**Academy**

**Internal Controls Evaluation**

**Visit Report 1 of 3**

**2017-18**

**Academy Name: Shenfield High School**

**Date of Visit: 21st November 2017**

**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 EES *for schools* 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 2017, and the Anti-Fraud Checklist for Academy Trust's issued by the Education & Skills Funding Agency (ESFA) October 2013.

It is advised that an action plan be established to address areas of risk identified within this report with a red dot, with an associated owner and a timeline for implementation. If 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 governors meeting.

**VISIT 1: SCOPE OF WORK**

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| --- | --- |
| **A - Governance and Financial Management:**  **A1: Financial Oversight:**   * Scheme of Delegation of Financial Powers * authorised signatories / specimen signature list * finance governance and Terms of Reference   **A2: Financial Planning and Monitoring:**   * budget approval * forward planning   **A3: Transparency:**   * Get Information About Schools system * member / trustee declaration of interests * staff declaration of interests * disclosure of interests at meetings * managing connected party relationships * publication of member / trustee interests and other required information on the academy website   **A4: Gifts (received and given):**   * policy * register   **A5: Expenses**   * policy   **A6: Risk Management:**   * Register of Operating Risks and schedule of review * Contingency and Business Continuity Plan | **A7: Internal Scrutiny:**   * audit - governance * whistleblowing * follow up of previous ‘high priority’ ICE recommendations * review of statutory audit Management Letter   **B - Banking**  **B1: Internal Control:**   * bank account structure * payment authorisation procedures * separation of duties (including on-line banking and BACS payments) * security of cheque and BACS payments   **B2: Cash Management:**   * bank reconciliations - frequency & review process * sample testing of bank reconciliations   **C – Payroll and expenses:**  **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 |

**SECTION A: GOVERNANCE AND FINANCIAL MANAGEMENT**

|  | **Question** | **Findings** | **Recommendation** | **Action Plan** |
| --- | --- | --- | --- | --- |
|  | **A1: Financial Oversight** | | | |
|  | Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified. | | | |
|  | **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** | | | | |
|  | **Publication of Information on the Academy Website** | | | | |
|  | Have relevant 2017/18 business and pecuniary interests of members and trustees been published on the academy trust’s website?  **AFH 2.5.1, 3.1.20** | It was seen that relevant members’ / trustees’ interests have been published on the academy’s website with the exception of one interest for one member / trustee.  Note: Stuart Redbond is no longer a trustee and therefore the end of his term of office should be recorded on the academy website. | The academy should ensure thatrelevantinterests published on the academy’s website are accurate and up to date. |  | |

|  | **Question** | **Findings** | **Recommendation** | **Action Plan** |
| --- | --- | --- | --- | --- |
|  | **A4: Gifts** | | | |
|  | **Gifts and Hospitality Received** | | | |
|  | Does the academy have a policy on the acceptance of gifts and hospitality that might be seen to compromise personal judgement or integrity?  **AFH 3.5.1 & Anti-Fraud Checklist Item 7** | The academy’s policy on the acceptance of gifts and hospitality is included in the staff Code of Conduct Policy dated September 2017 under Section 10.  The governor’s Code of Conduct does not include a policy on the acceptance of gifts and hospitality. | It is recommended that the governor’s Code of Conduct is updated to include a policy of the giving of gifts.  Alternatively the academy could consider adopting a separate Gifts and Hospitality Policy which applies to members, trustees and staff. |  |
|  | 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. | | | |

|  | **Question** | **Findings** | **Recommendation** | **Action Plan** |
| --- | --- | --- | --- | --- |
|  | **A6: Risk Management** | | | |
|  | **Contingency and Business Continuity Plan** | | | |
|  | Does the academy have a documented Contingency and Business Continuity Plan?  **AFH 2.3.10** | The academy has a Crisis Management document. The Business Manager advised that this document requires updating.  Note: an update of the academy’s Crisis Management document is included on the Resource Committee agenda for the meeting scheduled for 01/12/17. | The academy’s Crisis Management document should be formally reviewed, every 2 years is recommended. |  |
|  | **A7: 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 B: BANKING**

|  | **Question** | **Findings** | **Recommendation** | **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**

|  | **Question** | **Findings** | **Recommendation** | **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:**  Successful Budget Planning and Monitoring for Schools – 6th December 2017 (Wickford CLC)  Basic Accounting for Schools – 10th January 2018 (Cressing Temple Barns)  Successful Budget Planning and Monitoring for Academies – 14th March 2018 (Danbury Outdoor Centre)  Headteacher / Senior Leader Training  Module 2 - Budget Setting and Benchmarking – 12th December 2017 (Danbury Outdoor Centre)  Module 3 – Budget Monitoring – 30th January 2018 (Danbury Outdoor Centre)  Module 4 – Forward Planning – 9th May 2018 (Danbury Outdoor Centre)  Module 5 - Regulations & Risk Management – 27th June 2018 (Danbury Outdoor Centre)  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 <http://www.eesforschools.org/finance/training> |

**KEY CONTACTS**

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| **EFS Finance Consultant** | Sian Smith | |
| **Information Provided by** | Finance Manager, Business Manager & HR Manager | |
| **Exit meeting attended by** | Finance Manager and Business Manager | |
| **Chair of Governors** | Leanne Hedden | **email**: [leannehedden@gmail.com](mailto:leannehedden@gmail.com) |
| **Headteacher** | Carole Herman | **email**: [c.herman@shenfield.essex.sch.uk](mailto:c.herman@shenfield.essex.sch.uk) |
| **Business Manager** | Stuart Roberts | **email**: s.roberts[@shenfield.essex.sch.uk](mailto:c.owens@shenfield.essex.sch.uk) |
| **Finance Manager** | Dawn Matthews | **email**: [d.matthews@shenfield.essex.sch.uk](mailto:d.matthews@shenfield.essex.sch.uk) |
| **Financial accounting system** | FMS Academy | |