

Meeting of the South Bank Academies Audit Committee

12.30 - 2.30 pm on Tuesday, 27 November 2018
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>
7.	System of internal control report (to discuss)	3 - 4	NF

Date of next meeting
2.00 pm on Tuesday, 5 March 2019

Members: Douglas Denham St Pinnock (Chair), Richard Flatman and Tony Giddings

Apologies:

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

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	CONFIDENTIAL
Paper title:	Internal Control Report
Board/Committee:	South Bank Academies Audit Committee Meeting
Date of meeting:	27 November 2018
Author(s):	Natalie Ferer, LSBU Financial Controller
Sponsor(s):	Natalie Ferer, Financial Controller
Purpose:	For Discussion
Recommendation:	The committee is requested to discuss the internal control report

Executive Summary

As reported in the previous year's accounts, a combination of factors contributed to a breakdown in controls with significant gaps in the oversight of routine financial operations and data quality toward the end of the 2016/17 financial year. A detailed action plan was developed to rectify the position including higher levels of oversight and regular checks of monthly closedown routines.

Progress has been made in year and the pace and scale of change has been significant. We have;

- Appointed a new CEO, Nicole Louis to replace Rao Bhamidimarri who resigned mid-way through the year
- Undertaken a complete review of structures, focusing on streamlining the governance and management of the Trust to support effective decision making and continuously improving outcomes for students
- Aligned the two school structures under a new Executive Principal, appointed to oversee academic delivery in both schools
- Appointed PwC to deliver independent internal audit assurance to the Board. Their first review was carried out in September 2018 and they have made a number of recommendations that the Trust is in the process of addressing
- Re-designed financial processes and implemented a number of additional controls. These include independent reviews of bank reconciliations, tighter controls around supplier payments, formal review and approval of the payroll, implementation of a month end processing and reconciliation check list, automating the production of management accounts and agreement to move to a single bank account.

However, significant issues have again been identified during the course of the year end audit this year. These issues reflect a combination of timeline and in year catch up given the challenges encountered last year and a continued lack of financial competence and capacity within the Trust finance team which has made it difficult to implement all of these new processes and procedures in an effective manner. As a result, a new Trust Business Manager has now been appointed post year end and it has also been agreed to change the finance structure and staff within the Trust function to address these issues. We are confident that these further changes, coupled with the progress made this year will deliver an improved position next year. A mid-year, comprehensive follow up review by the internal auditors is planned to provide independent assurance of improved control.