

Multi Academy Trust / Academy Internal Controls Evaluation (ICE) Service **Two Visit Scope of Work**

EES for schools provide an Internal Controls Evaluation Service for more than 100 academies at present and are looking to continue to grow this side of the business. The work undertaken in academies is designed to support the following requirements of academy trusts:

- a) That ***'the trust must have in place a process for checking its financial systems, controls, transactions and risks'***, Section 2.9 of the Academies Financial Handbook. The service we provide supports audit committees or other committees with delegated audit responsibility and/or appointed Responsible Officers in complying with this requirement.
- b) The academies Accounting Officer's ***'statement on regularity, propriety and compliance'*** which **must** be included in the academy trust's annual report, Section 4.2.1 of the Academies Financial Handbook.

The standard programme of work includes three on-site visits during an academy's financial year, which are normally one visit each term. Visit dates would be agreed in advance to try and ensure key academy staff are available which will help each visit run smoothly. Prior to each visit a detailed list of the required supporting information and documentation will be sent to the academy to aid preparation. We also offer a **two (see detail below)** and a single visit programme of work designed to support academy conversions part way through a financial year or smaller academies, as well as those academies that feel a reduced programme of visits meets their requirements.

Our team of ICE Review Consultants include a number of professionally qualified accountants who have experience of working in both commercial and educational establishments.

Standard Internal Controls Evaluation (ICE) templates are used to review and test an academy's internal controls and procedures. These templates are regularly reviewed and updated to incorporate legislative changes, updated ESFA guidance, and guidance offered by statutory auditors. The evaluation is designed to provide members/trustees/local governors of academies with a level assurance that appropriate financial controls are in place within the academy trust for which they have responsibility, and include testing of adherence to the approved Schemes of Delegation of Financial Power and compliance with the Academies Financial Handbook.

A flexible approach is offered to academies and multi academy trusts, and we will customise our programme of work to suit the requirements of an audit committee. Additional work can be undertaken if agreed in advance, for which there will be an additional cost. Any change to the standard programme must be discussed with Jane Monaghan, Senior Review Consultant, by email jane.monaghan2@eesforschools.org or by phoning our helpdesk on 03330 139832.

A brief outline of the two visit programme of work for 2018/19 is as follows:

Visit 1

A – Governance, Financial Management & Reporting:

- **Financial Oversight**
 - appointment of Accounting Officer (newly formed multi academy trusts only)
 - appointment of statutory auditors (newly formed multi academy trusts only)
 - Scheme of Delegation of Financial Powers
 - finance governance and Terms of Reference
- **Financial Planning and Monitoring**
 - budget forecast return
 - investment policy (newly formed multi academy trusts only)
 - academy / multi academy trust budget
 - 'approved budget' changes
- **Reporting to Trustees**
 - financial reports
 - reporting responsibilities
- **Transparency**
 - 'Get Information About Schools' register
 - register of Persons with Significant Control
 - member & trustee declaration of interests
 - staff declaration of interests
 - managing related party transactions
 - publication of member & trustee interests and other required information on the academy / multi academy trust website
- **Gifts (received and given)**
 - policy
 - register
- **Expenses**
 - policy
- **Risk Management**
 - Register of Operating Risks and schedule of review
- **Internal Scrutiny**
 - audit - governance
 - follow up of previous 'high priority' ICE recommendations
 - review of statutory audit Management Letter
- **Financial Management & Governance Self-Assessment** (newly formed multi academy trusts only)
 - ESFA reporting compliance

B – Banking:

- **Internal Control**
 - bank account structure
 - payment authorisation procedures
 - separation of duties (including on-line banking and BACS payments)
 - security of cheque and BACS payments
- **Cash Management**
 - bank reconciliations - frequency & review process
 - sample testing of bank reconciliations

C – Income:

- **Receipts of Payments from Students and Parents**
 - income processing policy & procedures
- **Generated Income**
 - income policy & procedures for generated income
- **Internal Control – (Income Sample)**
 - financial discipline
 - audit trail
 - completeness of income
 - financial monitoring of activities
 - segregation of duties

D – Payroll and Expenses:

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

Visit 2

E – Governance and Financial Accounting:

- **Internal Scrutiny**
 - review of internal controls evaluation scope of work
 - review of internal controls evaluation reports
 - review of 'Dear Accounting Officer' letters
 - frequency of board and committee meetings
 - follow up of previous 'high priority' ICE recommendations
 - review of statutory audit Management Letter
- **Internal Control**
 - financial control account reconciliations

F – Expenditure:

- **Internal Procedure**
 - delegated authorisation levels
 - purchase cards
 - petty cash
- **Proper and Regular Use of Public Funds**
 - value for money procedures
 - quotations & annual contracts
- **Internal Control**
 - sample testing of purchase orders & invoices
- **Related Parties**
 - recognising related parties
 - related party transactions
- **Tax Implications**
 - payments made to individuals for HMRC compliance

G – Assets:

- **Fixed Assets & Inventory**
 - policy (newly formed multi academy trusts only)
 - register
 - physical check
- **Disposals**
 - disposals

H – Payroll:

- **Payroll Processing**
 - authorisation
 - contract change approval & segregation of duties
 - sample testing of staff contracts and payments

Note: the above list is subject to constant review and change based on updated guidance. Other areas of internal control may be reviewed at the discretion of the ICE Review Consultant.

We aim to deliver a report within 10 working days, the content of which will be discussed with a representative of the multi academy trust / academy at the close of the visit.