



## Meeting of the South Bank Academies Audit Committee

10.00 am on Friday, 12 January 2018  
in 1B16 - Technopark, SE1 6LN

### Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
6.	Going concern statement (to approve)	3 - 4	CV
7.	System of internal control report (to discuss)	5 - 6	CV

**Date of next meeting**  
**4.00 pm on Tuesday, 6 March 2018**

**Members:** Richard Flatman (Chair), Adam Crossley, Douglas Denham St Pinnock, Tony Giddings, Lesley Morrison, David Phoenix, James Stevenson and Rao Bhamidimarri

**Apologies:** Richard Parrish

**In attendance:** Claire Viner, Michael Broadway, Joe Kelly and Anjali Kothari

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	CONFIDENTIAL
Paper title:	Going Concern Statement
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	12 January 2018
Author:	Claire Viner
Purpose:	For approval
Recommendation:	The meeting is requested to approve the statement.

## **Executive Summary**

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to approve the Going Concern Statement to be included in the South Bank Academies 2016/17 Annual Report.

The statement will be included as part of the 'Strategic Report' in the Annual Report.

The statement should indicate if there are any concerns or uncertainties regarding the Trust's financial capability to continue in operational existence for the foreseeable future.

Areas of assurance include.

- Reserves as at 31<sup>st</sup> August 2017
- Audit management report
- Cash balance
- 2017/18 Budget
- Risk register monitoring

## Going Concern Report 2016/17

The Going Concern statement in the accounts reads as follows:

*After making appropriate enquiries, the Board of South Bank Academies has a reasonable expectation that South Bank Academies has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.*

### Reserves as at 31/08/2017 and Audit Management Report

The Trust has total reserves of £1,229,000 which are split between Unrestricted and Restricted General and Fixed Asset funds as shown below.

Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
£86,000	£905,000	£238,000	£1,229,000

The level of funds is approximately four months of the 2016/17 income and should provide assurance that there are sufficient funds to cover any operational issues or an unexpected reduction in income.

### Cash Balance

The cash balance as at the 31<sup>st</sup> August 2017 shows a balance of £2.2m. There are no foreseen cash flow issues over the next twelve months.

Regular cash flows are included in the finance report to local governing bodies and the Trust for regular monitoring.

### 2017/18 Budget

The company budget has been approved by the Trust Board and has been submitted to the Department for Education. Both budgets show a surplus and are monitored regularly.

### Risk Register Monitoring

The risk register for the Trust is reviewed at every meeting and monitors the risks involved in the following areas of the business.

- Compliance
- Finance
- Staffing
- Pupil Levels
- Infrastructure
- Reputation

These areas cover the major risks that could affect the short and long term financial future of the Trust.

	CONFIDENTIAL
Paper title:	System of Internal Control
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	12 January 2018
Author:	Claire Viner
Sponsor:	Rao Bhamidimarri
Purpose:	For information: the system of internal control relates to controls and processes for the organisation, and provides assurance against all of the risk types within the organisation.
Recommendation:	The Committee is requested to review the report.

## Executive Summary

The purpose of this report is to provide information allowing the South Bank Academies Audit Committee to discuss the System of Internal Control.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The System of Internal Control is based on an on-going process designed to identify and prioritise the risks to the achievement of Company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact, should they be realised, and to manage them efficiently, effectively and economically.

## **CEO's Assurance Report**

**November 2017**

This report is a summary of the progress that has been made to our system of internal control and to our risk management processes over the 2016/17 school year.

- The Risk Register is aligned to the EFA's compliance requirements as well as those of the Trust
- The Corporate Risk Register has been submitted to every meeting of the Board of Directors and the Audit Committee.
- In addition to the Risk Register, Audit committee and the Board receive reports demonstrating progress on developmental activities and changes to key risks.
- In May 2017, the previous CFO submitted his resignation and left the Trust before the summer break. A smooth transition to the new CFO was not possible. This, and a combination of other factors has contributed to a breakdown in controls with significant gaps in the oversight of routine financial operations and data quality towards the end of the financial year. Management action was taken to rectify this position although inadequate bank and control account reconciliations and incomplete posting of payroll transactions has created delay and significant audit issues at year end resulting in the failure to meet the 31 December filing deadline for accounts submission.
- An action plan has been developed to ensure that the position is rectified, effective controls implemented and the finance system brought up to date.
- The Trust is confident that we continue to deliver the best value for money received from ESFA.
- During the year, identification or discovery of fraud is reported to the Audit Committee. No instances have been reported.

Rao Bhamidimarri

9<sup>th</sup> January 2018