

Academy

Internal Controls Evaluation

Visit Report 2 of 3





2016-17

Academy Name: Shenfield High School
Date of Visit: 8th March 2017

INTERNAL CONTROLS EVALUATION (ICE)

This report relates to the second 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.

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 2016, and the Anti-Fraud Checklist for Academy Trust's issued by the Education Funding Agency (EFA) October 2013.

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 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 governing body meeting.

VISIT 2: SCOPE OF WORK

D - Governance and Financial Reporting:

D1: Budget Monitoring

- academy budget
- 'approved budget' changes

D2: Reporting to Trustees

- financial reporting

D3: Internal Control

- financial control account reconciliations

D4: Internal Scrutiny

- follow up of previous 'high priority' ICE recommendations
- review of statutory audit Management Letter

E - Income:

E1: Receipt of Payments from Students and Parents

- income processing policy & procedures

E2: Generated Income

- income policy & procedures for generated income

E3: Internal Control – (Income Sample)

- financial discipline
- audit trail
- completeness of income
- financial monitoring of activities
- segregation of duties

F - Assets:

F1: Fixed Assets

- register
- disposals
- physical check

F2: Inventory

- register
- physical check

G - Payroll:


G1: Payments for Additional Hours Worked

- authorisation
- segregation of duties

G2: Payroll Processing


- payroll reconciliation

SECTION D: GOVERNANCE AND FINANCIAL REPORTING


	Question	Findings	Recommendation	Action Plan
	D1: Budget Monitoring			
	<u>'Approved Budget' Changes</u>			
	<p>Have any significant 'in-year' changes to the academy budget (requiring approval by the board of trustees) been appropriately approved?</p> <p><u>AFH 2.2.1 & 2.3.1</u></p>	<p>The academy's Financial Regulations specify that virements over £35,000 must be authorised by the Resources Committee.</p> <p>Two virements over £35,000 sampled during the visit had been appropriately documented but formal approval by the Resources Committee could not be verified.</p>	<p>Any 'in-year' changes to the budget approved by governors must be authorised as specified in the academy's Scheme of Delegation of Financial Powers (Financial Regulations).</p>	

	Question	Findings	Recommendation	Action Plan
	D2: Reporting to Trustees			
	No issues to report.			
	D3: Internal Control			
	No issues to report.			
	D4: Internal Scrutiny			
	No issues to report.			

SECTION E: INCOME

	Question	Findings	Recommendation	Action Plan
	E1: Receipt of payments from Students and Parents			
	No issues to report.			
	E2: Generated Income			
	No issues to report.			
	E3. Internal Control – (Income Sample)			
	<u>Segregation of Duties</u>			
	For the sample of cash and cheque income reviewed; could appropriate segregation of duties be confirmed by examination of the income collection records? <u>AFH 2.2.4, 2.3.1, 2.1.7 & EFA: Anti-Fraud Checklist Item 8</u>	Whilst an appropriate segregation of duties was advised by the Finance Manager, this could not be evidenced for the income sampled because the cover sheet for banking had not been signed by the person who had prepared it. It had been signed by the person who checked it however.	Dated signatures would provide suitable evidence of segregation of duties.	

SECTION F: ASSETS

	Question	Findings	Recommendation	Action Plan
	F1: Fixed Assets			
	No issues to report.			
	F2: Inventory			
	<u>Inventory Register: Physical Check</u>			
	<p>Is this register subject to programmed checks to prevent loss, misuse or misappropriation of academy inventory?</p> <p><u>AFH 2.1.7, 2.2.4 & 2.3.1</u></p>	<p>The IT Manager is responsible for maintaining the Inventory Register. The IT Manager advised that every two years the IT staff undertake a 100% check of the register.</p> <p>It was advised that the accountants undertake an annual spot check during their visit. However, the academy is not provided with evidence of their independent review.</p>	<p>Evidence of the spot checks undertaken should be held at the academy. This should be signed and dated by the person who has undertaken the check.</p>	

SECTION G: PAYROLL

	Question	Findings	Recommendation	Action Plan
	G1: Payments for Additional Hours Worked			
	No issues to report.			
	G2. Payroll Processing			
	No issues to report.			

USEFUL NOTES

Education Finance Support Courses:

Successful Budget Planning & Monitoring – 16th March 2017 (Wickford CLC)
Catering Trading Accounts – 10th May 2017 (Weston Homes, Colchester) & 11th May 2017 (Wickford CLC)
Finance Administration – 23rd May 2017 (Wickford CFC)
Forward Financial Planning for Schools – 8th June 2017 (Notley Discovery Centre)
Accounting For Academies & Year End – 6th July 2017 (Notley Discovery Centre)
Effective Finance Reporting – 13th September 2017 (Cressing Temple Barns)
Finance Administration – 21st September 2017 (Danbury Outdoor Centre)
Internal Controls for Schools and Academies – 27th September 2017 (Notley Discovery Centre)
Academy Forward Financial Planning – 2nd November 2017 (Danbury Outdoor Centre)
Benefits of Benchmarking – 16th November 2017 (Wickford CLC)
Successful Budget Planning and Monitoring for Schools – 6th December 2017 (Wickford CLC)
Basic Accounting for Schools – 10th January 2018 (Cressing Temple Barns)
Successful Budget Planning and Monitoring for Academies – 14th March 2018 (Danbury Outdoor Centre)

Headteacher / Senior Leader Training

Module 1- Funding and Returns – 18th October 2017 (Danbury Outdoor Centre)
Module 2 - Budget Setting and Benchmarking – 12th December 2017 (Danbury Outdoor Centre)
Module 3 – Budget Monitoring – 30th January 2018 (Danbury Outdoor Centre)
Module 4 – Forward Planning – 9th May 2018 (Danbury Outdoor Centre)
Module 5 - Regulations & Risk Management – 27th June 2018 (Danbury Outdoor Centre)

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

EFS Finance Consultant	Sian Smith	
Information Provided by	Dawn Matthews: Finance Manager Laura Smith: PA to the Business Manager	
Exit meeting attended by	Finance Manager & Business Manager	
Headteacher	Carole Herman	c.herman@shenfield.essex.sch.uk
Business Manager	Stuart Roberts	s.roberts@shenfield.essex.sch.uk
Finance Manager	Dawn Matthews	d.matthews@shenfield.essex.sch.uk
Chair of Governors	Leanne Hedden	leannehedden@gmail.com
Financial accounting system	FMS Academy	