Internal Scrutiny Annual Report

2022-23

Shenfield High School

Executive Summary

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| Reviews undertaken:Financial Control: Jan 23Financial Control: Mar 23Financial Control: Jun 23Governance: Feb/Mar 23 | Review provided by:Juniper EducationJuniper EducationJuniper EducationLeadershipwise | **Overall Opinion: Good** |
|  | Total number of recommendations: 12 |
| High Priority | 0 |
| Medium Priority | 4 |
| Low Priority | 8 |

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.

Overall Opinion Criteria

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| --- | --- |
| Good | There is a sound system of internal control designed to manage risks. Many recommendations are of low-risk rating. |
| Satisfactory | There is generally a sound system of internal control processes, however there are a higher level of medium priority risks than low priority risks identified.  |
| Requires Improvement | There are significant weaknesses in key areas in the systems of control, and a high number of high-riskrecommendations have been identified in each review completed. |
| Poor | Many risks identified are of a high-risk nature, and there are significant process failings. |

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 Control Review 1:

|  |  |  |
| --- | --- | --- |
| **Governance Framework - Review 1of2** |  | **Banking** |
| Internal scrutiny of controls and processes relating to Policies, Transparency, Publication of information. |  | Review to establish the effectiveness of the controls and processes for banking and BACS transactions. |
| Financial Oversight & Appointments |  | Bank Account Structure |
| Related Party Transactions - Register of Interests |  | Authorised Signatories |
| Related Party Transactions - Declaration of Interest Forms |  | BACS |
| Related Party Transactions - Conflicts of Interest |  | Bank Reconciliation |
| Related Party Transactions - Reporting |  | Sample testing of bank reconciliations |
| Transparency - Publication |  | Cheque payments |
| Transparency - GIAS |  | Unresolved Issues |
| Suitability of members |  |  |
| Gifts |  |  |
| Risk |  |  |
| Business Continuity |  |  |
| Internal Scrutiny - Audit and Risk Committee |  |  |
| Whistleblowing |  |  |
| Unresolved Issues |  |  |

Financial Control Review 2:

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| --- | --- | --- |
| **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 |  |  |

Financial Control Review 3:

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| --- | --- | --- |
| **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 |  |  |

Governance:

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| --- |
| **Governance** |
| As set out by the Department for Education, an external review of governance (ERG) examines the effectiveness of a governance board based on the 6 features of effective governance, which are set out in the DfE’s Governance Handbook. |
| Strategic Leadership |
| Accountability |
| People |
| Structures |
| Compliance |
| Evaluation |

Individual recommendations priority key:

A system of grading internal scrutiny findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:

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| --- | --- |
| High Priority | Issues where there is a risk of significant financial impact on the trust that must be addressed immediately by the academy trust |
| Medium Priority | Issues where there is a risk of moderate financial impact on the trust, such as a control failure or the absence of a control in an area of moderate risk. These should be addressed soon. |
| Low Priority | Issues that relate to minor control deficiencies or enhancements in control efficiency. These should be addressed within an agreed timescale. |

Summary of Findings

| RAG | Finding | Recommendation |
| --- | --- | --- |
| Governance Framework |
| Low Priority | The academy trust’s register of interests does not include all required information as stipulated in the Academy trust handbook as the date the interest began is not included. | Section 5.45 of the Academy trust handbook states "The academy trust’s register of interests must capture relevant business and pecuniary interests of members, trustees, local governors and senior employees including:• directorships, partnerships and employments with businesses• trusteeships and governorships at other educational institutions and charities • for each interest: the name and nature of the business, the nature of the interest and the date the interest began" |
| *Management Response:* |  | *Responsibility / Due Date:* |  |
| Low Priority | The academy’s Business Continuity Plan has not been formally reviewed since July 2021.  | It is recommended that the academy’s Business Continuity Plan is formally reviewed by trustees at least annually.  |
| *Management Response:* |  | *Responsibility / Due Date:* |  |

| 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:* |  |
| 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:* |  |

| RAG | Finding | Recommendation |
| --- | --- | --- |
| 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:* |  |

| 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:* |  |
| 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:* |  |

| RAG | Finding | Recommendation |
| --- | --- | --- |
| 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:* |  |

| RAG | Finding | Recommendation |
| --- | --- | --- |
| 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:* |  |

| RAG | Finding | Recommendation |
| --- | --- | --- |
| Governance |
| Medium Priority | **Areas for improvement:*** The Trust urgently needs to update its articles of association and consider these alongside the constitution of members for the trust.
* Leadership of the Governing Body would benefit from being distributed further and more governors being empowered. There is an over-reliance on the chair.
* The Governing Body would benefit greatly by the support and guidance of a governance professional who could ensure the matters of the Governing Body are well documented, efficiently stored and that the Governing Body is fully compliant.
* There is an opportunity with a number of new governors coming on Governing Body to review the recruitment, onboarding and induction process to see it fully meets the needs of new governors so they are able to hit the ground running.

**Recommendations:**Strategic Leadership 1. The Governing Body and Headteacher are working to develop a simple statement about their vision for the school which can be easily articulated. The views of stakeholders are being sort to be included. Alongside this there needs to be a 3–5-year plan. The consensus was that the Governing Body would benefit by some defined time for strategic thinking outside the usual meeting schedule to develop these collaboratively. 2. All governors would benefit from more opportunities to extend their understanding of evaluating and managing risk so that it is intrinsic to their discussions and decision making. Engaging in some training on this would be beneficial. 3. Together with the school leadership team, the Governing Body should consider what information they currently gather on stakeholder views, whether it is sufficient and what more they would find useful and how this could best be gathered and what it would be used to inform.  |
|  | Accountability4. As the Headteacher develops the data reporting systems, governor should work with her and SLT to understand what would be useful to governors, how it could be used and what training, if any governors may need to be able to deepen their knowledge and understanding; as well as how to interpret it and use it to inform discussion.5. The governor visit days are providing a useful selection of evidence to support their monitoring of the school improvement plan and oversight of critical areas such as inclusion, SEND and safeguarding. By engaging with these, governors are increasing their knowledge and understanding of the school which is an essential part of their role. When reported back to committee or board there should be a discussion and actions identified which follow on from these sessions so that things discussed after the day do not get lost. 6. Developing a profile for key governor roles, training to engage in and how to carry them out would help new governors when they take on these roles. These should be developed by the governors carrying out the roles and all of these role descriptors should include, frequency of visit, expectations and activities typically undertaken. New governor may benefit by buddying with experienced governors when they are visiting to see them performed and deepen their understanding. 7. Two areas that emerged from the facilitated workshop should be addressed by; training to ensure all governors understand how the school makes decisions on pay and the basics around the Headteacher’s performance management process. Secondly, and related is about how governors look after the headteachers welfare (an integral part of the performance management process). 8. Governor should also consider how the welfare of staff is monitored and what the school provides to support their mental health and overall wellbeing. This should be integrated into the work of one of the committees, or if it is there look at the air time it is givenPeople 9. The balance of parents/ex parents and independent governors from the community should be built into the recruitment policy as should evaluation of diversity and inclusivity of the Governing Body. 10. The onboarding process and induction of new governors needs to be reviewed. This is an essential piece of work so that there are clear expectations of governors, time commitment, training as well as a sound introduction into the role which allows them to swiftly transfer the knowledge and skills they bring to the context of the school and education as a whole. 11. The work being undertaken to build a training programme for governors should be completed so that there are courses signposted that meet the needs of individuals and the Governing Body based on the recent skills audit. Opportunities for governors to feedback and share key learning points from development sessions or reading should be introduced.  |
|  | 12. The role of the Members should be clarified for all those involved in governance. The reciprocal arrangements in place should be reviewed and the membership considered in parallel with adapting the Articles of Association so that the trust is fully compliant. Members should consider if meeting only once a year provides them with sufficient information to carry out their role effectively. 13. The Chair of Governors is diligent, hard working and very capable. She may be a hard act to follow. More needs to be done to ensure that there are succession plans in place and potential future chairs are undertaking the necessary development to support them in the role should they take it on.14. The role of Chair is made more challenging and time consuming than it needs to be because the Governing Body does not employ a dedicated Governance Professional to advise, guide and support it. This would be a very valuable investment as would replacing the current document storage systems with an off the shelf solution with integrated communication facilities such as GovernorHub.15. The CFO is the company secretary and a staff governor, while this is not illegal it is not considered to be good practice. The CFO could rightfully be invited to attend meetings for his development and to contribute to the key matters he is responsible for without being a governor. Structures 16. Once the data release timings are identified, it would be valuable to review and realign the timings of meetings to coordinate with these and other requirements. Compliance 17. The articles of association must be updated to ensure that they reflect practice or desired future practice. Evaluation 18. A governance action plan should be developed from the recommendations in this report and monitored regularly. The Governing Body should put in place a programme to review the changes it is implementing. |
| *Management Response:* |  | *Responsibility / Due Date:* |  |

**EMERGING ISSUES**

Acquiring and Converting a New School

An education whitepaper published in March 2022, set out the Government’s ambition for all schools to be part of a multi-academy trust by 2030. Trusts will be looking to acquire further schools. Juniper can help with the due diligence for this process. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

Wellbeing

It has been reported that staff stress levels are high, leading to many staff leaving the education sector altogether. Mitigating the impact of stress in the workforce should be implemented into everyday trust life by use of a wellbeing charter and strategies and structures that are put in place. Juniper can assess the general wellbeing of staff and provide suitable recommendations to help improve staff wellbeing and staff retention. Please contact carly.quickcrockford@junipereducation.org should you require any further information.

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

**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)

Bespoke Reviews

If our portfolio of reviews does not include a particular area of interest or risk identified by the trust board, please contact us to discuss our bespoke review options.

Consulting

Juniper is available to provide consulting services in many areas of running a multi academy trust, from centralisation implementation and restructuring to expansion and attracting schools. Please contact us if you would like more information on our consulting work.

Non-Financial Reviews Offered

PE & Sports Premium Review

Schools must use PE and sport premium funding to make additional and sustainable improvements to the quality of the PE, physical activity, and sport they provide. Our review will look at whether the funding is being used effectively to develop and add to your provision and examine your own evaluation of the impact using the 5 key indicators set out in the DfE guidance.

Pupil & Recovery Premium Review

Evidence shows that disadvantaged children generally face additional challenges in reaching their potential at school and often do not perform as well as other pupils. Pupil and recovery premium grants provide funding for schools to provide extra support for these pupils. Our review team will take on the role of ‘critical friend’, highlighting areas of strength around the school’s approach to the use of the premiums, but also identifying what can be improved.

Safeguarding Internal Scrutiny Review

Keeping pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A safeguarding internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Internal Scrutiny Review

Children and young people with special educational needs and disabilities should achieve well in their early years, at school and in college, and lead happy and fulfilled lives. Supporting SEND pupils safe is a core responsibility of schools and is rightly a key part of legislation and inspection. A SEND internal scrutiny review will assure settings of what they are doing well and provide recommendations to further improve practice and meet and exceed statutory expectations.

SEND Ofsted Audit

Though Ofsted doesn’t give separate grades for a school’s SEND provision, the evidence gathered is used to inform other judgements. Therefore, schools may find it useful to consider their provision in the same way as an inspection might.

We are pleased to offer an audit focussing on Ofsted criteria, in particular the requirements of paragraphs 360 to 364 of the inspection handbook.

Sustainability Internal Scrutiny Review

Children and young people should have an understanding of the effects that human use of the world’s resources has on them as individuals (including health, wellbeing, and financial wellbeing), the school community, their locality and the world. Our review team will take on the role of ‘critical friend’, highlighting areas of strength around the sustainability agenda, but also identifying what can be improved.

Teaching & Learning Review

Children and young people’s education through the pandemic has suffered. Research is clear that some groups of pupils have fallen further behind than others. A key responsibility of schools is the need to prioritise the teaching of missed content so that pupils will be able to make sense of later work in the curriculum. This includes key knowledge, skills, vocabulary, concepts, and the links between concepts. Our review team will take on the role of ‘critical friend’, highlighting areas of strength around the school’s approach to teaching for education, but also identifying what can be improved.