced. 	●	Implemented at the Trust – no further action required.

Management response:

The feasibility of automating Journal approval on PS financials will be investigated. In the meantime a monthly list of journals will be produced and reviewed as part of the month end process.

Responsibility for action:

Natalie Ferer, Financial Controller

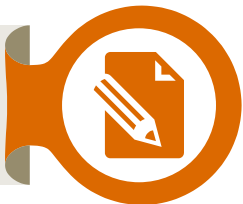
Clym Cunnington, Trust Business Manager

Date: 31st January 2019 (for update on current process and system automation)



Detailed Findings – Budgeting and Financial Monitoring – Control Design

Budgeting and Financial Monitoring (1 of 3)



Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
1 Budget Setting and Approval Rating: Medium risk	N/A	N/A	South Bank Academy Trust / LSBU <ul style="list-style-type: none"> The Trust does not have a formal approval process in place, that also reviews the departmental budget set by each Academy Principal. This would help facilitate an effective budget setting process. At the time of our audit, the recruited Trust Business Manager had not started and this had presented a communication and reporting gap between the Trust and the Academy for a number of months. <p>Management response:</p> <p>A formal cycle of budget setting , approval , monitoring and forecasting will be put in place. In addition we are in the process of setting up live budget information on PS Financials as well as establishing monthly management information for budget managers across the Trust.</p> <p><u>Responsibility for action:</u></p> <p>Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 28th February 2019</p>	●	Implemented at the Trust–no further action required.

Detailed Findings – Budgeting and Financial Monitoring – Control Design

Budgeting and Financial Monitoring (2 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>2 Budget Tracking and Monitoring</p> <p>Rating: Medium risk</p>	●	●	<ul style="list-style-type: none"> Both Academies do not have real time visibility of the budget through their system PS Financials, due to limited system capability. The cost centres on the system are also incorrectly inputted. Due to this, there has been no monitoring in place due to system ability and the inaccuracies on the system. <p>Management response:</p> <p>As with Finding 1, we are in the process of setting up live budget information on PS Financials as well as establishing monthly management information for budget managers across the Trust.</p> <p><u>Responsibility for action:</u></p> <p>Clym Cunningham, Trust Business Manager</p> <p><u>Date:</u> 28th February 2019</p>	●	Implemented for both schools– no further action required.



Detailed Findings – Budgeting and Financial Monitoring – Control Design

Budgeting and Financial Monitoring (3 of 3)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
3 Management Accounts reporting Rating: Medium risk	N/A	N/A	South Bank Academy Trust / LSBU <ul style="list-style-type: none"> Regular monthly management accounts should be produced to give both the Academies and the Trust ongoing visibility of financial performance. Management accounts have been produced and reported to the Local Governing Body but had not been shared with the Academies or Trust. <p>Management response:</p> <p>As with Findings 1 and 2, we will establish a routine of issuing monthly management information for budget managers across the Trust.</p> <p><u>Responsibility for action:</u></p> <p>Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 28th February 2019</p>	●	Implemented at the Trust – no further action required.



Detailed Findings – Safeguarding– Control Design

Safeguarding (1 of 2)

Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
<p>4 Safeguarding at UAESB Policies and Procedures</p> <p>Rating: Low risk</p>	●	●	<ul style="list-style-type: none"> The policies and procedures available for Safeguarding at UAESB have not been kept up to date and in line with their annual review and update as stated for January – February 2017. There is a lack of overall governance in place for the Academy’s policies and procedure documents to be reviewed, ratified and for any changes to be approved. <p>Management response:</p> <p>Safeguarding policies at the Trust are currently being updated. This will include an annual requirement for staff training .</p> <p><u>Responsibility for action:</u></p> <p>Clym Cunnington, Trust Business Manager</p> <p><u>Date:</u> 30th November 2018</p>	●	<p>Safeguarding Policies are in the process of being reviewed and updated, and will presented to the Board in July 2019.</p> <p><u>Responsibility for action:</u></p> <p>Dan Cundy, Executive Principal, SBE UTC</p> <p><u>Date:</u> 31st July 2019</p>



Detailed Findings – Safeguarding– Control Design

Safeguarding (2 of 2)



Key Control	UAESB	SBE UTC	Control design issue identified	Status	Update from Follow up
5 Wider Governance	N/A	N/A	<p>South Bank Academy Trust / LSBU</p> <ul style="list-style-type: none"> Although safeguarding measures are embedded at both Academies, we would recommend that the overall Trust considers implementing a wider governance structure for this subject matter. This will allow for a more strategic overview of the safeguarding measures in place at both Academies and to provide wider support and assurance on, for example, the Academies' alignment with wider government requirements and regulations. <p>Management response:</p> <p>The Board is looking to introduce the right level of reporting and scrutiny at Trust level and this is likely to tie in with the appointment of independent chairs at Trust and school level.</p> <p><u>Responsibility for action:</u></p> <p>Michael Broadway, Governance Manager</p> <p><u>Date:</u> 28th February 2019</p>	●	Implemented at the Trust–no further action required.

Rating: Advisory risk



**Appendix A: Basis of our
classifications**

**Appendix B: Terms of
reference**

**Appendix C: Limitations
and responsibilities**




Appendices

Page 46

Appendix A: Basis of our classifications

System summary ratings

The finding ratings in respect of each financial sub-process area are determined with reference to the following criteria.

Rating	Assessment rationale
 Red	A high proportion of exceptions identified across a number of the control activities included within the scope of our work; or Control failures which, individually or in aggregate, have resulted in the significant misstatement of the University's financial records.
 Amber	Some exceptions identified in the course of our work, but these are limited to either a single control or a small number of controls; or Control failures which, individually or in aggregate, have resulted in the misstatement of the organisations financial records, but this misstatement is not significant to the University
 Green	Limited exceptions identified in the course of our work Control failures which, individually or in aggregate, do not appear to have resulted in the misstatement of the organisations financial records.

Control design improvement classifications

The finding ratings in respect of each financial sub-process area are determined with reference to the following criteria.

Critical

A finding that could have a:

- **Critical** impact on operational performance resulting in inability to continue core activities for more than two days; or
- **Critical** monetary or financial statement impact £5m; or
- **Critical** breach in laws and regulations that could result in material fines or consequences over £500k; or
- **Critical** impact on the reputation or brand of the organisation which could threaten its future viability, e.g. high-profile political and media scrutiny i.e. front-page headlines in national press.

Appendix A: Basis of our classifications

High

A finding that could have a:

- **Significant** impact on operational performance resulting in significant disruption to core activities; or
- **Significant** monetary or financial statement impact of £2m; or
- **Significant** breach in laws and regulations resulting in significant fines and consequences over £250k; or
- **Significant** impact on the reputation or brand of the organisation, resulting in unfavourable national media coverage.

Medium

A finding that could have a:

- **Moderate** impact on operational performance resulting in moderate disruption of core activities or significant disruption of discrete non-core activities; or
- **Moderate** monetary or financial statement impact of £1m; or
- **Moderate** breach in laws and regulations resulting in fines and consequences over £100k; or
- **Moderate** impact on the reputation or brand of the organisation, resulting in limited unfavourable media coverage.

Low

A finding that could have a:

- **Minor** impact on the organisation's operational performance resulting in moderate disruption of discrete non-core activities; or
- **Minor** monetary or financial statement impact of £500k; or
- **Minor** breach in laws and regulations with limited consequences over £50k; or
- **Minor** impact on the reputation of the organisation, resulting in limited unfavourable media coverage restricted to the local press.

Advisory

A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.



**Appendix A: Basis of our
classifications**

**Appendix B: Terms of
reference**

**Appendix C: Limitations
and responsibilities**

Appendix B: Terms of reference

South Bank Academy Trust

To: Richard Flatman – Chief Financial Officer
From: Justin Martin – Head of Internal Audit

Page 49

Background and audit objectives



This review is being undertaken as an addition to the prior South Bank Academy Trust review. The latter review was from the 2018/19 internal audit plan approved by the Audit Committee.

Background and audit objectives

The South Bank Academies' Trust is a Multi-Academy Trust was established in January 2016 and sponsored by London South Bank University (LSBU). The Trust has two Academies, the University Academy of Engineering South Bank in Southwark (UAESB) and the South Bank Engineering UTC (UTC) in Lambeth. There are operational boards for each academy that report into the Trust's audit committee.

There have been concerns raised by LSBU on the internal control environment at the Trust and LSBU Management want to improve the current level assurance in place, focussing on the highest risk areas facing the Trust. A New Business Manager has been in place since October 2018, to coordinate and manage the reviews.

This internal audit will follow up on the 20 exceptions identified from the audit in September 2018. The exceptions have been identified across Key Financial Controls, Budgeting and Financial Monitoring and Student Safeguarding. Additionally, we will also review the controls and processes in place at the Trust for Risk Management and Value For Money.

We believe our work will touch upon the following areas of our annual report to Audit Committee:

Total plan days	Financial Control	Value for Money	Data Quality	Corporate Governance	Risk management
17	X	x		x	x

X = area of primary focus

x = possible area of secondary focus

Audit scope and approach (1 of 4)



Scope

The sub-processes and related control objectives included in this review are:

Sub-process	Control Objectives
Follow up of previous review	<p>Key Financial Controls</p> <p>Follow up on the 16 control design exceptions identified across the four areas:</p> <ul style="list-style-type: none"> • Accounts Payable • Accounts Receivable • Cash • General Ledger
Budgeting and Financial Monitoring	<p>Follow up on the 3 control design exceptions identified across the following areas:</p> <ul style="list-style-type: none"> • Budget Setting and Approval • Budget Tracking and Monitoring
Safeguarding	<p>Follow up on the 2 control design exceptions identified across the following areas:</p> <ul style="list-style-type: none"> • Policies and Procedures at UAESB • Wider Governance

Audit scope and approach (2 of 4)



Scope

The sub-processes and related control objectives included in this review are:

Sub-process	Key control objectives
Risk Management	
Risk Strategy	<ul style="list-style-type: none"> Vision, commitment and ownership of risk management are defined within the Academy Trust. Roles and responsibilities are clearly defined. Risks – at a corporate and operational level - are aligned to the LSBU’s Strategic Plan.
Statement of Risk Appetite	<ul style="list-style-type: none"> The Risk Appetite is defined and is considered in the management of risk and resource allocation. Sufficient data is captured to allow the organisation to assess performance against Risk Appetite.
Risk identification	<ul style="list-style-type: none"> The risk identification process encourages the identification of risk, an assessment of magnitude, likelihood and impact at all levels of the Academy Trust, with key partners and is a continuous process. There is clear ownership and responsibility for managing key risks at an operational level.
Monitoring and reporting	<ul style="list-style-type: none"> Risks are regularly monitored and mitigation measures updated. This is reported to a sufficient level of management to ensure awareness and recognition of risks at a corporate level.

Audit scope and approach (3 of 4)



Scope

The sub-processes and related control objectives included in this review are:

Sub-process	Key control objectives
Value for Money	
Strategy and Corporate Plan	<ul style="list-style-type: none"> Vision and commitment to delivering Value for Money is defined within the corporate plan and strategy. Roles and responsibilities are clearly defined. These are aligned to LSBU's strategy, where applicable.
Defined outcomes	<ul style="list-style-type: none"> There is a clear, documented plan of how Value For Money will be delivered across the Trust, including the initiatives, activities and measurable outcomes. This could be documented for example in budget setting guidance and/or business plans.
Monitoring and reporting	<ul style="list-style-type: none"> Activities to achieve Value for Money are tracked and monitored against the Strategy and Corporate plan for measurable progress. This is reported to a sufficient level of management to ensure awareness and recognition of the activities at a corporate level.

Audit scope and approach (4 of 4)



Page 54

Limitations of scope

The scope of our work will be limited to those areas outlined on page 3.

Our review will be performed in the context of the information provided to us. Where circumstances change the review outputs may no longer be applicable. In these situations, we accept no responsibility.

This audit will not confirm compliance with the Academies Financial Handbook and will only provide assurance of the key controls in place. We will not test the operating effectiveness.

We will follow up on all actions detailed in the previous report and will perform a walkthrough to validate the implementation. For actions that are not yet due, we will provide progress updates, if available. We will test the operating effectiveness of the actions in place.

For Value for Money, the audit will only provide assurance against and will not confirm compliance with DfE guidelines.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of the process through discussions with key personnel, review of methodology and procedure notes and walkthrough tests;
- Identify the key risks relating to the process;
- Evaluate the design of the controls in place to address the key risks;
- Test the operating effectiveness of the key controls.



Internal audit team and key contacts (1 of 3)



Internal audit team

Name	Role	Contact details
Justin Martin	Head of Internal Audit	Telephone: 0207 212 4269 Email: justin.f.martin@pwc.com
Amy Chiu	Engagement Manager	Telephone: 07843 330 912 Email: amy.chiu@pwc.com
Farbas Miah	Internal Auditor	Telephone: 07970 165232 Email: farbas.miah@pwc.com

Key contacts – London South Bank University

Name	Title	Contact details	Responsibilities
Richard Flatman	Group Chief Financial Officer (Audit Sponsor)	0207 815 6301 richard.flatman@lsbu.ac.uk	Review and approve terms of reference Review draft report
Richard Duke	Director of Strategy and Planning	duker3@lsbu.ac.uk	Review and approve final report Hold initial scoping meeting
Natalie Ferer	Group Financial Controller	0207 815 6316 ferern@lsbu.ac.uk	Review and meet to discuss issues arising and develop management responses and action plan
Nicole Louis	Chief Executive Officer, South Bank Academy Trust	louisn@lsbu.ac.uk	Receive draft and final terms of reference Receive draft report Receive final report

Internal audit team and key contacts (2 of 3)



Key contacts – South Bank Academy Trust

Name	Title	Contact details	
Clym Cunnington	Trust Business Manager	020 7815 6021 cunninc4@lsbu.ac.uk	Key contact for Finance, Risk Management and Value for Money
Jacqui Collins	Trust HR manager	Jacqui.Collins@southbank-utc.co.uk	Involvement with Payroll
Loretta Audu	Financial Accountant, LSBU	audul@lsbu.ac.uk	Part of the LSBU team overseeing South Bank Academy Trust
Sharlyn Villamayor	School Finance Officer, UAESB (University Academy of Engineering South Bank)	Sharlyn.Villamayor@uaesouthbank.org.uk	For all Finance queries including Payroll
Natasha Padmore	School Finance Officer , UTC (South Bank Engineering University Technical College)	Natasha.Padmore@southbank-utc.co.uk	For all Finance queries excluding Payroll
Dan Cundy	Trust Executive Principal and has responsibilities across the two schools Head Teacher, UTC (South Bank Engineering University Technical College)	Dan.Cundy@southbank-utc.co.uk	Has overall responsibility across the two schools For all Finance queries including Payroll
John Taylor	Head Teacher, UAESB (University Academy of Engineering South Bank)	John.Taylor@uaesouthbank.org.uk	For all Finance queries including Payroll

Internal audit team and key contacts (3 of 3)



Key contacts for Safeguarding scope

Name	Title	Contact details	
Rob Harding	Safeguarding lead - UAESB	Rob.Harding@uaesouthbank.org.uk	Safeguarding Lead for University Academy of Engineering South Bank
John Taylor	Head Teacher, UAESB	John.Taylor@uaesouthbank.org.uk	Additional Safeguarding contact
Dan Cundy	Head Teacher, UTC	Dan.Cundy@southbank-utc.co.uk	Additional Safeguarding contact

Timetable



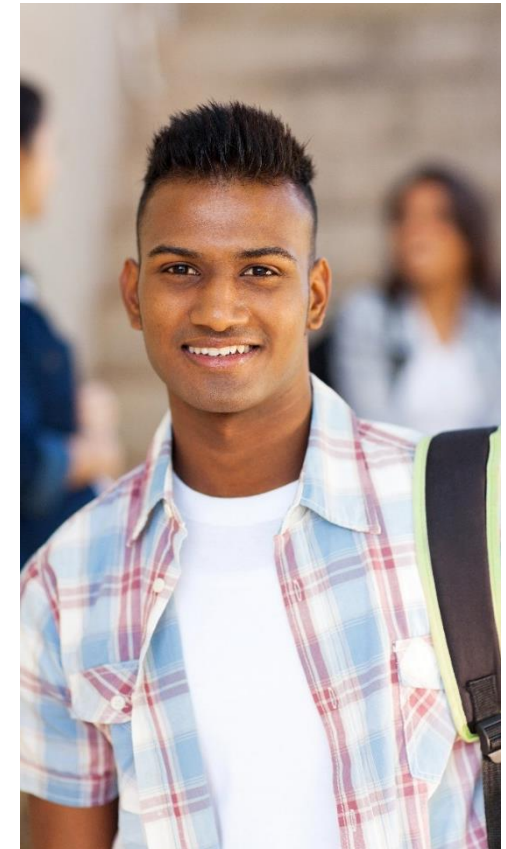
Timetable

Fieldwork part 1 – Follow up of exceptions	25 – 28 March 2019
Fieldwork part 2 – Risk Management and VFM	29 April - 3 May 2019
Draft report to client	17 May 2019
Response from client	31 May 2019
Final report to client	7 June 2019

Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request.
- Staff and management will make reasonable time available for interviews and will respond promptly to follow-up questions or requests for documentation.

Please note that if the University requests the audit timing to be changed at short notice (2 weeks before fieldwork start) and the audit staff cannot be deployed to other client work, the University may still be charged for all/some of this time. PwC will make every effort to redeploy audit staff in such circumstances.



Information Request



Ahead of the audit fieldwork date, please provide:

Follow ups of previous audit

- Evidence relating to the action being implemented e.g. meeting minutes, reports etc. (we will further verify during our fieldwork).

Risk Management

- A copy of the Trust and or School Risk Register;
- A copy of the Risk Management Strategy, Risk Appetite and Risk Management Policy;
- Access to any minutes for relevant oversight Boards, including any Risk Review Groups, Audit and Risk Committee and the Board of Governors;
- Any other document that details how risks are currently managed e.g. the process for identifying and reviewing risks.

Value for Money (VFM)

- Any Strategic, Corporate or Operational plans that outline VFM for the Trust and/or Schools;
- Evidence of logging / tracking VFM outcomes from the above or otherwise;
- Any reports that evidence VFM being reported either operationally or at Executive level.

This listing is not exhaustive, additional items may be asked for on request.

We understand that the above contains sensitive information, please speak to PwC to determine the best method of sharing the requested items.

Appendix C: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

This document has been prepared only for London South Bank University and solely for the purpose and on the terms agreed with London South Bank University in our agreement dated 16 October 2017. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Memorandum of Assurance and Accountability between the Office for Students and institutions. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

In the event that, pursuant to a request which London South Bank University has received under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004 (as the same may be amended or re-enacted from time to time) or any subordinate legislation made thereunder (collectively, the "Legislation"), London South Bank University is required to disclose any information contained in this document, it will notify PwC promptly and will consult with PwC prior to disclosing such document. London South Bank University agrees to pay due regard to any representations which PwC may make in connection with such disclosure and to apply any relevant exemptions which may exist under the Legislation to such report. If, following consultation with PwC, London South Bank University discloses any this document or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

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Agenda Item 7

	CONFIDENTIAL
Paper title:	External Audit Plan
Board/Committee	South Bank Academies Audit Committee
Date of meeting:	26 th June 2019
Author:	Kingston Smith
Purpose:	To approve
Recommendation:	The committee is asked to consider and approve the attached External Audit Plan

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31 May 2019

The Trustees
Southbank Academies Trust
Trafalgar Street
London
SE17 2TP

Our ref:
AK/U1068/ap/sph

Dear Sirs

AUDIT OF THE FINANCIAL STATEMENTS OF THE SOUTHBANK ACADEMIES TRUST FOR THE YEAR ENDED 31 AUGUST 2019

The purpose of this letter and appendices is to set out the key elements of our proposed approach to the audit of your financial statements for the year ended 31 August 2019. The objective of our audit is to enable us to express an audit opinion on those financial statements.

Some other key elements of our approach, and our mutual responsibilities in respect of the audit of the financial statements, are set out in our audit engagement letter dated 22 July 2016.

We will report any material adverse or unexpected findings arising from our audit procedures on a timely basis to the Audit Committee.

We would be grateful for any comments you have on the contents of this letter, or alternatively your confirmation that you do not have any comments.

Yours faithfully



KINGSTON SMITH LLP

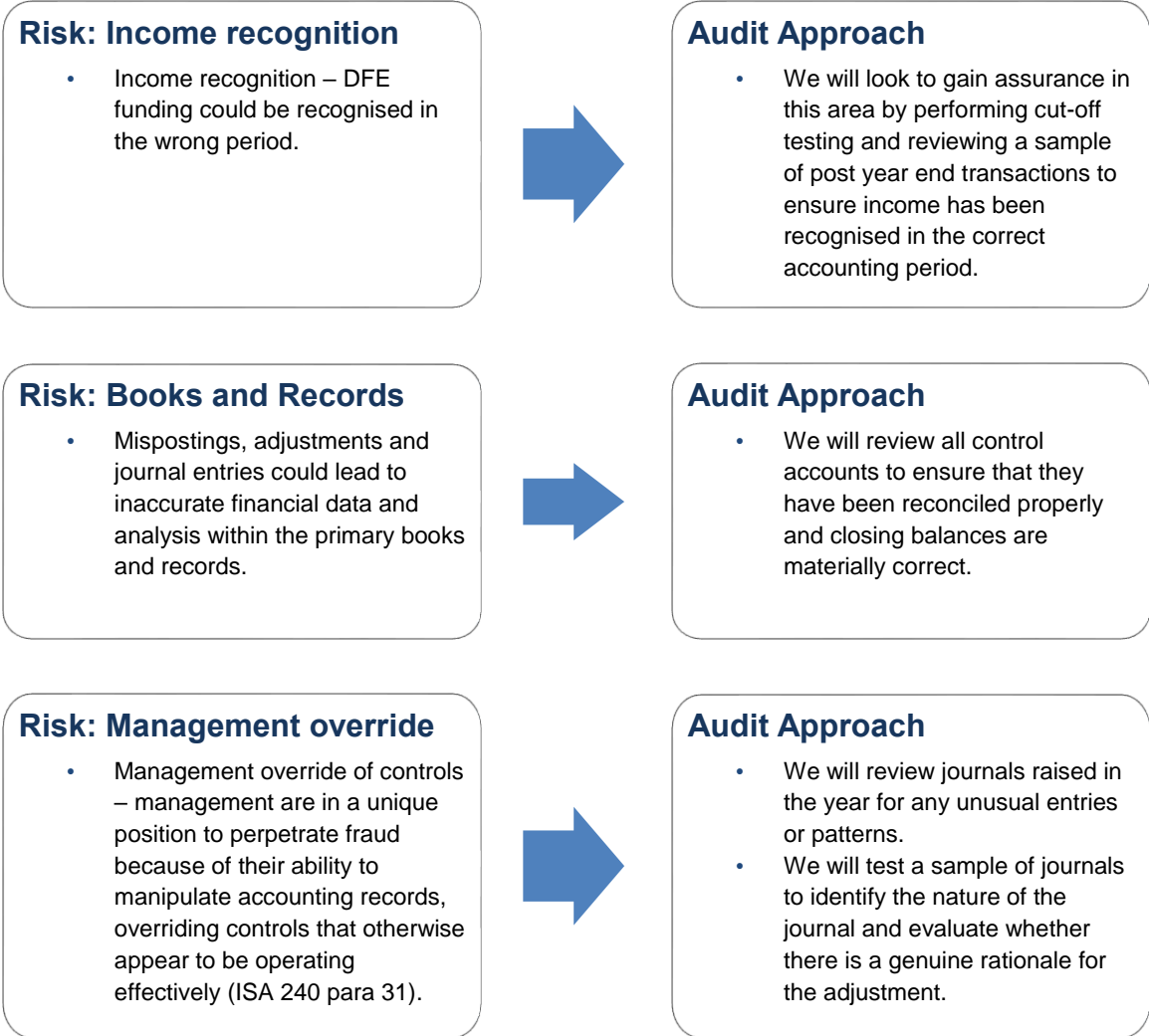
Kingston Smith LLP
Chartered Accountants and Business Advisers
Devonshire House, 60 Goswell Road, London EC1M 7AD
020 7566 4000 www.ks.co.uk

A list of partners is available for inspection at the registered office
Registered in England and Wales as a Limited Liability Partnership: No OC317343
Registered office: Devonshire House, 60 Goswell Road, London EC1M 7AD

An independent member firm of
Moore Stephens International Limited
MOORE STEPHENS

Audit Approach

We operate a risk-based audit approach, assessing the audit risk relevant to individual areas of the financial statements according to how susceptible they are to material misstatement. Based on that assessment we then design the nature and extent of our audit testing to give us reasonable assurance that the balance or class of transactions is free from material misstatement. We believe that the following areas of higher audit risk should be brought to your attention:-



Materiality

An item is considered material to the financial statements if, through its omission, over-statement or non-disclosure, the financial statements would no longer show a true and fair view. To enable us to perform an appropriate level of audit testing a figure for materiality is calculated at the planning stage.

We will also consider materiality at the finalisation stage in order to assess whether errors and/or omissions identified during the course of the audit need to be adjusted in the financial statements. We will let you know of any such errors or omissions, other than those which are trivial, as soon as possible once they have been identified and discuss with you whether we believe they should be

corrected. We are required to request that all errors be corrected except those that are trivial, but if an individual error, and the errors in total are not material, this will not usually impact our audit opinion if they are not adjusted.

If the error is material and is not corrected then we will not be able to issue a clean audit report. An error may be material because of its nature rather than just its size so in some circumstances errors which are smaller than our calculated materiality may still be material.

Audit and non-audit services to be provided

Our estimated fees (shown net of VAT) for our audit, and for non-audit services to be provided to you, are set out below:-

Service	2018	2019
	£	£
Audit of the financial statements for Southbank Academies Trust for the year ended 31 August 2019 including planning and closing meetings	7,800	8,000
Audit of the financial statements for Southbank Academies Trust for the year ended 31 August 2019 – additional work due to higher level of risk	3,500	3,600
Interim Audit of the financial statements for Southbank Academies Trust for the year ended 31 August 2019 including interim report	5,000	5,200
Meeting attendance at June Audit Committee, November Audit Committee and December Board meetings	3,000	3,100
Preparation and audit of the Academies Accounts Return	2,100	2,200

Our fees are based on the anticipated time to be spent. In the event that we need to make any changes to these estimates, we will discuss this with you.

As part of our services included above, you have asked us to attend the Audit Committee to discuss the accounts and the main findings from our audit work.

We also supply the additional non audit services as follows:-

- Audit of the Teachers' Pensions Scheme returns
- Ad hoc advice

Other matters which may affect the audit

Issues from the year ended 31 August 2018

Due to the issues during the year ended 31 August 2018 and errors in postings, we are unable to place reliance on analytical review. There will therefore be a larger reliance on substantive work and larger sample sizes tested.

Independence and objectivity

We have considered our independence and objectivity as auditors for the period under review and do not believe there are any other matters which should be brought to the attention of the Audit Committee, as constituting a threat to our independence and objectivity.

To maintain our independence as auditors we ensure that:-

- Audit partners and managers are subject to rotation for listed companies/public interest organisations, etc so as to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.
- Kingston Smith LLP, its partners and the audit team have no family, financial, employment, investment or business relationship with audit clients.
- Fees paid by individual audit clients do not represent an inappropriate proportion of total fee income for the firm, office or individual partner.
- Where required because of the public accountability of the entity, its size or the complexity of its operations, an independent second partner will review the audit file.

Interim audit visit

The purpose of the visit is to audit the interim trial balance position as at May 2019, and issue an interim management report of findings. The intended scope of this work is as follows:-

Balance Sheet testing

1. Opening balances cross check between accounting system and final 2018 accounts
2. Testing of all Balance Sheet control account reconciliations and breakdowns as at 31 May 2019, to include:-
 - a. VAT
 - b. Accruals
 - c. Prepayments
 - d. Supplier ledger
 - e. Net wages
 - f. PAYE/NI and pensions control accounts
 - g. Deferred income
 - h. Other debtors/creditors

Impact on year end

The purpose of the Balance Sheet testing as at 31 May 2019 is to give some assurance over the internal controls and processes in place after the issues experienced in the previous 2 financial years. The intention is that any deficiencies in the process undertaken this year, or any discrepancies in the figures will be identified and raised before the year end.

No reliance will be placed upon this work during the final audit of the 31 August 2019 figures.

Transactional testing

1. Income testing for the September 2018 to May 2019 period
2. Substantive sample testing of bank payments, purchase invoices and staff salaries within the September 2018 to May 2019 period
3. Check payroll reconciliations between payroll reports and accounting system staff costs for the period September 2018 to May 2019
4. Governance procedures including how the trust identifies related party transactions

Impact on year end

The purpose of the transactional testing for the period September 2018 to May 2019 is to gain assurance over the accounting system in place during this year after the issues experienced in the previous 2 years.

This testing will form part of our final audit of the year to 31 August 2019.

Timetable

Please see Appendix 4 for our detailed proposed audit timetable.

We will supply you with a list of the information we will need to perform the audit and would be grateful if this information could be made available in line with the timings stated. If there are delays in receiving information we may need to revise this timetable or there could be an impact on estimated cost. We will of course let you know if we anticipate that any changes to the timetable will be necessary.

Audit team

	Name	Phone number	E-mail
Partner and senior statutory auditor	Anjali Kothari	020 7566 4000	akothari@kingstonsmith.co.uk
Manager	Ashni Patel	020 7566 4000	apatel@kingstonsmith.co.uk
Senior	Keval Damania	020 8848 5500	kdamania@kingstonsmith.co.uk
Assistant	Wilf Scott	020 8848 5500	wscott@kingstonsmith.co.uk

We will let you know as soon as possible of any changes to the proposed audit team.

APPENDIX 3: AUDITOR'S RESPONSIBILITIES

Our duty as auditors is to report to the shareholders whether in our opinion the financial statements which the directors have prepared give a true and fair view and comply with the Companies Act 2006. We are also required to report whether in our opinion the information given in the Directors' Report (and Strategic Report, if required to be prepared) for the financial year for which the financial statements are prepared is consistent with the financial statements and complies with applicable legal requirements.

We also report to you our conclusions in respect of certain matters regarding the appropriateness of the going concern basis of preparation of the financial statements and disclosure of any material uncertainties in this respect.

As part of our audit we are also required to consider the following matters and to report on any in respect of which we are not satisfied:-

- (a) whether adequate accounting records have been kept by the company and returns adequate for our audit have been received from branches not visited by us;
- (b) whether the company's financial statements are in agreement with the accounting records and returns;
- (c) whether certain disclosures of directors' remuneration specified by law have been made;
- (d) whether we have obtained all the information and explanations which we require for the purpose of our audit; and
- (e) where applicable, whether the directors were entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We are also required to report whether, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified any material misstatements in the strategic report or the directors' report.

You will make full disclosure to us of all relevant audit information to enable the directors to make the statements required by section 418 of the Companies Act 2006 to be included in the Directors Report.

We have a professional obligation to report if the financial statements do not comply in any material respect with United Kingdom Accounting Standards (FRS 102) or International Financial Reporting Standards (IFRS) (as appropriate), unless in our opinion the non-compliance is justified in the circumstances. We are also required to carry out our audit in accordance with the International Standards on Auditing (UK) (ISAs (UK)) approved by the Financial Reporting Council and to have regard to any relevant Auditing Guidelines issued by them. Accordingly our work will be planned to enable us:-

- (a) to obtain an understanding of your accounting system in order to assess its adequacy as a basis for the preparation of the financial statements; and
- (b) to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom, in particular as to the accuracy and completeness of the recording of transactions and as to the existence, ownership and valuation of assets and liabilities.

As noted above, our report will be made solely to the company's members, as a body, in accordance with Section 3 of Part 16 of the Companies Act 2006. Our audit work will be undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and

APPENDIX 3: AUDITOR'S RESPONSIBILITIES

for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for the audit report, or for the opinions we form.

Actions to be taken	Target date
Initial planning meeting between Natalie Ferer, Clym Cunnington, Loretta Audu, Anjali Kothari and Ashni Patel	15 May 2019 – LSBU 10am
Scoping letter to be submitted to management with detailed audit scope and approach	10 June 2019
Audit committee meeting where detailed audit scope and approach to be confirmed	20 June 2019 – UAE 2pm
May 2019 trial balance for interim audit to be provided to Kingston Smith	1 July 2019
On-site interim audit work (follow up confirmation regarding preparation of accounts)	Week commencing 8 July 2019
Draft interim audit findings report to be provided to management	Monday 29 July 2019
Fully prepared year end statutory accounts and trial balance to be provided to Kingston Smith	27 September 2019
On-site audit work to begin	7 October 2019
Draft management letter and letter of representation to be provided to management	28 October 2019
Closing meeting with management	In week commencing 4 October 2019
Draft papers circulated to Audit committee	14 November 2019
Audit committee	28 November 2019 – LSBU 2pm
Board meeting to approve financial statements and letter of representation	December 2019 (to be confirmed)

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	CONFIDENTIAL
Paper title:	Parent Pay Debt Report for University Academy of Engineering South Bank
Board/Committee:	SBA Audit Committee meeting
Date of meeting:	26 June 2019
Author(s):	Nicole Louis Chief Executive Officer
Sponsor(s):	Nicole Louis Chief Executive Officer
Purpose:	To Review and Approve
Recommendation:	The committee is requested to review and approve

Executive Summary

In summary, our recommendation is to:

- Write off the outstanding debt owed by all parents of £91, 335k
- Zero parent accounts on Parent Pay and notify them of changes being made to the structure of Parent Pay, along with raising awareness that they will need to pay for their child's lunch in future
- To change the debt limit on the accounts to allow them something manageable, such as a week's lunches and no more, unless they pay into their account.
- To establish clear accountability within the school for managing the day to day running of Parent Pay going forward with oversight by the Trust

To have this completed by mid-July and prior to the end of the school year

Since the inception of the school's family dining system 'Parent Pay' in (2014/15), the UAE has accumulated debt of c. £91k relating to uncollected school dinner money. The debt has accumulated for the following reasons; i) inadequate set up of parent accounts and ii) lack of management of the Parent Pay system over a significant period of time. A proportion of the debt was incurred prior to January 2018 and cannot be accurately associated with any specific parent accounts.

Following significant work undertaken over the last two months, largely supported by the Trust's Administrative Officer, we have built up a detailed picture of debt broken down into various categories and have identified the actions that are required to correct the configuration of parent accounts and put in place measures to ensure effective ongoing management of the system.

Following discussions with the school Principal and others who have been involved in unpacking the issue, it is the recommendation of the CEO, the School Principal and the School Advisory Board that we do not pursue parents for outstanding debt and write off the outstanding balances. At the same time, establish a new and diligent approach to school meal purchase management from July 2019.

The reasons for this recommendation are detailed in the paper along with information of the historic context and a breakdown of the debt.

Background

In 2014 the UAE set up the school's family dining system known as Parent Pay. The original system was poorly set up with ineffective oversight put in place to manage the implications of a parent pay system, given that the operation is entirely separate from the catering contract. An example being that students were charged for meals based on the *assumption* that they had eaten, rather than on actual known meal consumption. Furthermore, the system was set up in a way which allowed each individual student account to accumulate debt of up to -£400, if parents did not top-up their account with cash. There was no monitoring of account expenditure or of debt on individual accounts, also, it is not clear what expectations were set at the time with parents as to the cost of school meals and what was expected of them regarding management of their Parent Pay accounts.

Since the establishment of the family dining system, there have been several changes in school leadership and in Trust business management. When the current Principal was appointed, the responsibility for managing the Parent Pay system was given to the school Operations Officer and the school put in place a contactless card-system to track each students' lunchtime purchase activity and charges made to their account. However no changes were made to the account set and therefore students could continue to accrue debt and purchase meals wither either no money on their account or with deficit balances. When the current Trust Business Manager was appointed in October 2018, the school stepped back from managing the Parent Pay system wrongly assuming that the responsibility would transfer to the centre. Without any operational management, debt continued to mount up.

Recently, the Trust has taken steps to work with the school and thoroughly interrogate and analyse the situation, unpacking the various issues regarding the historic system set up and build up a clear picture as to the categorisation of debt and how this relates to current and former students. As the monitoring of student expenditure has only been in place since January 2018, any debt incurred before this time cannot be accurately allocated and therefore is non-addressable.

The school has already paid the catering company for the meals so does not owe any debt to external organisations. However, they have not received the income for the meals that parents should have paid for.

Summary of Debt

Up until May of this year, the school has accrued debt of £91,335k since the inception of the Parent Pay system. Of this amount, £36,535 is considered to be non-recoverable for a combination of reasons outlined below and £54,000 is *potentially* recoverable.

Unrecoverable Debt

- Debt accumulated before January 2018 and is therefore unable to be allocated to individual student accounts (£22,425)
- Debt associated with school leavers (£7,357)
- Debit from those on Free School Meal spending above the funded limit and incurring additional charges (£7,462)

Recommendations on Recoverable Debt

In total, 680 student accounts are in debt with the debt broken down as follows:-

Ban 1 (£0 - £99)								
No of Students in Band	Y7s	Y8s	Y9s	Y10s	Y11s	Y12s	Y13s	Total Amount Owed
160	37	23	40	21	16	10	13	£5,639.11
Band 2 (£100 - £199)								
No of Students in Band	Y7s	Y8s	Y9s	Y10s	Y11s	Y12s	Y13s	Total Amount Owed
85	15	16	17	15	12	2	8	£12,298.40
Band 3 (£200 - £299)								
No of Students in Band	Y7s	Y8s	Y9s	Y10s	Y11s	Y12s	Y13s	Total Amount Owed
60	20	10	9	14	6	0	1	£14,644.01
Band 4 (£300 - £399)								
No of Students in Band	Y7s	Y8s	Y9s	Y10s	Y11s	Y12s	Y13s	Total Amount Owed
31	0	10	11	6	4	0	0	£11,088.03
Band 5 (£400 +)								
No of Students in Band	Y7s	Y8s	Y9s	Y10s	Y11s	Y12s	Y13s	Total Amount Owed
24	0	13	3	3	5	0	0	£9,995.04

The Principal (UAE), Vice Principal (UAE), School Finance Manager and CEO of the Trust have reviewed the situation and considered options for debt recovery, and the implications in attempting to recover debt from current parents. In conclusion, because of the failing in the original system set up, the lack of programme oversight and the lack of any engagement with students or parents regarding school meal debt, combined with the known financial constraints that the majority of families face, we believe that it would be extremely challenging to enter into a debit recovery process. There is a real possibility that in chasing parents for outstanding monies, we will create significant unrest within the parent body and create additional hardship within some families as parents are forced to make the choice between paying for historic school meals and funding their child's current dining needs. A further consideration is that neither the school nor the Trust has the administrative infrastructure to support debt recovery impacting this number of families.

Jason Phillips (Vice Principal) is the senior leader with responsibility for overseeing effective administration of the Parent Pay system and will manage the admin staff member to ensure appropriate management and control. The School Principal will receive monthly reports at the school SLT covering Parent Pay accounts and administration. Income received for school meals will be monitored through school financial variation reports and any issues highlighted to the Trust Business Manager and the LAB through the variation reports prepared by the School Finance Manager. Finally, we recommend that the administration of the Parent Pay system form part of future internal audits.

	CONFIDENTIAL
Paper title:	Speak Up
Board/Committee:	South Bank Academies Audit Committee
Date of meeting:	26 June 2019
Author(s):	Clym Cunnington Trust Business Manager
Sponsor(s):	Nicole Louis Chief Executive Officer
Purpose:	For information
Recommendation:	For information if there has been any incidents

Executive Summary

Since the previous Audit Committee there have been no incidences that have gone through the Speak Up policy.

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	CONFIDENTIAL
Paper title:	Anti – Fraud, bribery and corruption report
Board/Committee	South Bank Academies Audit Committee meeting
Date of meeting:	26 June 2019
Author:	Natalie Ferer – Group Financial Controller
Purpose:	To alert Audit Committee to any instances of fraud, bribery or corruption arising in the period since the committee last met
Recommendation:	That the Committee notes this report

Summary

There is one matters report:

A fraudulent attempt to change the bank details of a supplier to South Bank Academies was made. The member of staff receiving the request followed procedures by contacting a known contact with the supplier to verify these details and as such discovered that the request was fraudulent and therefore not actioned.

Recommendation:

The Committee is requested to note this report

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