Internal Scrutiny Report

Financial Scrutiny

2022-23

Shenfield High School

March 2023

Executive Summary

This report provides assurance that adequate controls are being operated within the trust, based on the understanding that the information provided during the review is accurate and complete. It should be noted however that recommendations to improve controls, if implemented, cannot guarantee that fraud or misappropriation could not occur.

Recommendations raised in the report issued should be considered by the board of trustees / Audit and Risk Committee to assist them in providing assurance over the suitability of, and compliance with, the systems and operational controls in place.

No fraud was identified or reported to us for the 2022-23 period. It remains the responsibility: of management to manage the control environment to help identify potential fraud and prevent the likelihood of fraud occurring.

Introduction

The Academy trust handbook section 3.1 specifies “all academy trusts **must** have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively”. Providing that the trust has selected a scope of work for financial and non-financial controls and has considered its risk register, this Internal Scrutiny Report demonstrates how the trust meets the Academy trust handbook 2022 internal scrutiny requirements.

**Please note that this report is an exception report and therefore only contains the details of any issues arising from the review of the scope of work detailed below.**

Scope

The relevant board, informed by its risk register approved the below scope of work:

|  |  |  |
| --- | --- | --- |
| **Financial Governance** |  | **Income** |
| Internal controls and processes in place for Reporting, Scheme of Delegation and Financial Planning and Monitoring. |  | Review to determine the controls and process in place for income and, if applicable, testing to determine the effectiveness of the controls. |
| Scheme of Delegation |  | Breakfast / Afterschool Club |
| Financial Scrutiny |  | Meals |
| Financial Planning |  | Trips and activities |
| Expenses |  | Cash Income |
| Budget Monitoring |  | Online income |
| Reporting to trustees |  | Unresolved issues |
| Control Account Reconciliations |  |  |
| Bad Debts |  |  |
| Key Performance Indicators |  |  |
| Unresolved issues |  |  |

Individual recommendations Key:

|  |  |
| --- | --- |
| High Priority | Trustees 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. |
| Note/area of consideration | Comment for information only |

Summary of Findings

| RAG | Finding | Recommendation | |
| --- | --- | --- | --- |
| Financial Governance | | | |
| Low Priority | The Financial Regulations had not been reviewed or approved by the board of trustees within the last 12 months. | Section 2.4 of the Academy trust handbook states:  "The scheme of delegation [of financial powers] should be reviewed annually, and immediately when there has been a change in trust management or organisational structure." | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |
| Medium Priority | The academy does not currently present a balance sheet as part of the management accounts. | Section 2.21 of the Academy trust handbook states:  “The format of monthly management accounts must include an income and expenditure account, variation to budget report, cash flows and balance sheet.” | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |

| RAG | Finding | Recommendation | |
| --- | --- | --- | --- |
| Low Priority | It could not be evidenced by examination of meeting minutes that key performance indicators are calculated to measure performance regularly. | Section 2.22 of the Academy trust handbook states; “The trust must select key financial performance indicators and measure its performance against them regularly…”  Evidence of review should be included in the minutes of a meeting. | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |
| Income | | | |
| Low Priority | It was advised that the school’s policy is to always provide a meal for a student if they have no balance on their meals account. This could result in the school having to cover the cost of the debt if it is not paid by the parent/s. It was advised that this policy is not documented. | It is recommended that this policy on meal provision is documented and approved by trustees. | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |

Key Contacts

|  |  |
| --- | --- |
| Juniper Education Review Consultant | Sian Smith |
| Juniper Review Programme Manager | Joanne Ward FCCA |
| Information Provided by | Finance Manager (D Matthews) |
| Exit meeting attended by | Business Manager & Finance Manager |
| Chair of the Board of Trustees | J Swettenham |
| Chair of the Resources Committee | K Boulton |
| Headteacher / AO | C Costello |
| Business Manager / CFO | S Roberts |
| Financial Accounting System | FMS |

**EMERGING ISSUES**

INTEGRATED CURRICULUM AND FINANCIAL PLANNING (ICFP)

Integrated curriculum and financial planning is a management process that helps schools plan the best curriculum for their pupils with the funding they have available. It can be used at any phase or type of school. ICFP involves measuring your current curriculum, staffing structure and finances, and using the data to create a 3- to 5-year plan. Linking curriculum and financial planning can help you: achieve educational success and financial sustainability; deliver the best curriculum your school can afford that meets the needs of your pupils.

[Free ICFP tools](https://www.gov.uk/guidance/integrated-curriculum-and-financial-planning-icfp) are available for different school types on the DofE website. Juniper is also able to offer an ICFP Health Check as part of your trust’s internal scrutiny program, . If you would like more information about this, please contact [carly.quickcrockford@junipereducation.org](mailto:carly.quickcrockford@junipereducation.org)

CYBER SECURITY

Cyber security has continued to be a growing area of concern and risk over the past 18 months, with more people working remotely and an increased frequency of email hacking, phishing and malvertising. The July 2020 [governance update](https://www.gov.uk/government/publications/school-governance-update/academy-trusts-school-governance-update-july-2020#new-guidance-on-managing-cyber-security-risks-in-your-school) advises that schools should include an assessment of cyber security within their risk registers, and the ESFA have produced further guidance and suggested questions that trustees can ask on the [National Cyber Security Centre website](https://www.ncsc.gov.uk/information/school-governor-questions).

GDPR

An increasing number of schools are incurring unplanned costs, both direct and indirect, because of the increase in basic, and easily avoidable, data protection incidents and poorly managed school communications. This is combined with the increasing awareness of data subject of their right to bring a claim [on average in the order of £5,000 per claimant], directly against a school, leading to considerable potential risk to a school.  Our GPDR associate has created a briefing video which helps you understand the changing risk to your school and employ some basic strategies and resources to help mitigate them and protect your school against unplanned costs. If you would like access to this briefing, please contact [carly.quickcrockford@junipereducation.org](mailto:carly.quickcrockford@junipereducation.org)

**USEFUL LINKS**

ACADEMY TRUST HANDBOOK

The Academy trust handbook 2022 is effective from September 2022. Trustees should ensure that they have read this document and noted any changes to ensure any new requirements are adhered to.

[ATH 2022 (publishing.service.gov.uk)](https://assets.publishing.service.gov.uk/media/61018f99e90e0703b58e8c79/Academy_trust_handbook_2022.pdf)

INTERNAL SCRUTINY IN ACADEMY TRUSTS

This good practice guide provides guidance for trustees, audit and risk committees, accounting officers, and chief financial officers (CFOs) in academy trusts.

[Internal scrutiny in academy trusts - GOV.UK (www.gov.uk)](https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/internal-scrutiny-in-academy-trusts?#annex-1)