



Academy

Internal Controls Evaluation

Visit Report 1 of 2

2019-20

Academy Name: Chelmsford County High School for Girls
Date of Visit: 29th January 2020

Enabling teachers to teach

INTERNAL CONTROLS EVALUATION (ICE)

This report relates to the first of a programme of two 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 2019, 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 A: GOVERNANCE, FINANCIAL MANAGEMENT & REPORTING

Scope of Work	
A1: Financial Oversight:	Guideline References:
<ul style="list-style-type: none"> • appointment of the clerk to the board 	AFH 1.38 & SRMSAT 5
<ul style="list-style-type: none"> • Scheme of Delegation of Financial Powers 	AFH 2.4; SRMSAT 7
<ul style="list-style-type: none"> • finance governance and Terms of Reference 	AFH 2.5 & SRMSAT 8
A2: Financial Planning and Monitoring:	
<ul style="list-style-type: none"> • budget forecast return 	AFH 2.9, 2.10, 2.15, 2.16, 2.17; Dear Accounting Officer letters dated March & September 2018 & SRMSAT 12, 18, 36
<ul style="list-style-type: none"> • Academy budget 	AFH 2.7, 2.10; SRMSAT 18, 19
<ul style="list-style-type: none"> • 'approved budget' changes 	AFH 2.10; SRMSAT 18
A3: Reporting to Trustees	
<ul style="list-style-type: none"> • financial reports 	AFH 1.10, 2.7, 2.18 to 2.24; Dear Accounting Officer letter dated September 2018; SRMSAT 36
<ul style="list-style-type: none"> • reporting responsibilities 	AFH 1.10, 2.7, 2.18 to 2.24; Dear Accounting Officer letter dated September 2018; SRMSAT 36
A4: Transparency:	
<ul style="list-style-type: none"> • "Get Information About Schools' register 	AFH 2.51 to 2.56 & Dear Accounting Officer letter dated September 2018
<ul style="list-style-type: none"> • register of Persons with Significant Control 	Part 21A of the Companies Act

<ul style="list-style-type: none"> individual declaration of interests 	AFH 5.35, 5.44, 5.45, 5.46; Anti-Fraud Checklist Item 7 & SRMSAT 10
<ul style="list-style-type: none"> managing related party transactions 	AFH 5.35, 5.37, 5.38, 5.40 to 5.43 Dear Accounting Officer letter dated September 2018 & Anti-Fraud Checklist Item 7 & SRMSAT 10
<ul style="list-style-type: none"> publication of member & trustee interests and other required information on the academy website 	AFH 5.47 & SRMSAT 10,11
A5: Gifts:	
<ul style="list-style-type: none"> gifts & hospitality received 	AFH 5.31 & Anti-Fraud Checklist Item 7
<ul style="list-style-type: none"> gifts & hospitality given 	AFH 5.2, 5.31
A6: Expenses:	
<ul style="list-style-type: none"> policy 	Dear Accounting Officer Letter dated October 2016
A7: Risk Management:	
<ul style="list-style-type: none"> Register of Operating Risks and schedule of review 	AFH 2.36, 3.8, 3.12, 3.13 & SRMSAT 17, 33
A8: Internal Scrutiny:	
<ul style="list-style-type: none"> audit - governance 	AFH 3.6 to 3.14 & SRMSAT 9, 33
<ul style="list-style-type: none"> whistleblowing 	AFH 2.41, 2.42, 2.43 Anti-Fraud Checklist Item 7 & SRMSAT 35
<ul style="list-style-type: none"> follow up of previous 'high priority' ICE recommendations 	AFH 2.40, 4.16 & Dear Accounting Officer letter dated September 2018
<ul style="list-style-type: none"> review of statutory audit Management Letter 	AFH 2.4, 3.4, 3.17, 3.16; Dear Accounting Officer letter dated September 2018 & SRMSAT 33

	Findings	Recommendation / Notes	Action Plan
	A1: Financial Oversight		
<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.		
	A2: Financial Planning and Monitoring		
	<u>'Approved Budget' Changes</u>		
<input checked="" type="radio"/>	The academy's Financial Regulations do not specify that significant budget changes must be approved by the Board of Trustees.	Section 2.10 of the Academies Financial Handbook specifies that significant changes to the academy's approved budget must be approved by the Board of Trustees by minute of a meeting. It is therefore recommended that the academy's Financial Regulations are amended to specify this.	
	A3: Reporting to Trustees		
<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.		

	Findings	Recommendation / Notes	Action Plan
	A4: Transparency		
	<u>Individual Declaration of Interests</u>		
<input checked="" type="radio"/>	The Register of Interests declaration forms completed by staff were not the 'model' Juniper Education / National Governance Association (NGA) declaration forms (or a suitable equivalent).	It is advisable to use the model Juniper Education / National Governance Association (NGA) declaration form for staff declarations of interest to ensure that interests listed in the Academies Financial Handbook (5.44) are captured.	
	A5: Gifts		
<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.		
	A6: Expenses		
<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.		
	A7: Risk Management		
<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.		

	Findings	Recommendation / Notes	Action Plan
	A8: Internal Scrutiny		
	<u>Audit Committee</u>		
●	The School Business Manager advised that the Terms of Reference for the Audit Committee will be approved at the next Facilities & Finance Committee meeting scheduled for 12/02/20.	This approval of the Audit Committee Terms of Reference should be clearly recorded in the minutes of an appropriate meeting.	

SECTION B: BANKING

Scope of Work	
B1: Internal Control:	Guideline References:
<ul style="list-style-type: none"> bank account structure 	AFH 2.7
<ul style="list-style-type: none"> payment authorisation procedures 	AFH 1.30, 2.28, 2.7
<ul style="list-style-type: none"> separation of duties (including online banking and BACS payments) 	AFH 1.30, 2.7 & Anti-Fraud Checklist Item 8
<ul style="list-style-type: none"> security of cheque and BACS payments 	AFH 1.30, 2.7
B2: Cash Management:	
<ul style="list-style-type: none"> bank reconciliations – frequency & review process 	AFH 1.30, 2.7, 2.24
<ul style="list-style-type: none"> sample testing of bank reconciliations 	AFH 1.30, 2.24, 2.7

	Findings	Recommendation / Notes	Action Plan
	B1: Internal Control		
	<u>Separation of Duties</u>		
●	The Senior Finance Officer advised that when new supplier bank details are added on the system (for BACs payment purposes), an independent check is only undertaken when an invoice is not linked to an approved order.	<u>All</u> additions and changes for supplier bank details should be independently verified with the supplier to ensure that they are valid and not fraudulent. Documentation should be signed to confirm completion of the checks.	
	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: INCOME

Scope of Work	
C1: Receipt of Payments from Students and Parents	Guideline References:
<ul style="list-style-type: none"> income processing policy & procedures 	AFH 2.4, 1.30 & 2.7
C2: Generated Income	
<ul style="list-style-type: none"> income policy & procedures for generated income 	AFH 1.30, 2.4, 2.34 & 2.7
C3: Internal Control – (Income Sample)	
<ul style="list-style-type: none"> financial discipline 	AFH 1.30 & 2.7 & EFSA: Anti-Fraud Checklist item 8
<ul style="list-style-type: none"> audit trail 	AFH 1.30 & 2.7
<ul style="list-style-type: none"> completeness of income 	AFH 1.30 & 2.7
<ul style="list-style-type: none"> financial monitoring of activities 	AFH 1.30 & 2.7
<ul style="list-style-type: none"> segregation of duties 	AFH 1.30, 2.7 & EFSA: Anti-Fraud Checklist item 8

	Findings	Recommendations / Notes	Action Plan
	C1: Receipt of payments from Students and Parents		
<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.		
	C2: Generated Income		
<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.		
	C3. Internal Control – (Income Sample)		
	<u>Financial Discipline</u>		
<input checked="" type="radio"/>	In the sample of income reviewed, the date of receipt had not been recorded.	To provide an adequate income audit trail the date income is received should be recorded.	

SECTION D: PAYROLL & EXPENSES

Scope of Work	
D1: Payroll Processing:	Guideline References:
<ul style="list-style-type: none"> • payroll provider contract / SLA 	AFH 2.7
<ul style="list-style-type: none"> • process of independent review 	AFH 2.7
<ul style="list-style-type: none"> • sample testing of staff contracts and payments 	AFH 2.7
D2: Mileage and Subsistence Payments:	
<ul style="list-style-type: none"> • authorisation 	AFH 2.4
<ul style="list-style-type: none"> • payment 	AFH 2.7

	Findings	Recommendation / Notes	Action Plan
	D1: 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.		
	D2: 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.		

USEFUL NOTES

Education Finance Support Courses:

Budget Planning for Academies – 10th March 2020 (Hamptons, Chelmsford)

Headteacher / Senior Leader Finance Training:

Module 4 – Budget Planning and Monitoring – 4th February 2020 (Hamptons, Chelmsford)

Module 5 – Forward Financial Planning – 12th May 2020 (Hamptons, Chelmsford)

Module 6 – Benchmarking and Internal Controls – 16th 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 <https://www.junipercpd.org/cpd/>

KEY CONTACTS

Juniper Review Consultant	Sian Smith
Information Provided by	Melissa Mulgrew – Business Manager Fiona Gilmour – Senior Finance Officer Wendy Newton – HR Support Officer / Clerk to Governors
Exit meeting attended by	Business Manager & Senior Finance Officer
Headteacher	Stephen Lawlor
Business Manager	Melissa Mulgrew
Chair of Governors	Stephen Miles
Chair of Facilities and Finance Committee	Richard Vass
Financial accounting system	PS Financials

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