

**Minutes of the meeting of the South Bank Academies Audit Committee
held at 11.30 am on Thursday, 3 December 2020
MS Teams**

Present

Richard Flatman (Chair)
Tony Giddings

Apologies

In attendance

Fiona Morey
Helena Abrahams
Michael Broadway
Natalie Ferer
Dan Cundy
Ciara Carroll
Gemma Wright
Alison Chojna (minute 5)

1. Welcome and apologies

The Chair welcomed members to the meeting.

Gemma Wright (BDO – internal audit) was in attendance.

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 committee approved the minutes of the meeting held on 2 July 2020.

4. Matters arising

Update to be provided on payroll provider

The Trust is being migrated to LSBU's payroll provider, iTrent. There will be two parallel runs in February and March 2021 and the formal go-live will take place on 1 April 2021. It was confirmed that the cost for using iTrent is being treated as a donated cost from LSBU, therefore there is no requirement to agree this change with the ESFA.

Update to be provided on ParentPay and catering

The historic issues with ParentPay have now been resolved and monitoring of accounts is taking place on a regular basis. Limits have been placed on the level of debt that can be accrued.

The Trust Business Manager is to be supported by the Group Financial Controller to draft the letter to the ESFA to explain the circumstances pertaining to the ParentPay debt write-off.

The catering contract is due to be renegotiated. A company is being used to support with the tenders for several contracts, including catering. There is no fee for the initial stage of contract review.

Update on financial controls impacted during pandemic

The most significant issue is the lack of physical signatures on documents. The Trust is planning to use DocuSign through the University, however the required licences have yet to be granted. This is to be escalated through the ICT team as soon as possible.

Draft Annual opinion

This item is on the agenda in item 5.

UTC grant

This item has been cleared as an audit item by the external auditor, Buzzacotts.

Self-assessment checklist

The Committee noted that the deadline for this submission has been extended to March 2021. The Committee heard that the purpose of this checklist is to ensure that the trust is using its resources effectively and provides a RAG rating in different areas of expenditure.

Following a request by the Committee, it was agreed that the checklist would be submitted to the Audit committee for detailed interrogation and then presented to the Board for sign-off before submission.

5. **Internal audit report**

Information Technology

Alison Chojna joined the meeting.

The committee noted that the IT internal audit report was conducted on a group-wide level, with specific risks noted for SBA. Limited assurances were

given for SBA, in tandem with the rest of the Group. One high risk identified was password protection which is expected to be closed imminently.

The key finding of the IT report is that cyber security needs to be led by the executive, rather than from the technology side. An IT security working group has been established and will meet on a six-weekly basis to implement necessary actions; completion will be monitored through KPIs.

The committee was pleased that cyber security is taken very seriously, particularly with the move to working from home during the pandemic. The committee requested that regular updates be provided to it throughout the remainder of the academic year on the completion of actions from this audit.

The Committee noted that significant actions have taken place already and recognised that there will be cost implications which have not been budgeted for.

The Committee noted that SBA use Pallent as its IT supplier and heard that there is a representative from Pallent attending the working group meetings to support on the technical side. Pallent are reported to be responsive and engaging well in the process. SBA appreciate the schools' experience that Pallent bring to the table and noted that the schools are well progressed in their permanent move to the cloud.

Alison Chojna left the meeting.

HR policies and procedures

The Committee noted the moderate assurance provided in this audit report and the Trust's compliance with statutory HR requirements. *In response to questioning around the suggestion by the auditors that the Trust review the overarching policy framework,* the Committee heard that work is being done to harmonise policies across both schools and to bring several policies to Trust level. It is envisaged that this work will be complete by March 2021.

Risk management

The Committee noted that the Group policy on risk management had not been implemented when this report was completed. The report has been helpful to establish where SBA is in terms of its risk management process. Actions from this report will dovetail with the actions to be taken as a result of the adoption of the Group risk management process.

The committee noted that the intention is for SBA to move to the 'defined' level by the end of the year, with a potential target of 'managed' by the end of 2022.

Annual opinion

The Committee noted that, as only two individual pieces of work have been done for SBA this year, it has not been possible to provide a separate annual opinion. However, it was confirmed that the group opinion applied to SBA as it did to other parts of the group. The group internal audit annual opinion is:

That controls are generally satisfactory with improvements required in some areas.

It was, however, recognised that SBA did have a slightly higher average number of recommendations per audit but this is within tolerance range.

Progress report

The committee noted the progress report of the annual business plan for internal audit.

6. MAT risk management

The Committee noted the Group Risk Management policy and Risk Appetite. Setting a risk appetite is devolved to the Trust from the Group and it is important that the Board forms its own view. A recommendation on SBA's risk appetite will be made for the March 2021 sequence of meetings.

The Committee noted the Risk Register and noted that there would be a submission made to the Board meeting on 15 December to mitigate the increased financial risk because of unbudgeted expenditure related to the coronavirus pandemic.

The Committee noted that there is a separate register for the coronavirus pandemic which has previously been audited by the internal auditor as part of a group-wide audit of coronavirus response.

The Committee was informed that the University had agreed to provide access to testing for SBA staff and this was likely to commence in January 2021.

7. Policies

The Committee noted the adoption of the Group Anti-fraud policy by SBA but recognised that more work needed to be done to adapt the policy to the needs of the Trust, including changing the role names.

Following discussion, it was agreed that the policy should refer to the ESFA guidelines, rather than detailing any specific financial limits. The policy will be brought back for approval at the next Audit committee meeting in March 2021.

The Committee agreed the Financial Scheme of Delegation, following confirmation that the Accounting Officer agreed with the financial limits set within the policy.

8. ESFA Letter to Accounting Officers in academy trusts 26.08.2020

The committee noted the extension of the deadline to file the 2019-20 annual accounts with the ESFA to 31 January 2021.

9. 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 2 July 2020.

10. SBA Audit committee annual business planner

The committee noted the annual business planner.

11. Anti-fraud, bribery and corruption report

The Committee noted that there were no incidences of fraud, bribery or corruption since the last meeting on 2 July 2020.

12. Any other business

The committee asked what impact the government decision to freeze public sector pay will have on the Trust's budget and what actions have been taken to reflect this. The Trust Business Manager explained that the Board had taken the decision to follow the 'School teachers' pay and conditions document'. As a result, pay increases have been removed from next year's budget. The pay increases have been retained in the budget for the following years.

**Date of next meeting
11.30 am, on Tuesday, 8 December 2020**

Confirmed as a true record



..... (Chair)