**Internal Controls Evaluation**

**Trustee Summary Report**

**2019-20**

**Shenfield High School**

**The Report to the Resources Committee of the Shenfield High School**

The Juniper Education ICE Service can provide assurance that appropriate financial controls are being operated within the academy trust, based on the understanding that the information provided during the reviews was 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.

The reports issued inform trustees on the compliance of the academy trust to regulations in the Academies Financial Handbook (AFH) effective 1st September 2019, and the Anti-Fraud Checklist for Academy Trust’s updated by the Education & Skills Funding Agency (ESFA) March 2018.

The scope of work carried out has been presented to the CEO of the Shenfield High School and should be formally approved by the Board of Trustees to ensure that they are satisfied that risks are being adequately reviewed.

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 financial systems and operational controls in place.

This report summarises the scope of work together with high () and medium priority () matters raised in the academy ICE reports issued during the 2019/20 academic year.

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| Review Dates: 1: 8th October 2019  2: 24th February 2020  3: June 2020 (remote review) |  |

**VISIT 1: GOVERNANCE AND FINANCIAL MANAGEMENT**

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| **Scope of Work** | |
| **Financial Oversight:**   * appointment of the clerk to the board * Scheme of Delegation of Financial Powers * authorised signatories / specimen signature list * finance governance and Terms of Reference | **Gifts:**   * gifts & hospitality received * gifts & hospitality given |
| **Expenses:**   * policy |
| **Financial Planning and Monitoring:**   * budget forecast return | **Risk Management:**   * Register of Operating Risks and schedule of review * Contingency and Business Continuity Plan |
| **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 |
| **Internal Scrutiny:**   * audit - governance * whistleblowing * follow up of previous ‘high priority’ ICE recommendations |

|  | **Findings** | **Recommendations** | | **Action Plan** | |
| --- | --- | --- | --- | --- | --- |
| **Financial Oversight** | | | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | | | |
| **Financial Planning and Monitoring** | | | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | | | |
| **Transparency** | | | | | |
| **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. | |  |

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **Gifts** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Expenses** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Risk Management** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Internal Scrutiny** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

**VISIT 1: BANKING**

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

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **Internal Control** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Cash Management** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

**VISIT 1: PAYROLL & EXPENSES**

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| --- | --- |
| **Scope of Work** | |
| **Payroll Processing:**   * payroll provider contract / SLA * process of independent review * sample testing of staff contracts and payments | **Mileage and Subsistence Payments:**   * authorisation * payment |

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **Payroll Processing** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Mileage and Subsistence Payments** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

**VISIT 2: GOVERNANCE AND FINANCIAL REPORTING**

|  |  |
| --- | --- |
| **Scope of Work** | |
| **Budget Monitoring:**   * academy budget * ‘approved budget’ changes | **Internal Control:**   * financial control account reconciliations |
| **Internal Scrutiny:**   * follow up of previous ‘high priority’ ICE recommendations * review of statutory audit Management Letter |
| **Reporting to Trustees:**   * financial reports * reporting responsibilities |

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **Budget Monitoring** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Reporting to Trustees** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Internal Control** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Internal Scrutiny** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

**VISIT 2: INCOME**

|  |  |
| --- | --- |
| **Scope of Work** | |
| **Receipt of Payments from Students and Parents:**   * income processing policy & procedures | **Internal Control – Income Sample:**   * financial discipline * audit trail * completeness of income * financial monitoring of activities * segregation of duties |
| **Generated Income:**   * income policy & procedures for generated income |

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **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 medium or high priority issues were identified. | | | |
| **Generated Income** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Internal Control – Income Sample** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

**VISIT 2: ASSETS**

|  |  |
| --- | --- |
| **Scope of Work** | |
| **Fixed Assets & Inventory:**   * register of insurable items * register of insurable items: physical check | **Fixed Asset Disposals:**   * disposals |

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **Fixed Assets & Inventory** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Fixed Asset Disposals** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

# VISIT 2: PAYROLL

|  |  |
| --- | --- |
| **Scope of Work** | |
| **Payments for additional hours worked:**   * authorisation * segregation of duties | **Payroll processing:**   * sample of staff contracts and payments |

|  | **Findings** | **Recommendation** | **Action Plan** |
| --- | --- | --- | --- |
| **Payment for additional hours worked** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Payroll Processing** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

# REVIEW 3: GOVERNANCE AND FINANCIAL ACCOUNTING

|  |  |
| --- | --- |
| **Scope of Work** | |
| **Internal Scrutiny:**   * review of internal controls evaluation scope of work * review of internal controls evaluation reports * follow up of previous ‘high priority’ ICE recommendations * review of statutory audit Management Letter * review of ‘Dear Accounting Officer’ letters * frequency of board and committee meetings | **D2: Internal Control:**   * bad debt write off |

|  | **Findings** | **Recommendation** | **Action Plan** |
| --- | --- | --- | --- |
| **Internal Scrutiny** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Internal Controls** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

# REVIEW 3: EXPENDITURE

|  |  |
| --- | --- |
| **Scope of Work** | |
| **Internal Procedure:**   * delegated authorisation levels * purchase cards * petty cash | **Tax Implications:**   * payments made to individuals for HMRC compliance |
| **Related Parties:**   * recognising related party relationships * multi academy trust and constituent academy related party transactions\* |
| **Proper and Regular Use of Public Funds:**   * value for money procedures * quotations * tenders |
| **Internal Control:**   * sample testing of purchase orders & invoices |

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **Internal Procedure – checks partially completed** | | | |
| Checks performed found the systems to be in order and no issues were identified. | | | |
| **Proper & Regular Use of Public Funds** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |
| **Internal Control – checks not completed** | | | |
| Items listed in the scope of work could not be performed to verify the processes in place. | | | |
| **Tax Implications – checks not completed** | | | |
| Items listed in the scope of work could not be performed to verify the processes in place. | | | |
| **Related Parties** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

# REVIEW 3: PAYROLL

|  |  |
| --- | --- |
| **Scope of Work** | |
| **Internal Procedure:**   * delegated authorisation levels | **Payroll Processing:**   * contract change approval & segregation of duties * sample of staff contracts and payments   **Special Payments:**   * approved policy |

|  | **Findings** | **Recommendations** | **Action Plan** |
| --- | --- | --- | --- |
| **Payroll Processing – checks partially completed** | | | |
| Checks performed found the systems to be in order and no issues were identified. | | | |
| **Special Payments** | | | |
| Checks performed to verify items listed in the scope of work found the systems to be in order and no medium or high priority issues were identified. | | | |

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Enabling teachers to teach

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