

Academy

**Internal Controls Evaluation**

**Visit Report 2 of 3**

**2019-20**

**Academy Name: Shenfield High School**

**Date of Visit: 24th February 2020**

**INTERNAL CONTROLS EVALUATION (ICE)**

# This report relates to the second 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 Education Academy 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 D: GOVERNANCE AND FINANCIAL REPORTING

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| **Scope of Work** | |
| **D1: Budget Monitoring** | **Guideline References:** |
| * academy budget | **AFH 2.7, 2.10; SRMSAT 18** |
| * ‘approved budget’ changes | **AFH 2.10; SRMSAT 18** |
| **D2: Reporting to Trustees** |  |
| * financial reports | **AFH 1.10, 2.7, 2.18 to 2.24; Dear Accounting Officer letter dated September 2018; SRMSAT 36** |
| * reporting responsibilities | **AFH 1.10, 2.7, 2.18 to 2.24; Dear Accounting Officer letter dated September 2018; SRMSAT 36** |
| **D3: Internal Control** |  |
| * financial control account reconciliations | **AFH 1.30 & 2.7** |
| **D4: Internal Scrutiny** |  |
| * follow up of previous ‘high priority’ ICE recommendations | **AFH 2.40, , 3.16, 3.17, 4.16; Dear Accounting Officer letter dated September 2018; SRMSAT 17, 32, 33** |
| * review of statutory audit Management Letter | **AFH 2.40, , 3.16, 3.17, 4.16; Dear Accounting Officer letter dated September 2018; SRMSAT 17, 32, 33** |

|  | **Findings** | **Recommendations / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **D1: Budget Monitoring** | | |
|  | **‘Approved Budget’ Changes** | | |
|  | The ‘in-year’ changes to the approved budget sampled had been appropriately documented and authorised. Approval of the changes to the budget were included in the minutes of the Resources Committee meeting held 29th November 2019 under item 6.  However, virements had not been reported to the Full Governing Board meeting on 5th December 2019 as required by the Financial Regulations. | Any ‘in-year’ changes to the approved budget **must** be reported as specified in the academy’s Financial Regulations. |  |
|  | **D2: Reporting to Trustees** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **D3: 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. | | |
|  | **D4: Internal Scrutiny** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |

# SECTION E: INCOME

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| **Scope of Work** | |
| **E1: Receipt of Payments from Students and Parents** | **Guideline References:** |
| * income processing policy & procedures | **AFH 2.4, 1.30 & 2.7** |
| **E2: Generated Income** |  |
| * income policy & procedures for generated income | **AFH 1.30, 2.4, 2.34 & 2.7** |
| **E3: Internal Control – (Income Sample)** |  |
| * financial discipline | **AFH 1.30 & 2.7 & EFSA : Anti-Fraud Checklist item 8** |
| * audit trail | **AFH 1.30 & 2.7** |
| * completeness of income | **AFH 1.30 & 2.7** |
| * financial monitoring of activities | **AFH 1.30 & 2.7** |
| * segregation of duties | **AFH 1.30, 2.7 & EFSA: Anti-Fraud Checklist item 8** |

|  | **Findings** | **Recommendations / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **E1: Receipt of payments from Students and Parents** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **E2: Generated Income** | | |
|  | **Income Policy & Procedures for Generated Income** | | |
|  | The letting charge rate structure was approved by the Resources Committee and recorded in the minutes of the meeting held 15th February 2019.  It was advised that the charge rate structure will be reviewed at the next Resources Committee meeting scheduled for 24th April 2020. | Charges for academy lettings should be at rates approved by the board of trustees or an appropriate committee with delegated authority. It is good practice to review the service provided routinely at least once a year, to check, and if appropriate revise, the charges. |  |

|  | **Findings** | **Recommendations / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **E3. Internal Control – (Income Sample)** | | |
|  | **Audit Trail** | | |
|  | The academy utilises the ParentPay system for recording cash and cheque income received. However, a system generated banking report is not produced to verify that all income recorded in the system has been banked. | A Parentpay system generated ‘banking’ report should be used to verify the weekly banking figure to provide assurance that all income recorded in the system is banked (banking from a manual record of income does not provide this assurance). The Parentpay ‘Banking report ‘system print should ideally be signed to evidence an appropriate segregation of duties and cross referenced to the bank paying in slip at the time of banking. |  |

# SECTION F: ASSETS

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| **Scope of Work** | |
| **F1: Fixed Assets & Inventory** | **Guideline References:** |
| * register of insurable items | **AFH 1.30 & 2.7; SRMSAT 17** |
| * register of insurable items: physical check | **AFH 1.30 & 2.7; SRMSAT 17** |
| **F2: Fixed Asset Disposals** |  |
| * disposals | **AFH 5.22 & 5.23** |

|  | **Findings** | **Recommendations / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **F1: Fixed Assets & Inventory** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **F2: Fixed Asset Disposals** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |

# SECTION G: PAYROLL

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| **Scope of Work** | |
| **G1: Payments for additional hours worked** | **Guideline References:** |
| * authorisation | **AFH 1.30, 2.4 & 2.7** |
| * segregation of duties | **AFH 1.30, 2.7 & EFSA: Anti-Fraud Checklist item 8** |
| **G2: Payroll processing** |  |
| * sample of staff contracts and payments | **AFH 2.7** |

|  | **Findings** | **Recommendations / Notes** | **Action Plan** |
| --- | --- | --- | --- |
|  | **G1: Payments for Additional Hours Worked** | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | |
|  | **G2. 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. | | |

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| **USEFUL NOTES** |
| We are continually striving to improve our service and welcome your comments. Please click on the link below to provide feedback on the ICE service:  <https://tt-survey-live.azurewebsites.net/index.php?r=survey/index&sid=598253>  **Education Finance Support Courses:**  Budget Planning for Academies – 10th March 2020 (Hamptons, Chelmsford)  **Headteacher / Senior Leader Finance Training:**  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** | Finance Manager and Business Manager |
| **Exit meeting attended by** | Finance Manager and 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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