

# Academy

## Internal Controls Evaluation

### Visit Report 2 of 3






### 2018-19

**Academy Name:** Chelmsford County High School for Girls  
**Date of Visit:** 26<sup>th</sup> March 2019

## 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 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 1<sup>st</sup> September 2018, and the Anti-Fraud Checklist for Academy Trust's updated by the Education & Skills Funding Agency (ESFA) March 2018.

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.

## SECTION D: GOVERNANCE AND FINANCIAL REPORTING

Scope of Work	
<b>D1: Budget Monitoring</b>	<b>Guideline References:</b>
• academy budget	AFH 2.2.1, 2.3.1
• 'approved budget' changes	AFH 2.3.1
<b>D2: Reporting to Trustees</b>	
• financial reports	AFH 1.3.2, 2.2.1, 2.3.1, 2.3.3, 2.3.5 & Dear Accounting Officer letter dated September 2018
• reporting responsibilities	AFH 1.3.2, 2.2.1, 2.3.1, 2.3.3, 2.3.5 & Dear Accounting Officer letter dated September 2018
<b>D3: Internal Control</b>	
• financial control account reconciliations	AFH 2.2.1
<b>D4: Internal Scrutiny</b>	
• follow up of previous 'high priority' ICE recommendations	AFH 2.6.4, 2.9.6, 2.9.8, 4.3.1 & Dear Accounting Officer letter dated September 2018
• review of statutory audit Management Letter	AFH 2.6.4, 2.9.6, 2.9.8, 4.3.1 & Dear Accounting Officer letter dated September 2018

	Findings	Recommendations / Notes	Action Plan
	<b>D1: Budget Monitoring</b>		
	The academy's Financial Regulations do not specify that significant budget changes must be approved by the Board of Trustees.	Section 2.3.1 of the Academies Financial Handbook specifies that significant changes to the academy's approved budget <b>must</b> be approved by the Board of Trustees. It is therefore recommended that the academy's Financial Regulations are amended to specify this.	
	<b>D2: Reporting to Trustees</b>		
	<b><u>Reporting Responsibilities</u></b>		
	The management accounts emailed to trustees on 22/03/19 did not include a cash flow forecast.	Section 2.3.3 of the Academies Financial Handbook states that the monthly management accounts <b>must</b> include cash flow forecasts.	
	The Business Manager advised that key performance indicators have been reported within the year end accounts. This means however that the key performance indicator results have only been reviewed by trustees once a year.	Section 2.3.3 of the Academies Financial Handbook specifies that the academy <b>must</b> select key financial performance indicators and measure its performance against them <b>regularly</b> .	

	Findings	Recommendations / Notes	Action Plan
	<b>D3: Internal Control</b>		
<input type="radio"/>	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.		
	<b>D4: Internal Scrutiny</b>		
<input type="radio"/>	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



Scope of Work	
<b>E1: Receipt of Payments from Students and Parents</b>	<b>Guideline References:</b>
<ul style="list-style-type: none"> <li>income processing policy &amp; procedures</li> </ul>	<b>AFH 2.1.3 &amp; 2.2</b>
<b>E2: Generated Income</b>	
<ul style="list-style-type: none"> <li>income policy &amp; procedures for generated</li> </ul>	<b>AFH 2.1.3 &amp; 2.2, 2.5</b>
<b>E3: Internal Control – (Income Sample)</b>	
<ul style="list-style-type: none"> <li>financial discipline</li> </ul>	<b>AFH 2.2 &amp; EFSA : Anti-Fraud Checklist item 8</b>
<ul style="list-style-type: none"> <li>audit trail</li> </ul>	<b>AFH 2.2</b>
<ul style="list-style-type: none"> <li>completeness of income</li> </ul>	<b>AFH 1.5.5</b>
<ul style="list-style-type: none"> <li>financial monitoring of activities</li> </ul>	<b>AFH 2.2</b>
<ul style="list-style-type: none"> <li>segregation of duties</li> </ul>	<b>AFH 2.2, 1.5.5 &amp; EFSA: Anti-Fraud Checklist item 8</b>

	Findings	Recommendations / Notes	Action Plan
	<b>E1: Receipt of payments from Students and Parents</b>		
<input type="radio"/>	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.		
	<b>E2: Generated Income</b>		
<input type="radio"/>	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.		
	<b>E3. Internal Control – (Income Sample)</b>		
<input type="radio"/>	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.		

**SECTION F: ASSETS**

Scope of Work	
<b>F1: Fixed Assets &amp; Inventory</b>	<b>Guideline References:</b>
• register of insurable items	AFH 1.5.5, 2.2
• register of insurable items: physical check	AFH 1.5.5, 2.2
<b>F2: Fixed Asset Disposals</b>	
• disposals	AFH 3.5



	Findings	Recommendations / Notes	Action Plan
	<b>F1: Fixed Assets &amp; Inventory</b>		
	<b><u>Register of Insurable Items: Physical Check</u></b>		
	The Register of Insurable items has not been checked for accuracy since 2017.	<p>The Register of Insurable Items should be subject to a full independent check on an annual basis to ensure that it is accurate for insurance purposes. The documentation relating to this check should be held on file for financial year-end audit purposes.</p> <p>If the check is carried out by the person responsible for maintaining the register, a programme of independent spot checks should be carried out.</p>	
	<b>F2: Fixed Asset Disposals</b>		
	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**

Scope of Work	
<b>G1: Payments for additional hours worked</b>	<b>Guideline References:</b>
<ul style="list-style-type: none"><li>• authorisation</li></ul>	<b>AFH 2.1.3</b>
<ul style="list-style-type: none"><li>• segregation of duties</li></ul>	<b>AFH 1.5.5, 2.2 &amp; EFSA: Anti-Fraud Checklist item 8</b>
<b>G2: Payroll processing</b>	
<ul style="list-style-type: none"><li>• sample of staff contracts and payments</li></ul>	<b>AFH 2.2.1</b>

	Findings	Recommendations / Notes	Action Plan
	<b>G1: Payments for Additional Hours Worked</b>		
<input type="radio"/>	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.		
	<b>G2. Payroll Processing</b>		
<input type="radio"/>	Checks performed to verify items listed in the scope of work found the systems to be in order and no issues were identified.		

## USEFUL NOTES

### **Education Finance Support Courses:**

Forward Financial Planning for Schools – 24<sup>th</sup> April 2019 (Cressing Temple)  
 Cashflow Management – 14<sup>th</sup> May 2019 (Hamptons, Chelmsford)  
 Forward Financial Planning for Academies – 21<sup>st</sup> May 2019 (Wickford CLC)  
 Effective Finance Reporting – 11<sup>th</sup> June 2019 (Jobserve Community Stadium, Colchester)  
 Benefits of Benchmarking – 2<sup>nd</sup> July 2019 (Essex Outdoor Centre, Danbury)  
 Accounting for Academies and Year End Procedures – 9<sup>th</sup> July 2019 (Essex Outdoor Centre, Danbury)  
 Finance Administration – 17<sup>th</sup> September 2019 (Hamptons, Chelmsford)  
 Internal Controls – 24<sup>th</sup> September 2019 (Wickford CLC)  
 Budget Planning for Schools – 3<sup>rd</sup> December 2019 (Hamptons, Chelmsford)  
 Accounting for Schools – 21<sup>st</sup> January 2020 (Notley Discovery Centre)  
 Budget Planning for Academies – 10<sup>th</sup> March 2020 (Hamptons, Chelmsford)

### **Headteacher / Senior Leader Finance Training:**

Module 5 – Forward Financial Planning – 9<sup>th</sup> May 2019 (Essex Outdoor Centre, Danbury)  
 Module 6 – Benchmarking and Internal Controls – 25<sup>th</sup> June 2019 (Essex Outdoor Centre, Danbury)

Module 1 – Financial Regulations – 8<sup>th</sup> October 2019 (Hamptons, Chelmsford)  
 Module 2 – Roles and Responsibilities – 12<sup>th</sup> November 2019 (Hamptons, Chelmsford)  
 Module 3 – Funding and Income – 10<sup>th</sup> December 2019 (Hamptons, Chelmsford)  
 Module 4 – Budget Planning and Monitoring – 4<sup>th</sup> February 2020 (Hamptons, Chelmsford)  
 Module 5 – Forward Financial Planning – 12<sup>th</sup> May 2020 (Hamptons, Chelmsford)  
 Module 6 – Benchmarking and Internal Controls – 16<sup>th</sup> 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 <http://www.eesforschools.org/finance/training>

**KEY CONTACTS**

<b>EFS Finance Consultants</b>	Sian Smith
<b>Information Provided by</b>	Melissa Mulgrew – Business Manager Fiona Gilmour – Senior Finance Officer Wendy Newton – HR Support Officer
<b>Exit meeting attended by</b>	Business Manager & Senior Finance Officer
<b>Headteacher</b>	Nicole Chapman
<b>Business Manager</b>	Melissa Mulgrew
<b>Chair of Governors</b>	Stephen Miles
<b>Chair of Facilities and Finance Committee</b>	Richard Vass
<b>Financial accounting system</b>	PS Financials