**Academy**

**Internal Controls Evaluation**

**Visit Report 1 of 3**

**2018-19**

**Academy Name: Shenfield High School**

**Date of Visit: 9th October 2018**

**INTERNAL CONTROLS EVALUATION (ICE)**

This report relates to the first of a programme of three Internal Controls Evaluation visits. All findings contained in this report should be considered by the academy’s committee responsible for providing assurance over the suitability of, and compliance with, the financial systems and operational controls in place.

Key:

High Priority: Trustees/Governors must review this recommendation as a priority.

Medium Priority: Internal controls should be strengthened to minimise risk.

Low Priority: Internal control could be strengthened in line with best practice, but little risk of material loss.

For information.

Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.

The EES *for schools* Academy ICE Service can provide assurance that appropriate financial controls are being operated within the academy, based on the understanding that the information provided during the visit is accurate and complete. It should be noted however that recommendations to improve financial controls, if implemented, cannot guarantee that fraud or misappropriation could not occur.

**Please note that this report is an exception report, and therefore, only contains the details of any issues arising.**

Where appropriate this report contains references to the Academies Financial Handbook (AFH) effective 1st September 2018, and the Anti-Fraud Checklist for Academy Trust's updated by the Education & Skills Funding Agency (ESFA) March 2018.

It is advised that an action plan be established to address areas of risk identified within this report, with an associated owner and a timeline for implementation. If trustees / governors decide not to implement any recommendation included in this report as high priority, the rationale should be formally recorded in the minutes of a board of trustees / governing body meeting.

**VISIT 1: SCOPE OF WORK**

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| **A – Governance and Financial Management** | |
| **A1: Financial Oversight:** | **Guideline References:** |
| * Scheme of Delegation of Financial Powers | **AFH 2.1.3** |
| * authorised signatories / specimen signature list | **AFH 2.2** |
| * finance governance and Terms of Reference | **AFH 2.1.4** |
| **A2: Financial Planning and Monitoring:** |  |
| * budget forecast return | **AFH 2.3.1, 2.3.2, 2.3.3, 2.3.4 & Dear Accounting Officer letters dated March & September 2018** |
| **A3: Transparency:** |  |
| * ‘Get Information About Schools’ register | **AFH 4.8.3 & Dear Accounting Officer letter dated September 2018** |
| * register of Persons with Significant Control | **Part 21A of the Companies Act** |
| * individual declaration of interests | **AFH 3.10.1, 3.10.8, 3.10.9, 3.10.10 & Anti-Fraud Checklist Item 7** |
| * disclosure of interests at meetings | **AFH 3.10.1, 3.10.8, 3.10.9, 3.10.10** |
| * managing related party transactions | **AFH 3.10.1, 3.10.2, 3.10.3, 3.10.4, 3.10.6, Dear Accounting Officer letter dated September 2018 & Anti-Fraud Checklist Item 7** |
| * publication of member & trustee interests and other required information on the academy website | **AFH 2.10.1, 3.10.11** |
| **A4: Gifts:** |  |
| * gifts & hospitality received | **AFH 3.9.1 & Anti-Fraud Checklist Item 7** |
| * gifts & hospitality given | **AFH 3.1.2 & 3.9.1** |
| **A5: Expenses:**  **gifts (received and given):** |  |
| * policy | **Dear Accounting Officer Letter dated October 2016** |
| **A6: Risk Management:** |  |
| * Register of Operating Risks and schedule of review | **AFH 2.6.1, 2.9.1 & 2.9.4** |
| * Contingency and Business Continuity Plan | **AFH 2.6.1** |
| **A7: Internal Scrutiny:** |  |
| * audit - governance | **AFH 2.9.1, 2.9.2 & 2.9.3** |
| * whistleblowing | **AFH 2.7, Anti-Fraud Checklist Item 7** |
| * follow up of previous ‘high priority’ ICE recommendations | **AFH 2.6.4, 2.9.6, 2.9.8, 4.3.1 & Dear Accounting Officer letter dated September 2018** |
| * review of statutory audit Management Letter | **AFH 2.6.4, 2.9.6, 2.9.8, 4.3.1 & Dear Accounting Officer letter dated September 2018** |

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| **B – Banking** | |
| **B1: Internal Control:** | **Guideline References:** |
| * bank account structure | **AFH 2.2.1** |
| * payment authorisation procedures | **AFH 1.5.5, 2.2.1** |
| * separation of duties (including online banking and BACS payments) | **AFH 1.5.5, 2.2.1 & Anti-Fraud Checklist Item 8** |
| * security of cheque and BACS payments | **AFH 2.2.1** |
| **B2: Cash Management:** |  |
| * bank reconciliations – frequency & review process | **AFH 1.5.5, 2.2.1 & 2.3.5** |
| * sample testing of bank reconciliations | **AFH 2.3.5** |

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| **C – Payroll and Expenses** | |
| **C1: Payroll Processing:** | **Guideline References:** |
| * payroll provider contract / SLA | **AFH 2.2.1** |
| * process of independent review | **AFH 2.2.1** |
| * sample testing of staff contracts and payments | **AFH 2.2.1** |
| **C2: Mileage and Subsistence Payments:** |  |
| * authorisation | **AFH 2.1.3** |
| * payment | **AFH 2.2.1** |

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**SECTION A: GOVERNANCE AND FINANCIAL MANAGEMENT**

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **A1: Financial Oversight** | | |
|  | **Finance Governance and Terms of Reference** | | |
|  | The Terms of Reference for the Resources Committee have not been recorded as being reviewed and approved during the past 12 months.  It is noted that this is an agenda item for the Full Governing Body meeting scheduled for 7/12/18. | The academy should ensure that approval of the Terms of Reference for the Resources Committee is recorded in the minutes of the Full Governing Body meeting. |  |
|  | **A2: Financial Planning and Monitoring** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **A3: Transparency** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **A4: Gifts** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **A5: Expenses** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **A6: Risk Management** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **A7: Internal Scrutiny** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |

**SECTION B: BANKING**

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **B1: Internal Control** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **B2: Cash Management** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |

**SECTION C: PAYROLL & EXPENSES**

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **C1: Payroll Processing** | | |
|  | The Finance Manager advised that an independent review of the academy’s payroll is carried out by Business Manager and evidenced by signature on the Employee List. The September 2018 Employee List was not signed however. | Reports examined should be signed and dated as evidence that the checks have taken place. |  |
|  | **C2: Mileage and Subsistence Payments** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |

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| USEFUL NOTES |
| **Education Finance Support Courses:**  Forward Financial Planning for Academies – 5th November 2018 (Wickford CLC)  Benefits of Benchmarking – 7th November 2018 (Cressing Temple Barns)  Budget Planning for Schools – 4th December 2018 (Notley Discovery Centre)  Accounting for Schools – 23rd January 2019 (Essex Outdoor Centre, Danbury)  Budget Planning for Academies – 12th March 2019 (Wickford CLC)  **Headteacher / Senior Leader Finance Training:**  Module 2 – Roles and Responsibilities – 14th November 2018 (Essex Outdoor Centre, Danbury)  Module 3 – Funding and Income – 12th December 2018 (Essex Outdoor Centre, Danbury)  Module 4 – Budget Planning and Monitoring – 6th February 2019 (Essex Outdoor Centre, Danbury)  Module 5 – Forward Financial Planning – 9th May 2019 (Essex Outdoor Centre, Danbury)  Module 6 – Benchmarking and Internal Controls – 25th June 2019 (Essex Outdoor Centre, Danbury)  In addition to these courses we also offer bespoke governor finance training and our regular Financial Information Networking Sessions (FINS).  Details of the above plus additional courses being offered can be found on <http://www.eesforschools.org/finance/training> |

# KEY CONTACTS

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| **EFS Finance Consultant** | Sian Smith |
| **Information Provided by** | Finance Manager, Business Manager & HR Manager |
| **Exit meeting attended by** | Finance Manager and Business Manager |
| **Chair of Governors** | Leanne Hedden |
| **Headteacher** | Carole Herman |
| **Business Manager** | Stuart Roberts |
| **Finance Manager** | Dawn Matthews |
| **Financial accounting system** | FMS Academy |