

**Hardenhuish School  
Assurance Report  
for The Board of Trustees  
2019/20**

**August 2020**



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## **INTRODUCTION**

As stated in our engagement letter, you have instructed us to undertake a series of assurance reports for the Academy. We understand this role is to provide you, the Board of Trustees, with additional assurance as part of an on-going independent oversight of the Academy's financial affairs, in addition to the internal procedures already carried out by the Academy's Finance Department. The Financial Procedures Manual has been reviewed and discussed with the Finance team at the start of each visit to ensure thorough understanding of the internal controls being tested.

## **TRAFFIC LIGHT SYSTEM COLOUR KEY**

The key is as follows;



This recommendation must be addressed as a matter of priority, as the required internal controls are not currently in place.



This recommendation should be addressed as weaknesses have been identified with the current internal controls.



This recommendation will improve the current internal controls and be in line with best practice.



No recommendation, as the internal controls in place are sufficient.



At the time of our visit, we were unable to test this particular area and therefore unable to report.

### **NOTE TO TRUSTEES:**

If we were to report on two previous occasions that a particular control we have tested has been 'amber' then it will automatically be reported as 'red' on the next report, if no improvements to the internal control have been made.

If in any report a control has been reported as 'red' we will re-visit this particular test at our next visit to assess whether new procedures have been introduced.

## **DISCLAIMER**

In accordance with instructions given to us, we have prepared our report solely for the confidential use of Hardenhuish School. It may not be relied upon by Hardenhuish School for any other purpose. Our report must not be recited or referred to in whole or part in any other document and must not be made available, copied or recited to any other party without our express written permission. Bishop Fleming neither owes nor accepts any duty to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.

It is management's responsibility to develop and maintain sound systems of internal control. Our internal assurance work is not a substitute for management's responsibilities to ensure that adequate controls are in place and operating effectively across the Trust, and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Suggested actions raised within the report should be assessed by you for their full impact before they are implemented.

## **SUMMARY**

During our visits on 04, 11 and 18 August 2020, we performed testing on the Income, Payroll, Bank and Credit Card, Expenditure, IT systems and Accounting Systems operating within the Academy.

Overall and in light of the above, nothing major has come to light based upon the limited sample of transactions tested to suggest that procedures and policies are inadequate. However, we have made 10 recommendations in this report, of which one is rated amber.

Review	Number of recommendations		
	Red	Amber	Green
Income	-	-	1
Payroll	-	-	-
IT Procedures	-	-	2
Bank and Credit Card	-	-	2
Expenditure	-	1	-
Compliance	-	-	2
Strategic and Operational Review	-	-	-
Budgets and Financial Monitoring	-	-	-
Governance	-	-	2
<b>Total</b>	-	<b>1</b>	<b>9</b>

The recommendations are summarised below:

- To consider whether there is a benefit to performing a monthly aged debtor reconciliation
- Staff are required to change their passwords every 90 days and must meet certain complexity requirements
- Back-ups are tested regularly to ensure they are performing as expected
- Any variances in the bank reconciliation are investigated
- Supporting documentation e.g. receipts are provided for all credit card expenditure
- Aged creditor reconciliations to the accounting system are performed on a monthly basis (prior management letter point, reiterated)
- The fraud policy is reviewed and reconfirmed or updated as appropriate
- The Charity Commission CC8 Checklist is completed and presented to the board
- Changes in Members to be updated to GIAS within 14 days rather than annually
- The implementation of a gifts and hospitality policy

**INCOME**

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Review two remittance advices from the DfE (e.g. GAG). Check that the amounts received agree to source documentation and that the income has been posted to the appropriate income nominal code, and cost centre where relevant, on the finance system.</p>	<p>DfE remittance advice documents for two months were selected at random to be reviewed.</p> <p>The amounts per the remittances for GAG were agreed to the accounting systems, SIMS, posted to appropriate nominal codes and receipt to in bank confirmed.</p>	<p>DfE funding received is correctly posted to the accounting system and received in the bank.</p>	<p>There are no recommendations to be made.</p>	<p style="text-align: center;">○</p>
<p><b>Test 2:</b> Review two remittance advices from the Local Authority (e.g. High Needs). Check that the amounts received agree to source documentation and that the income has been posted to the appropriate income nominal code, and cost centre where relevant, on the finance system.</p>	<p>Two months remittances from Local Authority for High Needs income were selected at random and reviewed.</p> <p>The amounts per the remittances advices for High Needs were agreed to the amounts received in the bank statements and the posting to the accounting system to appropriate nominal codes.</p>	<p>Local Authority funding received is correctly posted to the accounting system and received in the bank.</p>	<p>There are no recommendations to be made.</p>	<p style="text-align: center;">○</p>

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 3:</b> Select one catering income receipt and ensure:</p> <ul style="list-style-type: none"> <li>• Monies recorded as collected have been banked promptly and in full</li> <li>• Ensure monies collected are appropriately recorded in the accounting system and have a separate nominal ledger code</li> </ul>	<p>One day was selected at random, which reconciled to the end of day Wisepay report. This amount was then confirmed received in the bank.</p> <p>The weekly breakdown for income was reviewed and total catering income agreed to posting to the accounting system.</p>	<p>Catering income has been correctly recorded and received in the bank.</p>	<p>There are no recommendations to be made.</p>	<p style="text-align: center;">○</p>
<p><b>Test 4:</b> Select one trip income receipt and ensure:</p> <ul style="list-style-type: none"> <li>• Monies recorded as collected have been banked promptly and in full</li> <li>• Ensure monies collected are appropriately recorded in the accounting system and have a separate nominal ledger code</li> </ul>	<p>One trip at random was selected from the trip list. A pupil was selected at random and this payment followed through.</p> <p>The total receipts for the day as per the Wisepay report was agreed to the receipt in the bank. The weekly receipts for the trip selected were totalled and agreed to the posting to the accounting system.</p> <p>The trip summary report was reviewed, confirming refund to be made to pupils was not necessary.</p>	<p>Trip income has been correctly recorded in the accounting systems and promptly received in the bank.</p>	<p>There are no recommendations to be made.</p>	<p style="text-align: center;">○</p>

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 5:</b> Select one trip income which has been cancelled due to Covid-19 restrictions and ensure that:</p> <ul style="list-style-type: none"> <li>• Monies have been correctly refunded</li> <li>• Ensure income from cancelled trips is correctly recorded in the accounting system i.e. reversed</li> </ul>	<p>One trip was selected at random and a pupil payment confirmed to Wisepay reports for total income for the trip.</p> <p>The amount to be refunded to the pupil was confirmed and ensured that this balance was in the total refunded from the bank.</p> <p>The posting of the reversal of the trip income was also vouched to the system.</p>	<p>Refunds for cancelled trips is correctly processed through the bank and the appropriate postings made to the accounting system.</p>	<p>There are no recommendations to be made.</p>	○
<p><b>Test 6:</b> Discuss with the client their policy for reconciling trip accounts to ensure they are not withholding profit or incurring losses.</p>	<p>The school aims to break even on trips, a breakdown of expected income and costs is included on the Trip Organisation Form. All trips are reconciled once all costs and expenses are reported. Any trips which incur a profit of over £10 per pupil are refunded. For anything under this, the income is rolled over and used as contingencies for any loss making trips.</p>	<p>Policy for reconciling trips is appropriate.</p>	<p>There are no recommendations to be made.</p>	○
<p><b>Test 7:</b> Review the debtor control account reconciliation for one month to ensure that it has been appropriately prepared and authorised.</p>	<p>Due to the ongoing low level of debtors position, an aged debtor report is not reconciled to the accounting system on a regular basis.</p>	<p>Reconciliations are not provided on a regular basis. However, due to the low levels of debtors the finance team have awareness of outstanding balances.</p>	<p>Whilst we acknowledge the reasons for not routinely performing a debtor reconciliation, we would suggest that the school consider if there are benefits of performing a monthly reconciliation, if only to verify the position.</p>	●

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 8:</b> Review the aged debtor report to identify old balances. Ensure procedures are in place to chase these up and obtain an understanding of when balances are due.</p>	<p>An aged debtor report was run as at the date of testing which showed a balance of £2,771.76 over 90+ days due. This was discussed with the finance team who confirmed that in normal circumstances, any balances over 30 days are chased but due to Covid-19 restrictions this has not been done regularly. Since returning to the office, the finance team have chased payment for these outstanding balances.</p>	<p>There are aged balances outstanding currently due to the restrictions imposed due to Covid-19. However, these balances have been chased and are considered likely to be paid in full.</p>	<p>We have no recommendations to make at this time.</p>	

## PAYROLL

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Select a sample of three employees from the payroll and check salary details back to personnel files and confirm that the amount paid is in line with expectations.</p> <p>Check there is a signed employment contract on file and check a DBS certificate is in place if required.</p>	<p>Three employees were selected randomly from different payroll months, including one following lockdown. In each instance gross salary paid reconciled with details current pay details in the personnel file - any variations were easily explained by the finance team. For each member of staff sampled, a signed contract was held on file and confirmation that a DBS had been seen and checked, and the reference number stored on the central file.</p>	<p>Employees are being paid in accordance with the information held in their personnel files which contain the necessary records.</p>	<p>There are no recommendations to be made.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 2:</b> Check two amendments to the payroll to ensure that appropriately authorised documentation exists.</p>	<p>Two extra-hours worked claims were reviewed for November and February. This was recalculated and traced through to payroll. The overtime claim form was appropriately authorised.</p>	<p>Amendments to working hours have been correctly processed, authorised and paid.</p>	<p>There are no recommendations to be made.</p>	○
<p><b>Test 3:</b> Check two expense claims paid through payroll (e.g. reimbursement of travel expenses) to ensure they are appropriately authorised and supporting source documentation exists.</p>	<p>Two mileage expense claim forms were reviewed. Both were recalculated, agreed, authorised and followed through to payroll.</p>	<p>Expense claims for were correctly processed and appropriately authorised.</p>	<p>There are no recommendations to be made.</p>	○
<p><b>Test 4:</b> Obtain details of one new starter and ensure they have a signed contract, a DBS certificate if required and the first month's payroll is correctly processed.</p>	<p>One new starter was selected and the personnel file reviewed. A signed employment contract was held and a DBS reference was held on the central file. The payroll was reviewed for the first month of employment and agreed to signed contracts.</p>	<p>Procedures for new starters appear adequate and that their first month's payroll is correctly processed.</p>	<p>There are no recommendations to be made.</p>	○
<p><b>Test 5:</b> Review the payroll print for one month to ensure it has been appropriately authorised and posted appropriately to the accounting system.</p>	<p>One payroll report for pre and post lockdown were reviewed. For October, the payroll reports were physically authorised for the School Business Manager and for May, they were virtually authorised. May postings to the account system were agreed to the payroll reports and considered appropriate.</p>	<p>The processing of the payroll and confirmed appropriately authorised and posted to the accounting system.</p>	<p>There are no recommendations to be made.</p>	○

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 6:</b> For the month tested above, obtain confirmation that Real Time Information has been submitted to HMRC on time.</p>	<p>The October 2019 confirmation was reviewed and confirmed submitted on time.</p>	<p>Information is being submitted to HMRC on time.</p>	<p>There are no recommendations to be made.</p>	<input type="radio"/>
<p><b>Test 7:</b> To ensure payment is made to bona fide employees, review one months payroll for duplicate employee names and where possible bank account details for duplication. Obtain explanations for any instances of duplications.</p>	<p>The payroll report for October was reviewed and no duplicate employees identified. Further discussion which the finance team confirmed that if a member of staff hold more than one contract, they are still allocated a single employee number to reduce risk of duplicate employees. Submission to HMRC was also reviewed and no duplicates were identified.</p>	<p>Payment is not made to duplicate employees.</p>	<p>There are no recommendations to be made.</p>	<input type="radio"/>
<p><b>Test 8:</b> Test check payroll deductions to ensure correct rates are being applied. Ensure one teaching and one non-teaching member of staff has been tested.</p>	<p>Two employees were selected for testing, one teacher and one non-teacher. Deductions were recalculated for PAYE, NI and relevant pensions and agreed to payroll summaries.</p>	<p>Payroll deductions are correctly calculated.</p>	<p>There are no recommendations to be made.</p>	<input type="radio"/>
<p><b>Test 9:</b> Review severance payments to ensure consent from DfE received if above £50k. Also ensure all such payments over £5,000 are documented so that they can be declared in the financial statements.</p>	<p>Discussed with the School Business Manager who confirmed there have been no severance payments made in the year. Further review of minutes confirmed this.</p>	<p>No conclusion to be drawn due to no payments in the year.</p>	<p>There are no recommendations to be made.</p>	<input type="radio"/>

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 10:</b> Ensure there is a policy in place for staff disputes.</p>	<p>There are separate Grievance and Disciplinary policies in place, provided by the School Business Manager. Both have been produced with their HR consultants. They are due for review in September 2022 and May 2021 respectively.</p>	<p>There are the necessary policies in place for staff disputes.</p>	<p>There are no recommendations to be made.</p>	○
<p><b>Test 11:</b> Review payroll control accounts reconciliations for one month (including PAYE/NI, net wages, pension) to ensure that they have been appropriately prepared and authorised.</p>	<p>Confirmed that a payroll control account reconciliation is completed on a monthly basis and any variances investigated and authorised.</p>	<p>Payroll control accounts were reconciled and prepared and authorised appropriately.</p>	<p>There are no recommendations to be made.</p>	○

## IT PROCEDURES

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Review controls surrounding the finance system and online banking to ensure information held is adequately protected, regularly backed-up and access is restricted to authorised personnel.</p>	<p>Controls appear to be adequate when restricting access to finance systems and online banking. There is segregation of duties between the member of staff who uploads the payment details and who authorises payments. Any online banking payments require dual authorisation.</p> <p>The accounting system is cloud based</p>	<p>Sufficient segregation and backup controls for the accounting systems and online banking.</p>	<p>There are no recommendations to be made.</p>	○

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
	which is backed up nightly and managed by Microsoft. There is a back-up of payroll data which is also backed up nightly.			
<b>Test 2:</b> Ensure there is a sufficient policy for passwords and that the policy is being adhered to.	The client's password policy is included in the employee acceptable use policy which recommends it to change every 90 days, however this is not enforced. The system also allows employees to have simplistic passwords and does not enforce certain complexity characteristics such as length, different characters etc.	An appropriate password policy in place however, this is not monitored and therefore may not be adhered to as necessary.	We recommend that staff are required to change their password as directed in the acceptable use policy and that complexity requirements are also adhered to.	
<b>Test 3:</b> Review finance system backups policy, noting location of backup storage and ensuring regular testing of backups.	The client has an established system of regular back ups. Backups are taken on a nightly basis to two geographically separated centres. However, no evidence of testing of back-ups was seen.	The finance system backup policy is sufficient, but there is a need to routinely test the efficacy of the back-ups taken by restoring.	We recommend that backups are tested regularly to ensure they work.	
<b>Test 4:</b> Ensure client has appropriate procedures in place for data protection (e.g. policy in place, anti-virus, limited access to personnel data, passwords on sensitive data emailed out).	A sufficient data protection policy is in place. There are measures in place to stop limited staff sending documents and staff are encouraged to use dropbox/sharepoint. When sending documents externally, password protection and encryption is available. CDs and USB sticks must first be processed by IT.	Sufficient data protection policies are in place.	There are no recommendations to be made.	

**BANK AND CREDIT CARD**

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Review bank reconciliations for one month to ensure that it has been appropriately prepared and authorised in line with the scheme of delegation.</p>	<p>The bank reconciliation for December 2019 was reviewed, prepared by Jayne Turner and authorised by the School Business Manager. There was a difference in the reconciliation noted that has not been investigated. January 2020 reconciliation was reviewed which confirmed the difference had been cleared. November 2019 reconciliation was also reviewed which was correctly produced and authorised. There were a number of historical, small value reconciling items included on all reconciliations. Discussions with the finance team confirmed that these were refunds to parents which had been sent by cheque and not cleared. Further investigation confirmed these were cleared in February and as part of the monthly reconciliation, any such payments are cancelled and cleared after 6months.</p>	<p>Comfort gained that reconciliations are all appropriately authorised in line with the scheme of delegation, however differences are not always investigated.</p>	<p>We recommend that any differences identified on the bank reconciliation are investigated and cleared if identified.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 2:</b> Select a sample of 2 credit card payments, sampling from different cards to ensure that credit card expenditure is reasonable and compliant with internal procedures.</p>	<p>Two credit card payments were reviewed from separate credit card statements. For one supporting documentation was available to confirm the expenditure was appropriate school spending. For the other however, the supporting receipt had had been mislaid to support the spending. This related to £20.26 in a local supermarket by a member of the Maths department.</p>	<p>There are instances identified whereby supporting documentation has not been provided for credit card expenditure.</p>	<p>We recommend that supporting documentation is required to be provided for all credit card documentation to confirm payment is appropriate school spending.</p> <p>Where the receipt / documentation has been mislaid, authorisation should be maintained on file in its place supporting that the claim has been validated as genuine school expenditure.</p>	

**EXPENDITURE**

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Select five purchases made within the period and ensure:</p> <ul style="list-style-type: none"> <li>• that quotes were obtained where over the prescribed level</li> <li>• that the order has been placed with an appropriate supplier</li> <li>• order correctly authorised in line with the Academy's scheme of delegation</li> <li>• goods or services have been certified as received</li> <li>• invoice agrees to order</li> <li>• invoice correctly authorised</li> <li>• payment correctly recorded in accounting system</li> <li>• payment correctly authorised</li> </ul>	<p>Five purchases throughout the period were selected at random ensuring that some post-lockdown have been selected. No quotes were required for these purchases, and all orders were placed with approved suppliers and authorised accordingly.</p> <p>Invoices were then reviewed and agreed to the relevant purchase orders. PO numbers are generated when input onto the system. Goods were confirmed to have been received and details agreed to the posting to the system.</p> <p>All invoices were vouched to BACS payments runs and correctly authorised according to the scheme of delegation both before and after lockdown.</p>	<p>Overall system for purchases is operating well for those items selected for sample testing.</p>	<p>There are no recommendations to be made at this time.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 2:</b> Regularity testing for each item of expenditure tested, ensure:</p> <ul style="list-style-type: none"> <li>• that the expenditure is necessary</li> <li>• that the expenditure is appropriate for the Academy</li> <li>• that value for money has been considered and documented?</li> <li>• that the expenditure was for the Academy and not for an employee/trustee's personal use.</li> </ul>	<p>For those purchases tested above, all expenditure was deemed to be appropriate for the Academy, the expenditure was necessary and that value for money considered.</p>	<p>There are no regularity concerns for items of expenditure raised based upon those items tested.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 3:</b> Check that the scheme of delegation is reviewed annually and updated as necessary.</p>	<p>This was discussed with the finance manager who confirmed that it is updated annually as part of the finance manual review with is updated at the beginning of each academic year. Discussions confirmed through minutes review undertaken.</p>	<p>Procedures surrounding the scheme of delegation are adequate.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 4:</b> Review the process for approved suppliers and ensure there is an up to date list of approved suppliers.</p>	<p>It was confirmed that there is an approved suppliers list for premise works and ICT use same suppliers for services. For staff purchases however, items are most commonly ordered from reputable online suppliers to ensure best value for money.</p>	<p>There is a list of approved suppliers, but others may be used to ensure best value for money,</p>	<p>There are no recommendations to be made.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 5:</b> Check that procedures are followed when suppliers provide changes to their bank details to ensure the notification is genuine.</p>	<p>This was discussed with the finance team who confirmed that they will contact the supplier in question using either the telephone number from the most recent order or the details on the system to confirm payment details.</p>	<p>Procedures surrounding changes to supplier's details are satisfactory.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 6:</b> Review creditor control account reconciliation for one month to ensure that it has been appropriately prepared and authorised.</p>	<p>The creditor control account review was performed in January 2020 along with the bank reconciliation to identify any overdue debtors however, the balance was not reconciled to the balance held in the accounting system.</p>	<p>The school currently does not have guidance in place regarding the management of creditor balances however, balances are reviewed on a monthly basis. At this point, the total creditor figure is not reconciled to that held in the trial balance.</p>	<p>We recommend that the Aged Creditors report is reconciled to the accounting system as part of month end procedures</p> <p>[This has been rated as amber as it was a point raised on the management letter from the prior year audit which has not been addressed.]</p>	
<p><b>Test 7:</b> Review register of recurring services for contracts over the OJEU or internal limits and select one at random. Ensure the Academy's procedures have been followed with respect to quotes, tendering and authorisation.</p>	<p>The SBM confirmed that there has been one new contract in the year for cleaning services. The tendering process was outsourced and results of each potential supplier provided to the school for review.</p>	<p>The academy's procedures have been correctly followed when entering into new contracts.</p>	<p>No recommendations can be made at this time.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 8:</b> For capital works, enquire if EFSA approval was required (i.e. rental of roof space for solar panels). For 2 contracts consider if the correct procedures have been followed in respect of the quotes and tenders.</p>	<p>No ESFA approval required for capital works done in the year – CIF work relates to Electrical Re-wiring and Fire Safety Compliance, due to start in August 2020. All CIF projects are managed by Kendall Kingscott, the school's appointed Project Management company, who manage the project in its entirety, to include appointment of contractors. Therefore no further testing required.</p>	<p>No conclusion can be drawn.</p>	<p>No recommendations can be made at this time.</p>	

## COMPLIANCE

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Review the AFH Part 8 MUSTS list in the Academies Financial Handbook and ensure procedures documented are in place and being operated.</p>	<p>The AFH Part 8 MUSTS was updated at the beginning of the 19/20 academic year and confirmed that procedures have been implemented.</p>	<p>The school has procedures in place to assure itself that the MUSTS checklist requirements are in place and are implemented.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 2:</b> Ensure there is a fraud policy in place, covering preventative measures, reporting suspected or actual fraud and whistleblowing.</p>	<p>The academy has a fraud risk prevention policy in place which covers prevention, detection and response procedures. To be reviewed May 2020.</p>	<p>There is an appropriate fraud policy in place within the Academy however, has not been reviewed by the date required.</p>	<p>We recommend that the policy is reviewed and confirmed as still appropriate or updated on a regular basis.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 3:</b> Ensure that fraud is included within the remit of the Academy's finance/audit committee.</p>	<p>Fraud is included as part of the risk register which is reviewed and discussed by the Resources committee. Furthermore, there is constant discussion as committee meetings regarding updates of policies to prevent fraudulent activities.</p>	<p>Fraud is included within the remit of the Finance and Premises committee.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 4:</b> Ensure fraud risk is considered within the Academy's risk register.</p>	<p>Fraud has been considered in the risk register.</p>	<p>Comfort can be gained that fraud risk is considered within the Academy's risk register.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 5:</b> Ensure if any fraud has been identified, that it has been notified to the finance/audit committee and the relevant report been submitted to the EFSA. Following this has the Academy undertaken a 'lessons learned' exercise.</p>	<p>The SBM confirmed that there have been no incidences of fraud noted in the year.</p>	<p>No conclusions can be drawn.</p>	<p>No recommendations can be made at this time.</p>	
<p><b>Test 6:</b> Has the Charity Commission CC8 checklist been completed to identify potential areas of weakness? Ensure that it has been presented to the audit/finance committee.</p>	<p>The SBM confirmed the checklist has not been completed within the financial year.</p>	<p>The Charity Commission CC8 checklist has not been completed and presented to the finance committee. Whilst we acknowledge the challenges of the last 6 months as a result of the Covid restrictions, this should now be completed to confirm that financial controls were and are still able to function as required.</p>	<p>Complete the Charity Commission CC8 checklist and present to finance committee to identify potential areas of weakness.</p>	

### **STRATEGIC AND OPERATIONAL REVIEW**

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Ensure there is a business continuity plan and Risk Register in place, in line with the Academies Financial Handbook.</p>	<p>Confirmed both in place. A continuity plan was updated in March 2020 to account for the potential disruption of Covid-19 restrictions. The risk register has been reviewed and is regularly discussed as committee meetings.</p>	<p>There is a risk register and business continuity plan in place.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 2:</b> Review any new finance agreements such as leases/HP to ensure they comply with EFSA guidelines and are appropriately authorised.</p>	<p>Confirmed with both the finance and IT teams that there have been no new leases in the year.</p>	<p>No conclusions can be drawn.</p>	<p>No recommendations can be made at this time.</p>	
<p><b>Test 3:</b> Review segregation of duties, roles &amp; responsibilities for reasonableness. Ensure there is more than one person responsible for the bank accounts, financial systems and financial records.</p>	<p>Segregation of duties have been reviewed through discussions with the finance team and review of the finance manual. There is appropriate segregation of duties between those processing and those authorising transactions and bank payments.</p>	<p>There are reasonable segregation of duties with more than one person responsible for the bank account, financial system and records.</p>	<p>There are no recommendations to be made.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 4:</b> Identify key personnel and ensure the Academy has succession plans in place where appropriate, and that information is shared amongst staff in order to minimise the impact of loss of key staff.</p>	<p>The SBM provided details of key personnel and the Academy had succession plans confirmed.</p>	<p>There are appropriate succession plans in place for key management personnel.</p>	<p>There are no recommendations to be made.</p>	<p style="text-align: center;">○</p>
<p><b>Test 5:</b> Review all legislative and compliance visits, e.g. Health &amp; Safety, VAT, HMRC/PAYE, EFSA Funding audits, OFSTED etc. to check for any breaches in compliance.  Ensure there are policies in place to mitigate the above risk, ensuring policies are regularly reviewed and updated as required.</p>	<p>A short OFSTED inspection was completed in January 2018 and it was concluded that the school continues to be good.  There are bi-annual health and safety inspections. In November a full H&amp;S audit was completed and another later in the year on high risk areas such as Science, PE and Design Technology. Both came back as clear.</p>	<p>The school has met its requirements in respect of compliance visits.</p>	<p>There are no recommendations to be made.</p>	<p style="text-align: center;">○</p>

### **BUDGETS AND FINANCIAL MONITORING**

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Review management reporting documents. Reconcile the management information pack back to the TB – ensuring the information is correctly extracted from the accounting software.</p>	<p>The management reporting documents are compiled from the data downloaded from the accounting software. These were vouched to figures from the TB provided during the visit.</p>	<p>Information is correctly extracted from the accounting software.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 2:</b> If the Academy has a deficit revenue budget which cannot be addressed after funds from previous years are taken into account, ensure that the Board has notified the EFSA within 14 days.</p>	<p>Surplus of approximately £90,000 expected. Nevertheless, unrestricted funds of £772,000 from September 2019 are considered to be sufficient to cover any unexpected deficits in the year.</p>	<p>Analysis of forecasts suggests the Academy will end the year in a surplus position.</p>	<p>No recommendations can be made at this time.</p>	
<p><b>Test 3:</b> Ensure client has a budget for more than 1 year and that it includes key changes to income and expenditure expected within the sector (e.g. NI increase, pension increase, 1% teacher pay rise, GAG funding cuts).</p>	<p>The Academy has a budget for 3 years from September 2020 which has been produced to include key changes to income and expenditure within the sector.</p>	<p>The academy has a budget for more than one year.</p>	<p>There are no recommendations to be made.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 4:</b> Ensure all budget variations are approved by audit/finance committee and the full board in line with the handbook. Significant changes must be notified to the EFSA.</p>	<p>Following a review of the budgets and minutes, there is no significant budget variations that require approval by the finance committee nor notification to the ESFA.</p>	<p>No conclusions can be drawn.</p>	<p>No recommendations can be made at this time.</p>	
<p><b>Test 5:</b> Review Board minutes for evidence of rigorous scrutiny by the Trustees.</p>	<p>All the Board of Trustees minutes were reviewed, and sufficient evidence of rigorous scrutiny of the budget and performance in comparison to benchmarking figures from Trustees.</p>	<p>There appears to be sufficient challenge and consideration shown by the Board of Trustees.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 6:</b> Discuss the process in place for producing census reports. Is there segregation of duty in place? Does the finance/audit committee have some involvement/oversight of the process?</p>	<p>The Academy Data Officer produces the census reports which is reviewed by the Headteacher. The trustees have the data presented to them at each AGB and is closely monitored and discussed. The committee have no direct input into the production of the census reports.</p>	<p>There is a segregation of duty in place to produce the census reports. Updated data is presented to the trustees on a regular basis which allows for informed governance.</p>	<p>There are no recommendations to be made.</p>	

## GOVERNANCE

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 1:</b> Review recommendations raised in the 2018/19 management letter and discuss if and how followed up.</p>	<p>“Control accounts are reconciled as part of month end process - opening balances and trade creditor account balance differences.”</p> <p>This has been discussed with the finance team who confirmed that the aged creditor reports are printed and checked but not reconciled to the balance in the accounting system - as noted in expenditure testing.</p>	<p>Aged creditor balances are reviewed but not reconciled to balances in the accounting system.</p>	<p>As with Expenditure Test 6, we recommend the academy considers if an aged creditors report should be included as part of month end procedures.</p>	<p>[See recommendation raised at Expenditure Test 6].</p>
<p><b>Test 2:</b> Ensure 2018/19 audited financial statements are on the Academy’s website.</p>	<p>The Academy’s website was reviewed, and the 2018/19 audited financial statements were easily accessible.</p>	<p>Confirmed 2018/19 audited financial statements on the Academy’s website.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 3:</b> Ensure the Board of Trustees meets at least 3 times a year.</p>	<p>Confirmed – minutes have been reviewed confirming that AGB meetings are held termly.</p>	<p>The Board meets at least 3 times a year.</p>	<p>There are no recommendations to be made.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 4:</b> Ensure skill gaps within the Board are discussed using the DfE's competency framework for governance.</p>	<p>A skills audit was completed at the beginning of the year based upon the details provided by the National Governors board which takes into account the DfE's competency framework.</p> <p>The results were discussed and it was identified that there was a lack of SEN knowledge for which training was organised to address the gap.</p>	<p>Discussion/ review of any skills gaps identified has taken place.</p>	<p>There are no recommendations to be made.</p>	<p>○</p>
<p><b>Test 5:</b> Ensure Trustee appointment and resignations are notified to Companies House and GIAS..</p>	<p>The clerk to governors confirmed that GIAS and Companies House is notified of Trustee appointments and resignations. Movements noted in minutes were agreed to both.</p>	<p>Companies House and GIAS are notified of any resignations and appointments.</p>	<p>There are no recommendations to be made.</p>	<p>○</p>
<p><b>Test 6:</b> Ensure that decisions regarding the levels of executive pay are following a robust evidence-based process.</p>	<p>A pay policy for the levels of executive pay was reviewed in the year and this follows a robust evidence-based process.</p>	<p>Levels of executive pay follow a robust process.</p>	<p>There are no recommendations to be made.</p>	<p>○</p>

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 7:</b> If there has been an appointment or vacating of the role of member, Trustee or local governor, then ensure it has been notified via Edubase within 14 days.</p>	<p>Any movement in trustees is notified as soon as the resignation/appointment is active/ended. Members/ governors, however, are updated annually.</p>	<p>Notifications of trustee positions are made to GIAS within 14 days, however members are notified annually.</p>	<p>We recommend that any appointment/ resignation of members/ governors are also recorded within 14 days.</p>	
<p><b>Test 8:</b> Ensure there is a People with Significant Control Register in place that is kept up to date.</p>	<p>The SBM confirmed that they maintain a business register is held which includes all of those who have potential to have a significant impact over operations and finance.</p>	<p>Procedures in place to ensure Register is kept up to date are adequate.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 9:</b> Review the policy for related party and connected party transactions, ensuring that is sufficient awareness of what is considered a related party transaction.</p>	<p>Details of the register of interests and what constitutes a related party transaction are included in the finance manual (210 - 212).</p>	<p>Related Parties policy is available and appropriate.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 10:</b> Ensure that all committee meetings and the Board of Trustees meetings include a standing item on the agenda for declarations of interest.</p>	<p>Minutes were reviewed, and all included a standing item on the agenda for declarations of interest.</p>	<p>Declarations of interest are discussed at every meeting.</p>	<p>There are no recommendations to be made.</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 11:</b> Ensure a Register of Interests is maintained that covers members, Trustees, local governors and senior employees (KMP). The register should detail the name of the organisation, the nature of the organisation, the nature of the interest and the date the interest began. The Register of members, Trustees, local governors and Accounting Officer MUST be on the website, but discretion over disclosure online of other individuals.</p>	<p>Obtaining declarations of interest is a standing item on each committee agenda. Staff in positions of authority (dept heads and up) and those in the finance team are required to complete a declaration of interest form on an annual basis.</p> <p>The register of interests can be found on the Academy website which was last updated in June 2020.</p>	<p>A register of interests is maintained and included on the Academy website.</p>	<p>There are no recommendations to be made.</p>	
<p><b>Test 12:</b> If there are any connected party transactions then ensure that a statement of assurance has been completed and that the goods or services are being provided at cost.</p>	<p>The SBM confirmed that there had been no connected party transactions in the 19/20 academic year.</p>	<p>No conclusions can be drawn.</p>	<p>No recommendations can be made at this time.</p>	
<p><b>Test 13:</b> Ensure all gifts and hospitality received is fully declared in the register in line with the Academy's policy.</p>	<p>There is currently no specific Gifts and Hospitality policy in place. Information regarding gifts and hospitality is included in the Finance Manual but does not state an upper limit for items to be declared.</p>	<p>There is no policy which details Gifts and Hospitality in place.</p>	<p>We recommend the implementation of a Gifts and Hospitality policy - setting a limit for over which items have to be declared (£25 is considered reasonable).</p>	

TEST	RESULTS	CONCLUSIONS	RECOMMENDATIONS	OUTCOME
<p><b>Test 14:</b> Ensure that the impact of Covid-19 has been considered by governors and amendments to procedures discussed and implemented.</p>	<p>This has been discussed in both the AGB and the Resources Committee meetings both before the lockdown and in term 6 (during lockdown). Responsibilities of the governors were clear with supporting documents provided to all. Procedures have also been updated to ensure that authorisation is obtained through e-mails. Furthermore, the Business Continuity plan was updated to take Covid-19 into account.</p>	<p>Comfort gained that the impact of Covid-19 has been thoroughly discussed and necessary procedures implemented.</p>	<p>There are no recommendations to be made.</p>	<p style="text-align: center;">○</p>