**Academy**

**Internal Controls Evaluation**

**Visit Report 1 of 3**

**2019-20**

**Academy Name: Shenfield High School**

**Date of Visit: 8th October 2019**

**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 Juniper EducationAcademy 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 2019, the Anti-Fraud Checklist for Academy Trust's updated by the Education & Skills Funding Agency (ESFA) March 2018 and the Self Resource Management Self Assessment Tool (SRMSAT).

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.

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# SECTION A: GOVERNANCE AND FINANCIAL MANAGEMENT

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| **Scope of Work** |
| **A1: Financial Oversight:** | **Guideline References:** |
| * appointment of the clerk to the board
 | **AFH 1.38 & SRMSAT 5** |
| * Scheme of Delegation of Financial Powers
 | **AFH 2.4; SRMSAT 7**  |
| * authorised signatories / specimen signature list
 | **AFH 2.7**  |
| * finance governance and Terms of Reference
 | **AFH 2.5 &SRMSAT 8** |
| **A2: Financial Planning and Monitoring:** |  |
| * budget forecast return
 | **AFH 2.9, 2.10, 2.15, 2.16, 2.17; Dear Accounting Officer letters dated March & September 2018 & SRMSAT 12, 18, 36** |
| **A3: Transparency:** |  |
| * ‘Get Information About Schools’ register
 | **AFH 2.51 to 2.56 & Dear Accounting Officer letter dated September 2018**  |
| * register of Persons with Significant Control
 | **Part 21A of the Companies Ac** |
| * individual declaration of interests
 | **AFH 5.35, 5.44, 5.45, 5.46; Anti-Fraud Checklist Item 7 & SRMSAT 10**  |
| * disclosure of interests at meetings
 | **AFH 5.35, 5.44, 5.45, 5.46 & SRMSAT 10** |
| * managing related party transactions
 | **AFH 5.35, 5.37, 5.38, 5.40 to 5.43 Dear Accounting Officer letter dated September 2018 & Anti-Fraud Checklist Item 7 & SRMSAT 10**  |
| * publication of member & trustee interests and other required information on the academy website
 | **AFH 2.32, 5.47 & SRMSAT 10,11**  |
| **A4: Gifts:** |  |
| * gifts & hospitality received
 | **AFH 5.31 & Anti-Fraud Checklist Item 7**  |
| * gifts & hospitality given
 | **AFH 5.2, 5.31**  |
| **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 2.36, 3.8, 3.12, 3.13 &SRMSAT 17, 33**  |
| * Contingency and Business Continuity Plan
 | **AFH 2.37 & SRMSAT 17**  |
| **A7: Internal Scrutiny:** |  |
| * audit - governance
 | **AFH 3.6 to 3.14 & SRMSAT 9, 33**  |
| * whistleblowing
 | **AFH 2.41, 2.42, 2.43 Anti-Fraud Checklist Item 7 & SRMSAT 35**  |
| * follow up of previous ‘high priority’ ICE recommendations
 | **AFH 2.40, 4.16 & Dear Accounting Officer letter dated September 2018**  |
| * review of statutory audit Management Letter
 | **AFH 2.4, 3.4, 3.17, 3.16; Dear Accounting Officer letter dated September 2018 & SRMSAT 33** |

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **A2: Financial Planning and Monitoring**  |
|  | The approval of the 3-year plan (submitted as part of the budget forecast return) had not been recorded in the minutes of a board of trustees meeting. | It should be noted that Section 2.16 of the latest Academies Financial Handbook, issued September 2019, states that the approval of the 3-year budget forecast return **must** be approved by the board of trustees. |  |
|  | **A3: Transparency** |
|  | **Managing Related Party Transactions** |
|  | The academy has an appropriate process in place to recognise transactions with parties related to members and trustees.  | It is advised that academies note the following new requirement (included in the Academies Financial Handbook, effective September 2019):Section 5.40: any transactions with related parties made on or after 1st April 2019 **must** be reported to ESFA in advance of the contract or agreement commencing, using ESFA’s online form.Note: related party transactions will be further reviewed during the expenditure sample testing in a later Internal Controls Evaluation visit. |  |
|  | **Publication of Information on the Academy Website** |
|  | One trustee’s Register of Interests declaration form included a governance role in another educational institution. This interest had not been published on the academy’s website. | Section 5.44 of the Academies Financial Handbook states that published interests **must** include governance roles in other educational institutions. |  |
|  | As at the date of this review, the attendance records for each trustee at the board and committee meetings over the last academic year had not been published on the academy’s website. | Section 2.48 of the Academies Financial Handbook states that academies **must** publish the attendance records for each trustee at the board and committee meetings over the last academic year on their website.  |  |
|  | **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** |
|  | **Audit Committee**  |
|  | The functions of an audit committee are performed by the Resources Committee. It was noted that there are members of staff who are members of the Resources Committee.  | Section 3.11 of the Academies Financial Handbook states where the academy operates a combined Finance and Audit Committee employees may be members but should not participate as members when audit matters are discussed; they may remain in attendance to provide information and participate in discussions. |  |

**SECTION B: BANKING**

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| **Scope of Work** |
| **B1: Internal Control:** | **Guideline References:** |
| * bank account structure
 | **AFH 2.7**  |
| * payment authorisation procedures
 | **AFH 1.30, 2.28, 2.7**  |
| * separation of duties (including online banking and BACS payments)
 | **AFH 1.30, 2.7 & Anti-Fraud Checklist Item 8** |
| * security of cheque and BACS payments
 | **AFH 1.30, 2.7**  |
| **B2: Cash Management:** |  |
| * bank reconciliations – frequency & review process
 | **AFH 1.30, 2.7, 2.24**  |
| * sample testing of bank reconciliations
 | **AFH 1.30, 2.24, 2.7**  |

|  | **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

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| **Scope of Work** |
| **C1: Payroll Processing:** | **Guideline References:** |
| * payroll provider contract / SLA
 | **AFH 2.7**  |
| * process of independent review
 | **AFH 2.7**  |
| * sample testing of staff contracts and payments
 | **AFH 2.7**  |
| **C2: Mileage and Subsistence Payments:** |  |
| * authorisation
 | **AFH 2.4**  |
| * payment
 | **AFH 2.7**  |

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **C1: Payroll Processing**  |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. |
|  | **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:**Budget Planning for Schools – 3rd December 2019 (Hamptons, Chelmsford)Accounting for Schools – 21st January 2020 (Notley Discovery Centre)Budget Planning for Academies – 10th March 2020 (Hamptons, Chelmsford) **Headteacher / Senior Leader Finance Training:**Module 2 – Roles and Responsibilities – 12th November 2019 (Hamptons, Chelmsford)Module 3 – Funding and Income – 10th December 2019 (Hamptons, Chelmsford)Module 4 – Budget Planning and Monitoring – 4th February 2020 (Hamptons, Chelmsford)Module 5 – Forward Financial Planning – 12th May 2020 (Hamptons, Chelmsford)Module 6 – Benchmarking and Internal Controls – 16th June 2020 (Hamptons, Chelmsford)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 <https://www.junipercpd.org/cpd/> |

# KEY CONTACTS

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| **Juniper Education Review Consultant** | Jo Ward |
| **Information Provided by** | Dawn Matthews - Finance Manager, & Stuart Roberts - Business Manager |
| **Exit meeting attended by** | Finance Manager & Business Manager |
| **Chair of Governors** | Jane Swettenham |
| **Headteacher**  | Carole Herman |
| **Business Manager** | Stuart Roberts |
| **Finance Manager** | Dawn Matthews |
| **Financial Accounting System** |  FMS Academy |

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