Internal Scrutiny Report

Financial Controls

2022-23

Shenfield High School

Review 3of3: June 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:

|  |  |  |
| --- | --- | --- |
| **Procurement** |  | **Payroll** |
| Review to establish the effectiveness of controls and processes for all areas of procurement. |  | Review to determine the appropriateness and effectiveness of the controls and processes in place, around administration, approval, and segregation of duties in all areas of payroll processing. |
| Related party transactions |  | Payroll process |
| Purchase card |  | Segregation of duties |
| Quotations |  | Financial regulations |
| Tenders |  | Sample testing |
| Authorisation levels |  | Mileage and subsistence |
| Expenditure sample testing |  | Additional hours |
| Value for Money |  | Special payments |
| Unresolved issues |  | Unresolved issues |
|  |  |  |
| **Governance Framework - Review 2of2** |  |  |
| Internal scrutiny of controls and processes relating to Policies, Transparency, Publication of information. |  |  |
| Internal Scrutiny |  |  |
| Publication |  |  |
| 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 | |
| --- | --- | --- | --- |
| Procurement | | | |
| Medium Priority | The Financial Regulations specify that payments above £50,000 must be approved by the Chair or Vice Chair of Trustees. The purchase order 12397 for Churchill Contract Services (cleaning) for £153,700 had not been approved by the Chair or Vice Chair of Trustees. | All expenditure must be approved as specified in the Financial Regulations. This authorisation should be evidenced by the signature of an authorised signatory on the purchase order or, in exceptional circumstances if an order has not been raised, by the signature of an authorised signatory on the invoice. | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |
| Low Priority | The sample highlighted three orders dated after the invoice date. | Raising an order allows the authorising signatory to review and approve the order prior to an invoice being received for goods or services supplied and is also the means by which the funds required for goods/services are committed on the financial accounting system. Raising commitments helps to avoid over committing expenditure budgets and placing a strain on cash and will also ensure that reports generated from the financial system reflect an accurate financial position. | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |

| RAG | Finding | Recommendation | |
| --- | --- | --- | --- |
| Low Priority | The academy’s contract/regular supplier register is not up to date. | The academy’s contract/regular supplier register should be brought up to date.  The register should be shared with trust boards or local governing bodies, depending on the scheme of delegation, regularly to make them aware of any upcoming milestones in the contract register timetable and provide them an opportunity to challenge procurement  plans. | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Payroll | | | |
| Medium Priority | The current pay for the Headteacher and a teacher reviewed had not been approved in accordance with the Financial Regulations. | All changes to an employee’s contract pay and conditions must be approved as specified in the academy’s Financial Regulations.  It is advised that signed salary statements are retained on personnel files as evidence that current salaries are approved in accordance with the Financial Regulations. | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |
| Governance Framework 2 | | | |
| Low Priority | Trustees have not yet considered the results of the Schools Resource Management Self-Assessment checklist (SRMSAC) which was submitted to the ESFA in March 2023. | The School Resource Management Self-Assessment Checklist helps academy trusts check they are managing resources effectively and identify any adjustments they need to make.   The checklist helps governing bodies and trust boards to: - check they have appropriate financial management and governance arrangements - check they are meeting the right standards to achieve a good level of financial health and resource management - identify areas for change to make sure resources are used to support high-quality teaching and the best education outcomes for pupils  *Trustees should carefully consider the SRMSAT dashboard results and identify potential follow-up actions.* | |
| *Management Response:* |  | *Responsibility / Due Date:* |  |

Notes / Areas for Consideration

|  |  |
| --- | --- |
| Procurement | |
| Purchase cards | The academy has a purchase card in the name of the previous Finance Manager who is no longer employed by the academy. The purchase card should be cancelled as soon as possible as cards must be in the names of current academy employees only. |

Key Contacts

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| --- | --- |
| Juniper Education Review Consultant | S Smith |
| Juniper Review Programme Manager | J Ward FCCA |
| Information Provided by | Chief Finance & Operations Officer & Finance Manager (S Hatton) |
| Exit meeting attended by | Chief Finance & Operations Officer & Finance Manager (S Hatton) |
| Chair of the Board of Trustees | J Swettenham |
| Chair of the Resources Committee | K Boulton |
| Headteacher / AO | C Costello |
| Chief Finance & Operations Officer / 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)