**Internal Scrutiny Annual Report**

**2021-22**

**Academy: Shenfield High School**

**Executive Summary**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Reviews undertaken:  Financial Control: | Review provided by:  Juniper Education | **Overall Opinion: Good** | | | |
|  | | | Number of recommendations: | | |
| Priority | 2020-2021 | 2021-2022 |
| High | 3 | 1 |
| Medium | 5 | 4 |
| Low | 2 | 3 |

This report provides assurance that adequate controls are being operated within the academy trust, based on the understanding that the information provided during the reviews 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 reports 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 2020-21 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**

|  |  |
| --- | --- |
| Good | There is a sound system of internal control designed to manage risks. Most 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 more than two high risks recommendations have been identified in each review completed. |
| Poor | Most risks identified are of a high-risk nature, and there are significant process failings. |

**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.

**Introduction**

The Academies Financial 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 Annual Report demonstrates how the trust meets the Academy Financial Handbook requirement.

The academy trust requested the internal scrutiny programme of work detailed below:

|  |  |  |
| --- | --- | --- |
| **Governance Framework** | **Financial Governance** | **Banking** |
| Financial Oversight & Appointments | Scheme of Delegation | Bank Account Structure |
| Related Party Transactions - Register of Interests | Financial Scrutiny | Authorised Signatories |
| Related Party Transactions - Declaration of Interest Forms | Financial Planning | BACS |
| Related Party Transactions - Conflicts of Interest | Expenses | Bank Reconciliation |
| Related Party Transactions - Reporting | Budget Monitoring | Sample testing of bank reconciliations |
| Transparency - Publication | Reporting to trustees | Cheque payments |
| Transparency - GIAS | Control Account Reconciliations | Unresolved Issues |
| Suitability of members | Bad Debts |
| Gifts | VAT |
| Risk | Key Performance Indicators |
| Business Continuity | Unresolved issues |
| Internal Scrutiny - Audit and Risk Committee |
| Whistleblowing |
| Data protection |
| Publication |
| **Income** | **Payroll** | **Procurement** |
| Review to determine the controls and process in place for income and, if applicable, testing to determine the effectiveness of the controls. | 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. | Review to establish the effectiveness of controls and processes for all areas of procurement. |
| Breakfast / Afterschool Club | Payroll process | Related party transactions |
| Meals | Segregation of duties | Purchase card |
| Trips and activities | Financial regulations | Quotations |
| Cash Income | Sample testing | Tenders |
| Online income | Mileage and subsistence | Authorisation levels |
| Centralised MATS | Additional hours | Expenditure sample testing |
| Unresolved issues | Special payments | Value for Money |
|  | Unresolved issues | Unresolved issues |

**Summary of Findings**

| **High Priority** | | | |
| --- | --- | --- | --- |
| **Governance Framework** | | | |
| Transparency - Register of Interests | At the time of the review the register of interests did not detail all current members, trustees, local governors, and senior employees. | Section 5.45 of the Academies trust handbook states that  "The academy trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors and senior employees." | |
| Management Response: | Responsibility: | Due Date: |

| **Medium Priority** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **Governance Framework** | | | | | | |
| Transparency - Publication | The accuracy of the register of interests could not be verified, therefore it is not possible to verify the information published on the website. | | Section 5.48 of the Academies trust handbook states: "Trusts must publish on their websites relevant business and pecuniary interests of members, trustees, local governors, and accounting officers. Trusts have discretion over the publication of interests of other individuals named on the register. The Charity Commission offers guidance in Manage a conflict of interest in your charity and CC29: Conflicts of interest: a guide for charity trustees." | | | |
| Management Response: | | Responsibility: | | Due Date: | |
| **Financial Governance** | | | | | | |
| Reporting to Trustees | | The academy does not currently present a balance sheet (Trial Balance in FMS) as part of the management accounts.  The Business Manager advised that a Cost Centre Report is provided, however, this does not include all elements of a balance sheet. | | Section 2.21 of the Academy trust handbook states that the management accounts must include a balance sheet. | | |
| Management Response: | | Responsibility: | | Due Date: |

| **Medium Priority** | | | |
| --- | --- | --- | --- |
| **Procurement** | | | |
| Contract Register | The academy’s contract register is not up to date. The Business Manager advised that the register is currently being updated. | The academy should ensure their contract register is up to date and contains the following information (as detailed in the Self-Assessment Checklist (SAC) support notes Q35 published by the Department for Education):  • contract start and end date  • current value of the contract  • the lead in time for procurement / information on early termination  – for example, any dates or penalties incurred for early termination  • any potential for extension of the contract, if already in the terms of  the contract  • an indication of exit strategies or re-procurement plans  This will act as evidence that a formal process of review (for all contracts coming up for renewal) is in place.  The updated register should be shared regularly with the governing body 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: |

| **Low Priority** | | | | | |
| --- | --- | --- | --- | --- | --- |
| **Governance Framework** | | | | | |
| Scheme of Delegation | The Resources Committee Terms of Reference do not specify that the committee can approve the Financial Regulations. | | | If the Resources Committee are to approve the Financial Regulations this must be included within the Terms of Reference. | |
| Management Response: | | | Responsibility: | Due Date: |
| **Governance Framework** | | | | | |
| Transparency - Register of Interests | | It could not be verified that the register of interests would clearly capture all the relevant business and pecuniary interests for members, trustees and senior employees as set out in the Academies trust handbook. | Section 5.45 of the Academies trust handbook states that "The academy trust's register of interests must capture relevant business and pecuniary interests of members, trustees, local governors and senior employees, including:   - relevant directorships, partnerships and employments with businesses,   - trusteeships and governorships at other education 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** | | | |
| --- | --- | --- | --- |
| **Governance Framework** | | | |
| Internal Scrutiny | The review of the academy Internal Scrutiny report dated March 2022 (review 2 of 3) was recorded in the minutes of the Resources Committee meeting held on 10th March 2022. However, the Internal Scrutiny report dated December 2021 (review 1 of 3) had not been formally reviewed by governors as at the date of this visit. | Section 3.16 of the Academy trust handbook states “Whilst the audit and risk committee are responsible for overseeing the internal scrutiny, the findings must also be made available to all trustees promptly.”  Formal review of Internal Scrutiny reports will provide assurance that internal financial control risks are being adequately identified and managed. It is therefore recommended formal review of the Internal Scrutiny reports is recorded in the minutes of an appropriate meeting. | |
| Management Response: | Responsibility: | Due Date: |

**EMERGING ISSUES**

**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 2021 is effective from September 2021. Trustees should ensure that they have read this document and noted any changes to ensure any new requirements are adhered to.

<https://assets.publishing.service.gov.uk/media/60c8d0318fa8f57ce8c4621e/Academy_trust_handbook_2021.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).

**New 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 REVIEWS**

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. An 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 understand 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.