

**Minutes of the meeting of the South Bank Academies Audit Committee  
held at 2.00 pm on Tuesday, 10 March 2020  
South Bank Engineering UTC, 56 Brixton Hill SW2 1QS**

**Present**

Richard Flatman (Chair)  
Tony Giddings

**In attendance**

Helena Abrahams  
Michael Broadway  
Natalie Ferer  
Fiona Morey  
Jacqueline Mutibwa

**1. Welcome and apologies**

The Chair welcomed the Committee Members to the meeting and confirmed that the meeting was quorate.

Gemma Wright, internal auditor was welcomed to her first meeting.

**2. Declarations of interest**

There were no declarations of interest in relation to the agenda items of the meeting.

**3. Minutes of previous meeting**

The minutes of the meeting held on 28 November 2019 were approved as an accurate record.

**4. Matters arising**

The Committee noted the actions arising from the previous meeting.

Under item 4, the Business Manager had informed DfE about the ParentPay debt write-off and their response was awaited.

Under item 12, the Business Manager would check when the Financial Controls Policy and SBA Financial Scheme of Delegation was last updated and would be reviewed. The Committee would be asked to consider the updated policy via email prior to seeking the Board's approval.

It was noted that the remaining actions had been completed or were on the agenda of the meeting.

## 5. External audit findings - action plan

The Committee reviewed the actions arising from audits 2017/18 and 2018/19 and the progress that had been made on the auditors' recommendations.

Actions arising from 2017/18 audit:

- The UTC ESFA capital grant funding worth £83K for assets that had been capitalised within the UAE fixed asset register. There was no clear indication from ESFA on whether the sharing of these assets complies with terms and conditions for UTC funding. The Business Manager would seek written confirmation from ESFA on the use of the assets.
- Building occupied by UTC. There was no documentation i.e. a licence to occupy or a lease with the Landlord for the use and occupation of the building. It was noted that UTC had discussed the matter with DfE and that a response was awaited.

The Committee noted that the remaining actions arising from the 2017/18 audit had been addressed and implemented.

Actions arising from 2018/19 audit:

- Compliance with ESFA regulations and guidelines, which was due to lack of clarity on responsibility for certain areas of work. It was noted that a detailed review of compliance matters and the roles and responsibilities for each job was being undertaken with particular emphasis on compliance with the Financial Handbook. It was also noted that the issue concerning related parties would need to be considered. The Committee noted that the Financial Handbook was being reviewed and a paper on compliance would be considered at its meeting in June 2020.
- Income recognition on pupil premium. It was noted that the year-end accounting for pupil premium would be reviewed and implemented at year end 2019/20.
- Employee contracted pay due to the inability to reconcile contracted pay to amounts paid via payroll. The communication process with the payroll provider was being reviewed and an update on progress being made to address the matters was awaited. iTrent (the LSBU Group HR system) was being implemented as an HR record system and it was also being considered for payroll processing subject to complying with

ESFA rules on procurement, including related party transactions. The Committee requested that it was provided with a report on the proposed service provider for the payroll services and its views would be sought via email.

The Committee noted that the remaining actions arising from the 2018/19 audit had been addressed and implemented.

## 6. **BDO Internal audit report & financial controls**

The Committee reviewed the audit report of the Key Financial Controls that was undertaken as part of the approved internal audit plan for 2019/20. The audit focussed on accounts payable and school meal income processes and controls (ParentPay).

The Committee noted that the report gave limited assurance over both the design and the operational effectiveness of the controls in place at SBA to manage the key risks over accounts payable and school meal income. It was noted that the auditors made 4 high and 3 medium risk recommendations.

The Committee discussed the key findings from the audit:

- that the PS Financials, the finance system had not been set up to operate appropriately to enforce compliance with financial procedures. The Business Manager noted that actions were being undertaken to address the matters and that the segregation of duties over the accounts payable process had been implemented. Management gave reassurance to the Committee that PS Financials was fit for purpose and appropriate for use at SBA and would ensure that the system is set up to operate appropriately to enforce compliance with financial procedures;
- that the ParentPay procedures and practices were inconsistent across the academies and were unable to record and reconcile school meal income effectively, leading to further debts occurring. The Business Manager noted that catering contract and systems used to monitor school meal income were being reviewed. It was noted that Management would consider a consistent policy on administering ParentPay. It was noted that there was an action plan in place to address the matters. Management are considering providing free uniform and school meals to all children. A proposal would be brought to the Board in due course.

7. **SBA Financial controls policy and financial scheme of delegation**

The Committee noted that the policy would be reviewed and updated to ensure that the documents reflect the systems and processes in place. It was noted that the financial handbook needed to reflect the financial controls policy and scheme of delegation and would be reviewed in June 2020. The Committee would consider the policy via email prior to seeking Board's approval.

8. **External audit appointment update**

The Committee was provided with an update on the appointment process. It was noted that Crescent Purchasing Consortium framework had been used for the tendering process, which had been completed. It was noted that Buzzacott was the only auditor that had expressed an interest in the audit tender and that much of their work was with academies and schools. The committee noted that KPMG, the external auditors for LSBU and SBC had decided not to submit a bid as they would not be able to submit a bid that was competitive on price compared to smaller firms that specialised in the Academy market. The Committee agreed that Buzzacott should be invited to attend an interview and that the selection panel would comprise; the Chair of the Audit Committee and Tony Giddings (member of the audit committee), the Business Manager and the Group Financial Controller.

9. **SBA catering contract update**

The Business Manager gave an update on the tendering process, which was underway. The Committee noted:

- that a LSBU group procurement arrangement was being considered.
- that two companies had expressed an interest in the contract and that one was a highly experienced catering provider in schools.
- that although JPL, the current service provider, delivered a high quality and customer satisfaction service, the contract needed to be reviewed and put out to tender to ensure value for money.

An update would be provided at the next meeting.

10. **MAT risk register**

The Executive Principal gave a report on the situation concerning the Coronavirus (COVID-19), the measures, procedure in place and those that would be implemented. The Committee noted:

- that the risk on Business Continuity did not include pandemics such as the new Coronavirus with a high risk and impact score and that the register had been updated.
- that SBA was in close communication with a number of organisations for guidance and briefing updates on the pandemic i.e. Public Health England, DfE and Lambeth Council. SBA was reasonably well prepared.
- that the corporate risk register (MAT) would be considered by the Audit Committee and the Board. The operational risks would be considered by the School Advisory Boards.
- that on the risk associated with uncertainty of student numbers, the budget planning process had commenced and that there would be an additional £1K funding allocation per student in sixth form.

#### 11. **Speak up report**

It was noted that there were no matters that had been raised under the Speak Up policy since the last meeting on 28 November 2019.

The Committee was presented with an updated Group Speak Up policy which had been further reviewed to take into account the specific challenges in the HE sector. The updated policy was approved by the Group Audit & Risk Committee at its meeting on 13 February 2020. It was noted that the policy would be reflected in the other policies and procedures such as complaints policy.

The Committee noted the updated Group Speak Up policy, which was being implemented and launched with staff.

#### 12. **Anti fraud, bribery and corruption report**

The Committee noted that there were no incidences of fraud, bribery or corruption since the last meeting on 28 November 2019.

**Date of next meeting**  
**2.00 pm, on Thursday, 2 July 2020**

**Confirmed as a true record**



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(Chair)