**Academy**

**Internal Controls Evaluation**

**Report 1 of 3**

**2020-21**

**Academy Name: Shenfield High School**

**Date of Review: November 2020**

**INTERNAL CONTROLS EVALUATION (ICE)**

This report relates to the first of a programme of three Internal Controls Evaluation reviews. 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 review 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 2020, 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:** | * appointment of statutory auditors
* appointment of the clerk to the board
* Scheme of Delegation of Financial Powers
* authorised signatories / specimen signature list
* finance governance and Terms of Reference
 |
| **A2: Financial Planning and Monitoring:** | * budget forecast return
* academy budget
 |
| **A3: Transparency:** | * ‘Get Information About Schools’ register
* register of Persons with Significant Control
* individual declaration of interests
* disclosure of interests at meetings
* managing related party transactions
* publication of member & trustee interests and other required information on the academy website
 |
| **A4: Gifts:** | * gifts & hospitality received
* gifts & hospitality given
 |
| **A5: Expenses:** | * policy
 |
| **A6: Risk Management:** | * Register of Operating Risks and schedule of review
* Contingency and Business Continuity Plan
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| **A7: Internal Scrutiny:** | * audit - governance
 |
| * whistleblowing
 |
| * follow up of previous ‘high priority’ ICE recommendations
 |
| * review of statutory audit Management Letter
 |
| **A8: VAT:**  | * VAT registration
 |

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **A1: Financial Oversight** |
|  | **Authorised Signatories** |
|  | The signatories contained in the email from the bank did not agree to those listed in the Financial Regulations. The Assistant Headteachers are signatories but are not listed as such in the Financial Regulations. | The information contained in the bank mandate should be consistent with that recorded in the Financial Regulations approved by the board of trustees. |  |
|  | **Finance Governance and Terms of Reference**  |
|  | Terms of Reference for the Resources Committee have not been recorded as being reviewed and approved during the past twelve months.The Finance Manager advised that these are due to be approved at the Full Governing Body meeting scheduled for 01/12/20. | The approval of the Resource Committee Terms of Reference should be clearly recorded in the minutes of the Full Governing Body meeting. |  |

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **A2: Financial Planning and Monitoring**  |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. |
|  | **A3: Transparency** |
|  | **‘Get Information About Schools’ Register** |
|  | One of the two members are not independent of the board of trustees.  | Section 1.5 of the Academies Financial Handbook states that there should be significant separation between individuals who are members and those who are trustees therefore the majority of members should be independent of the board of trustees.  |  |
|  | **A4: Gifts**  |
|  | **Gifts and Hospitality Received and Given**  |
|  | The academy’s staff Code of Conduct has not been reviewed within the last three years. The Finance Manager advised it was last approved in March 2017. | It is advisable to review the staff Code of Conduct at least every three years. |  |

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | The Finance Manager advised that the gifts register is normally signed off in April each year, however, this was not possible this year due to Covid-19 restrictions. | It is recommended that the Gifts Received and Given Register is periodically approved by an appropriate member of staff or governing body to confirm the record of gifts received, given or a nil return. This can be achieved via email if it is not possible for the approver to review the register on site. |  |
|  | **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**  |
|  | **Register of Operating Risks** |
|  | Minutes of the Resources Committee meeting held 09/10/20 record a review of the academy’s Risk Register. However, the register has not been reviewed by the Full Governing Body (board of trustees) in the last twelve months. The Finance Manager advised that the Risk Register is only presented to the Full Governing Body if there have been changes to it. | Section 2.38 of the Academies Financial Handbook states that the board of trustees must retain overall oversight of the Risk Register. It is therefore recommended that the Risk Register is formally reviewed by the board of trustees at least annually; each term is recommended. |  |

|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **Contingency and Business Continuity Plan** |
|  | The Finance Manager advised that the Business Continuity Plan had not been reviewed since October 2018. | It is recommended that the academy’s Business Continuity Plan is formally reviewed by trustees at least annually. The plan must be kept up to date; any element of it that has become out of date is likely to be of no use in an emergency. The plan should include:* if the academy’s premises were not available for an extended period (e.g. due to fire or flood)
* large scale loss of property (e.g. through fire or theft)
* loss of information through catastrophic failure of IT systems
* mass unavailability of staff (e.g. through a pandemic)
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|  | **Findings** | **Recommendation / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **A7: Internal Scrutiny** |
|  | **Whistleblowing** |
|  | The Whistleblowing Policy has not been published on the academy’s website. | Section 2.44 of the Academies Financial Handbook states that the trustees **must** agree the whistleblowing procedure and publish it on the trust’s website. |  |
|  | **A8: VAT**  |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. |

**SECTION B: BANKING**

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| **Scope of Work** |
| **B1: Internal Control:** | * bank account structure
 |
| * payment authorisation procedures
 |
| * separation of duties (including online banking and BACS payments)
 |
| * security of cheque and BACS payments
 |
| **B2: Cash Management:** | * bank reconciliations – frequency & review process
 |
| * sample testing of bank reconciliations
 |

|  | **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:** | * payroll provider contract / SLA
 |
| * process of independent review
 |
| * sample testing of staff contracts and payments
 |
| **C2: Mileage and Subsistence Payments:** | * authorisation
 |
| * payment
 |

|  | **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** |
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# KEY CONTACTS

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| **Chair of the Resources Committee** | Katherine Boulton |
| **Headteacher** | Carole Herman |
| **School Business Manager** | Stuart Roberts |
| **Finance Manager** | Dawn Matthews |
| **Financial Accounting System** | PSF |

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