

**Minutes of the meeting of the South Bank Academies Audit Committee
held at 12.30 pm on Tuesday, 27 November 2018
South Bank Engineering UTC - South Bank Engineering UTC, 56 Brixton Hill
SW2 1QS**

Present

Douglas Denham St Pinnock (Chair)
Richard Flatman
Tony Giddings

In attendance

Nicole Louis
Michael Broadway
Clym Cunnington
Natalie Ferer
Anjali Kothari
Alexander Enibe

1. Welcome and apologies

The Chair welcomed everyone to the meeting, including the auditors from Kingston Smith and new Trust Business Manager.

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 19 July 2018.

4. Matters arising

The committee noted the actions arising from the previous meeting.

An update on land valuation would be covered separately on the agenda.

Under item 8 of the previous meeting, it was noted that PWC had completed the internal audit and the report will be provided at the next Audit committee meeting on 5 March 2019.

The committee requested that the Business Manager review whether the scope of the internal auditor's work should be expanded to include the continuous audit of financial records.

5. External audit findings

The committee discussed the external audit findings in detail, which identified a number of high-risk findings.

The external auditors confirmed that despite the number of high-risk findings, the financial control environment has improved from the previous year. The committee noted the changes in-year to the governance and management structures.

The committee noted the management responses to the findings.

The Business Manager confirmed that training of staff had already commenced and new management tools have been put in place.

The committee discussed the accounts treatment for the value of the two sites for the UAE and the UTC. It was noted that the lease for UTC site was being negotiated with Trinity Academy, whose site is adjacent to the UTC, and the DFE.

It was agreed to remove the c£14M adjustment to account for the funding paid to Trinity regarding UTC occupied premises.

An updated external audit report would go to the Board meeting on 11 December 2018.

6. Going concern statement

The committee reviewed the evidence behind the going concern statement in the annual report and accounts.

The committee agreed that it is appropriate to prepare the accounts on going concern basis and approved the statement for inclusion in the annual report and accounts.

7. System of internal control report

The committee discussed the internal control report.

The statement recognised the concerns raised by the auditors around the internal control environment and the progress made during the year in addressing control failings during the previous financial year.

8. Governance statement

The committee noted the corporate governance statement for inclusion in the annual report and accounts.

9. Land valuation update

The committee noted the land valuation update.

The Business Manager confirmed that SBA had requested the ESFA to conduct a valuation of the UAE site.

It was anticipated that this would be completed and ready for next year's accounts.

An update would be provided to the next meeting.

10. Annual value for money report

The committee noted the annual value for money statement for inclusion in the annual report and accounts.

The Business Manager confirmed that the Trust has processes in place to help achieve value for money across the schools within the requirements of the Academies Financial Handbook.

11. External audit letter of representation

The committee reviewed the external audit letter of representation which was recommended to the committee by the Executive, and noted the representation Specific to SBA in the letter. The committee recommended the letter to the Board for approval.

The committee noted that provision for £186, 914 for the UAE light and heat, which has not been invoiced by the supplier.

12. SBA Annual Report and Accounts

The committee reviewed the draft annual report and accounts for the year ending 31 August 2018. The audit for the year ending 31 August 2018 is almost complete.

The committee noted that the company reserves policy is being reviewed.

The committee noted some planned changes to the narrative sections and the c£14M adjustment agreed at minute 5. Final amended accounts would be circulated to committee members ahead of the Board meeting.

The auditors confirmed that the previous assumptions are not out of line with the benchmark.

The external auditors confirmed that the regularity report is being drafted and would be the same as last year's. The report would recognise the identified issues and would be similar to the previous year.

The committee recommended the draft accounts to the Board, subject to the amendments noted earlier.

13. Risk register

The committee reviewed the current risks to the business and the proposed new template for the risk registers.

The committee requested that direction of travel of risks is included in the new risk registers.

14. Audit of personnel files

The committee reviewed the findings of the audit of personnel files.

The committee was briefed on the gaps identified in the HR processes and systems and the steps being taken to address these gaps. The interim CEO confirmed that there were no major gaps in the processes in the UTC. The identified gaps at the UAE are being addressed and would be recorded by the next meeting of the committee.

15. Student data returns

The committee reviewed the student data returns.

The committee requested that the final return is circulated to committee members for information.

16. Anti-fraud, bribery and corruption report

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

No attempted fraud or reported incidents of bribery or corruption had been identified since the last committee meeting in July 2018.

17. Speak up report

The committee noted the Speak up report.

There have been no reports made in-line with the Speak up policy since the last committee meeting on 19 July 2018.

**Date of next meeting
12.30 pm, on Thursday, 28 March 2019**

Confirmed as a true record

..... (Chair)